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Copies of this document are being sent to shareholders of ACG. If you have sold or otherwise transferred all of your shares in ACG Acquisition Company Limited, please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred part only of your holding of shares in ACG Acquisition Company Limited, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

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Not for distribution in or into the United States except to qualified institutional buyers (“QIBs”) as defined in Rule 144A under the U.S. Securities Act of 1933, as amended, or otherwise to persons to whom it can lawfully be distributed.

ACG ACQUISITION COMPANY LIMITED

(Incorporated and registered in the British Virgin Islands with registered number 2067083)

Shareholders Circular and Notice of Extraordinary General Meeting of Shareholders

Notice of the Acquisition EGM to be held at 10 a.m. (London time) at the offices of Cleary Gottlieb Steen & Hamilton LLP at 2 London Wall, Barbican, London, EC2Y 5AU, England on 20 August 2024 is set out at the end of this document.

A Form of Proxy for use at the Acquisition EGM by holders of Class B Shares accompanies this document and, to be valid, must be completed and returned to Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England. The Form of Proxy must be returned as soon as possible but in any event to be received not later than 10 a.m. London time on 16 August 2024 or 48 hours before any adjourned meeting. A Form of Direction for use at the Acquisition EGM by holders of depositary interests accompanies this document and, to be valid, must be completed and returned to Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England as soon as possible but in any event to be received not later than 10 a.m. London time on 15 August 2024 or 72 hours before any adjourned meeting. The return of one or more completed Forms of Proxy or Forms of Direction will not prevent you from attending the Acquisition EGM and voting in person if you wish to do so (and are so entitled).

A summary of the action to be taken by the shareholders of ACG is included in “Action to be taken by shareholders” in the Letter from the Chairman on page 7 of this document and in the notes to the Notice of the Acquisition EGM on pages 9 to 10 of this document. This circular and all its accompanying materials are available on the Company’s website (<https://www.acgcorp.co/>).

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Expected time/date (London time)</i>
Commencement of redemption period	1 July 2024
Publication of this document	7 August 2024
Record date for the Acquisition EGM	5 p.m. on 13 August 2024
Deadline for submitting forms of direction	10 a.m. on 15 August 2024
Deadline for submitting forms of proxies	10 a.m. on 16 August 2024
Acquisition EGM	10 a.m. on 20 August 2024
Redemption deadline for existing ACG shareholders	1 p.m. on 21 August 2024
Acquisition Closing	23 August 2024
Redemption payment date	On or around the completion date of the Acquisition
Re-Admission	8.00 a.m. on 23 August 2024
Longstop Date	31 August 2024

The dates and times above (all of which are London time) are based on the Company's current expectations and may be subject to change. Any revised dates and/or times will be notified to the shareholders, by way of a press release published on the Company's website (<https://www.acgcorp.co/>).

DEFINITIONS

Defined terms used in this document shall have the meaning ascribed to them in the Prospectus or as follows, unless the context otherwise requires:

“Act”	the BVI Business Companies Act 2004, as amended from time to time, and includes the BVI Business Companies Regulations 2012 and any other regulations made under the Act
“Acquisition”	has the meaning ascribed to it in the Prospectus
“Acquisition Agreement”	the acquisition agreement dated 17 July 2024 entered into by the Company and Lidya, pursuant to which the Company agreed, subject to certain conditions, to acquire from Lidya a 100% interest in the issued and to-be-issued share capital of Polimetal, which holds a 100% interest in the Mine
“Acquisition EGM”	the extraordinary general meeting of Shareholders of ACG at the offices of Cleary Gottlieb Steen & Hamilton LLP at 2 London Wall, Barbican, London, EC2Y 5AU, England, to be convened on the date hereof, notice of which is set out at page 9 of this document, and any adjournment of that meeting
“Company” or “ACG”	ACG Acquisition Company Limited
“Directors” or the “Board”	the directors of ACG at the date of this document
“Enlarged Group”	the new group comprising the Company and Polimetal following the Acquisition
“Existing Class A Shares”	all the issued Class A Ordinary Shares of the Company
“Form of Proxy”	the form of proxy for use by holders of Class B Shares in connection with the Acquisition EGM
“Form of Direction”	the form of direction for use by holders of depositary interests in Class A Ordinary Shares in connection with the Acquisition EGM
“IPO Prospectus”	the initial public offering prospectus published by the Company on 7 October 2022
“Lidya”	Lidya Madencilik Sanayi ve Ticaret A.S.
“Mine”	the Gediktepe Mine
“Notice”	the notice of the Acquisition EGM set out at page 9 of this document
“Polimetal”	Polimetal Madencilik Sanayi ve Ticaret A.Ş.
“Prospectus”	the prospectus prepared by the Company in connection with the Acquisition and Re-Admission, as approved by the FCA on 7 August 2024 and appended to this document as Exhibit A
“Public Shareholders”	means Class A Ordinary Shareholders who are not the Co-Sponsors, the Directors or the Advisor and the Founding Shareholders (each as defined in the Chapter 5.6.18 of the FCA Listing Rules in effect prior to the new UK Listing Rules, which came into force on 29 July 2024)
“Resolutions”	the resolutions set out in the Notice to be proposed at the Acquisition EGM
“Shares”	means the Class A Ordinary Shares and the Class B Shares together

LETTER FROM THE CHAIRMAN

ACG ACQUISITION COMPANY LIMITED

(Incorporated and registered in the British Virgin Islands with registered number 2067083)

Directors:
Artem Volynets (*Chairman and Chief Executive Officer*)
Fiona Paulus (*Senior Independent Non-Executive Director*)
Hendrik Johannes Faul (*Independent Non-Executive Director*)
Mark Cutis (*Independent Non-Executive Director*)

Registered Office:
Craigmuir Chambers
P.O. Box 71
Road Town
Tortola, VG 1110
British Virgin Islands

7 August 2024

Dear Shareholders,

1. Introduction

On behalf of the Company, we are pleased to invite you to the Acquisition EGM which is to be held on 20 August 2024 at 10 a.m. (London time) at the offices of Cleary Gottlieb Steen & Hamilton LLP at 2 London Wall, Barbican, London, EC2Y 5AU, England and to provide you with this circular.

Set out on pages 9 to 10 of this document you will find a Notice convening the Acquisition EGM and all the Resolutions to be submitted for shareholder consideration therein. This letter sets out the background to and the reasons for these Resolutions. These should be considered together with the Prospectus and the other documents circulated with the Notice. Shareholders are advised to read all documents carefully. Shareholders should note in particular that the Prospectus contains information which is relevant to the resolutions being considered at the Acquisition EGM and that this circular has not attempted to restate such information.

After careful consideration, the Board considers the Acquisition and the transactions contemplated thereby to be in the best interests of the Company and its stakeholders, including its shareholders, for the reasons set out below.

2. The Acquisition

Background

Concurrent with its initial public offering, the Company adopted an acquisition strategy to evaluate opportunities in the metals and mining sector globally (excluding Russia), with a particular focus on emerging markets. The Acquisition, as proposed here, is the result of an extensive search for potential transactions utilising the global network of the Company's management team. The terms of the Acquisition are the result of significant negotiations among the respective representatives of the Company and Lidya.

On 18 July 2024, the Company announced that it and Lidya had entered into the Acquisition Agreement in connection with the Mine and related documents with certain funding providers. The press release announcing the Acquisition dated 18 July 2024 is available at the Company's website (<https://www.acgcorp.co/>).

Reasons for the Acquisition

In evaluating the Acquisition, the Board consulted with its legal counsel, financial and accounting advisors and other advisors. The Board considered a number of factors pertaining to the Acquisition as

generally supporting its decision to enter into the Acquisition Agreement and the transactions contemplated thereby, including but not limited to, the following factors and strategic aims:

- *Attractive market fundamentals.* The Mine’s key commodities, copper and zinc, have attractive market fundamentals and a supportive price outlook.
- *Long-life, producing asset.* The Mine is an existing producing asset with significant growth prospectivity. Significant organic upside potential has been identified to continue to extend the Mine’s life and production capacity.
- *Strong fit with the Company’s leadership and strategy.* The Enlarged Group combines the experienced executive leadership of the Company, Lidya’s operating expertise and a shared strategic goal. The Enlarged Group will also benefit from a long-term partnership with the highly-experienced Çalık Holding.
- *Platform for Company’s growth strategy.* The Company’s vision is to establish itself as an integral part of the western EV value chain, with support from blue-chip partners. The proposed LSE-listed combined business would provide a platform for further value-enhancing acquisitions and allow the Enlarged Group to capitalise on the scarcity value of pureplay electric metals companies on the LSE.

For more information about the business of the Enlarged Group and its strengths and strategies, please see “*Part III—Information on the Enlarged Group’s Business*” in the Prospectus.

Terms of the Acquisition

The Company has agreed to acquire a 100% interest in the issued and to-be-issued share capital of Polimetal, which holds a 100% interest in the Gediktepe Mine. The parties to the Acquisition Agreement have agreed to a consideration for the Acquisition of US\$100 million (subject to a working capital adjustment), plus such number of Class A Ordinary Shares of the Company representing 30% of the Enlarged Ordinary Share Capital on Re-Admission. Following completion of the Acquisition, the Company and Polimetal will constitute the Enlarged Group. In addition to the Acquisition Agreement itself, ACG has entered into various other agreements in connection with the Acquisition.

For a full description of the terms of the Acquisition and the various other agreements executed by the Company as part of it, please see “*Part II—Terms of the Acquisition*” and “*Part XV—Additional Information—Material contracts*” in the Prospectus. For a full description of the effects that the Acquisition and such other agreements (including certain agreements with fund providers that shall subscribe for Class A Ordinary Shares, like the Funding Partners) shall have on the existing Shareholders and the Existing Class A Shares, please see “*Part XI—The Placing, Re-Admission and Dilution*” in the Prospectus.

Redemption of Class A Ordinary Shares

In accordance with Article 18 of its Memorandum and Articles of Association currently in effect (the “**M&As**”), the Company is required to provide its public shareholders with the opportunity to redeem all or a portion of their Class A Ordinary Shares prior to the completion of the Acquisition at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account (as defined in the M&As) held by the Company calculated as of two U.K. trading days prior to the consummation of the Acquisition (including any Overfunding, as defined in the M&As), divided by the number of then issued and outstanding Class A Ordinary Shares, subject to amongst other things the redemption limitations described in the M&As.

However, as announced on 28 June 2024, the Company already provided its Class A Ordinary Shareholders with the right to redeem their Class A Ordinary Shares in connection with the extension of the deadline by which the Company must complete an acquisition (as such term is defined in the M&As) (the “**Extension**”).

Accordingly, except to the extent amended hereby, redemption rights arising from the Acquisition and those relating to the Extension shall be exercised following the same redemption process and in accordance with the key redemption procedures and conditions previously announced by ACG on 28 June 2024. The deadline in respect of such redemption rights by which Class A Ordinary Shareholders wishing to redeem all or a portion of their depository interests in Class A Ordinary Shares are required to submit their redemption election electronically through CREST is 1:00 p.m. London time on 21 August 2024. The redemption payment is expected to take place on or around the completion date of the Acquisition. As of the date of this announcement, the total number of Class A Ordinary Shares outstanding is 4,112. The amount on deposit on the Escrow Account as of 31 July 2024 was equal to \$124,579.42. In accordance with Article 18 of the M&As, the final redemption price per Class A Ordinary Share will be calculated based on the aggregate amount then on deposit in the Escrow Account as of two U.K. trading days prior to the consummation of the Acquisition and will supersede the redemption price announced on 28 June 2024. Such final redemption price will be announced by ACG in due course and confirmed prior to payment within CREST. **For the avoidance of doubt, any holders who have already elected to have their Class A Ordinary Shares redeemed as of the date hereof, or do elect hereafter to submit redemption elections, are eligible to vote at the Acquisition EGM irrespective of whether they vote for or against or abstain from voting on the proposed Acquisition.**

Additional information regarding the redemption arrangements can be found in the Prospectus under the heading “*Part XIII—Share Capital, Liquidity and Capital Resources and Accounting Policies—Redemption*”.

3. The Resolutions

In order to effect the Acquisition, the Company is tabling Resolutions relating to the following matters for consideration by its Shareholders:

- (i) the Acquisition, as discussed above and presented in detail in the Prospectus, to be approved. To pass such resolution requires the affirmative vote of a majority of the votes of the Class A Ordinary Shares of Public Shareholders which are present at the Acquisition EGM and vote; and
- (ii) a revised Memorandum and Articles of Association of the Company, in the form appended to this document as Exhibit B, to be approved. To pass such resolution requires the affirmative vote of two-thirds of the votes of the Shares entitled to vote thereon which are present at the Acquisition EGM and vote. For more information about the restated Memorandum and Articles of Association and a summary of the main changes proposed to the version currently in effect, please see “*Part XV—Additional Information—Restated Articles*” in the Prospectus.

4. Action to be taken by Shareholders

Form of Proxy

A Form of Proxy for use at the Acquisition EGM by holders of Class B Shares is enclosed with this document for use. The Form of Proxy must be returned to Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England as soon as possible but, in any event, so as to arrive no later than 10 a.m. (London time) on 16 August 2024 or 48 hours before any adjourned meeting.

The completion and return of a Form of Proxy will not preclude you from attending the Acquisition EGM and voting in person should you wish to do so, and should be done in accordance with the instructions contained in the notes to the Notice of the Acquisition EGM, as set out on pages 9 to 10 of this document, and in the notes to the Form of Proxy.

Unless otherwise indicated on the Form of Proxy, the proxy will vote as they think fit or, at their discretion withhold from voting.

CREST voting and Form of Direction

In the case of holders of depositary interests representing Class A Ordinary Shares in dematerialised form, an electronic instruction may be submitted through the CREST system in order to instruct Link Market Services Trustees Limited, the Depository, to vote on the holder's behalf at the Acquisition EGM by proxy or, if the meeting is adjourned, at the adjourned meeting. If you are a CREST Personal Member, or other CREST Sponsored Member, you should consult your CREST sponsor, who will be able to take appropriate action on your behalf. Instructions can be submitted via the CREST system to be received by the issuer's agent, Link Group (ID:RA10) by 10 a.m. (London time) on 15 August 2024.

Alternatively, holders of depositary interests should complete the enclosed Form of Direction in accordance with the instructions printed thereon to direct Link Market Services Trustees Limited as the custodian of their shares how to exercise their votes. Any holder of depositary interest who wishes to attend the Acquisition EGM must contact the Depository at Link Market Services Trustees Limited, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom or by email by using nominee.enquiries@linkgroup.co.uk in order to request a Letter of Representation no later than 10 a.m. on 15 August 2024. If any holder of depositary interests attends the Acquisition EGM without a letter of representation they will only be allowed to enter the Acquisition EGM as a guest and will not be allowed to vote. To be valid, the Form of Direction must be completed in accordance with the instructions set out in the form and returned as soon as possible to the offices of the Custodian at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England so as to be received no later than 10 a.m. (London time) on 15 August 2024 or 72 hours before any adjourned meeting.

In signing and returning the Form of Direction or otherwise submitting an electronic voting instruction through the CREST system, you will be representing that you are either: (a) outside the United States, or (b) a qualified institutional buyer (within the meaning given by Rule 144A under the US Securities Act of 1933). By continuing to hold their depositary interests following the date of the Notice, holders of depositary interests acknowledge and agree to be bound by the transfer restrictions set forth in the section headed "*Part XVI—Notices to Investors*" in the Prospectus or herein (*mutatis mutandis* with respect to such depositary interests) and the notice to qualified institutional buyers set out below.

Notice to qualified institutional buyers

Each Class A Ordinary Shareholder who previously purchased or subscribed for the Class A Ordinary Shares in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act who is located in the United States, by continuing to hold their depositary interests following the date of the Notice, acknowledges and agrees that the Class A Ordinary Shares may not be offered, resold, pledged or otherwise transferred except (1) (A) to a person whom the Class A Ordinary Shareholder and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A or another available exemption to the registration requirements under the Securities Act; (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S; (C) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available); or (D) pursuant to an effective registration statement under the Securities Act and (2) in each case, in accordance with all applicable securities laws of any state, territory or other jurisdiction of each of the United States.

5. Board Recommendation

The Board unanimously considers the approval of all Resolutions to be in the best interests of the Company. Accordingly, the Board recommends that Shareholders vote in favour of all the Resolutions set out the Notice of the Acquisition EGM.

Your sincerely,

Artem Volynets,
Chairman of the Board and Chief Executive Officer

ACG ACQUISITION COMPANY LIMITED

(Incorporated and registered in the British Virgin Islands with registered number 2067083)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT a meeting of the shareholders of the Company will be held at the offices of Cleary Gottlieb Steen & Hamilton LLP at 2 London Wall, Barbican, London, EC2Y 5AU, England on 20 August 2024 at 10 a.m. (London time) for the purposes of considering and, if thought fit, approving the following resolutions:

Resolution 1

THAT the Acquisition be and is hereby approved by the Class A Ordinary Shares of Public Shareholders, that any transactions required to effect the Acquisition be and are hereby approved by the Class A Ordinary Shares of Public Shareholders, and that the Directors of the Company be authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to the Acquisition.

Resolution 2

THAT, subject to the closing of the Acquisition, the Memorandum and Articles of Association of the Company be amended in the form recommended by the Board of Directors of the Company and appended to the shareholders circular in Exhibit B, with effect upon the Acquisition Closing.

Dated 7 August 2024

Registered Office
Craigmuir Chambers
P.O. Box 71
Road Town, Tortola
British Virgin Islands

Artem Volynets,
by order of the Board
7 August 2024

- (1) To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the register of members of the Company at 5 p.m. (London time) on 7 August 2024. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (2) Shareholders, or their proxies, intending to attend the meeting in person are requested, if possible, to arrive at the meeting venue at least 30 minutes prior to the commencement of the meeting at 10 a.m. (London time) on 20 August 2024 so that their shareholding may be checked against the Company's register of members and attendances recorded.
- (3) A Form of Proxy for use at the Acquisition EGM by holders of Class B Shares is enclosed with this document for use. The Form of Proxy must be returned to Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England as soon as possible but, in any event, so as to arrive no later than 10 a.m. (London time) on 16 August 2024 or 48 hours before any adjourned meeting.
- (4) The completion and return of a Form of Proxy will not preclude you from attending the Acquisition EGM and voting in person should you wish to do so. Unless otherwise indicated on the Form of Proxy, the proxy will vote as they think fit or, at their discretion withhold from voting.
- (5) Depository interest holders who are CREST members may appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (6) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10 a.m. on 15 August 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST

should be communicated to the appointee through other means.

(7) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(8) Alternatively, holders of depositary interests should complete the enclosed Form of Direction in accordance with the instructions printed thereon to direct Link Market Services Trustees Limited as the custodian of their shares how to exercise their votes. Any holder of depositary interest who wishes to attend the Acquisition EGM must contact the Depositary at Link Market Services Trustees Limited, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom or by email by using nominee.enquiries@linkgroup.co.uk in order to request a Letter of Representation no later than 10 a.m. on 15 August 2024. If any holder of depositary interests attends the Acquisition EGM without a letter of representation they will only be allowed to enter the Acquisition EGM as a guest and will not be allowed to vote. To be valid, the Form of Direction must be completed in accordance with the instructions set out in the form and returned as soon as possible to the offices of the Custodian at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England so as to be received no later than 10 a.m. (London time) on 15 August 2024 or 72 hours before any adjourned meeting. In signing and returning the Form of Direction or otherwise submitting an electronic voting instruction through the CREST system, you will be representing that you are either: (a) outside the United States, or (b) a qualified institutional buyer (within the meaning given by Rule 144A under the US Securities Act of 1933). By continuing to hold their depositary interests following the date of the Notice, holders of depositary interests acknowledge and agree to be bound by the transfer restrictions set forth in the section headed "*Part XVI-Notices to Investors*" in the Prospectus or herein (mutatis mutandis with respect to such depositary interests).

FORM OF PROXY

ACG ACQUISITION COMPANY LIMITED

Registered number 2067083

Form of Proxy — Extraordinary General Meeting of Shareholders to be held on 20 August 2024

Kindly note: This form is issued only to the addressee(s). The Company accepts no liability for any instruction that does not comply with this form.

Explanatory Notes:

1. Please indicate, by placing "X" in the appropriate space overleaf, how you wish your votes to be cast in respect of the resolution. If this form is duly signed and returned, but without specific direction as to how you wish your votes to be cast the form will be rejected.
2. The "Withheld" option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' or 'Against' a resolution.
3. Any alterations made to this form should be initialled.
4. The completion and return of this form will not preclude a member from attending the meeting and voting in person.
5. Every holder has the right to appoint some other person of their choice, who need not be a Shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see reverse).
6. Please ensure the completed voting instrument is returned to **Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England.**

To be effective, this form must be lodged at Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England no later than 48 hours before the commencement of the Meeting.

Form of Proxy

Please use a **black** pen. Mark an "X" inside the box to indicate your directions, as shown in this example: I/We hereby direct the Chairman of the Meeting **OR** the following person:



Please leave this box blank if you have selected the Chairman. Do not insert your own name(s).

As my/our proxy to attend and vote on my/our behalf at the meeting of shareholders of ACG Acquisition Company Limited to be held at the offices of Cleary Gottlieb Steen & Hamilton LLP at 2 London Wall, Barbican, London, EC2Y 5AU, England on 20 August 2024 at 10 a.m. (London time) and any adjournment of that meeting.

Resolution

2. THAT, subject to the closing of the Acquisition, the Memorandum and Articles of Association of the Company be amended in the form recommended by the Board of Directors of the Company and appended to the shareholders circular in Exhibit B, with effect upon the Acquisition Closing.

For	Against	Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We would like my/our proxy to vote on the resolution proposed at the meeting as indicated on this form. Unless otherwise instructed the proxy may vote as he or she sees fit or abstain in relation to any business of the meeting.

Signature

Date

DD / MM / YY

In the case of joint holders, only one holder need sign. In the case of a corporation, the Form of Proxy should be signed by a duly authorised official whose capacity should be stated, or by an attorney.

FORM OF DIRECTION

ACG ACQUISITION COMPANY LIMITED

Registered number 2067083

Form of Direction — Extraordinary General Meeting of Shareholders to be held on 20 August 2024

Kindly note: This form is issued only to the addressee(s). The Custodian accepts no liability for any instruction that does not comply with this form.

Explanatory Notes:

1. Please indicate, by placing "X" in the appropriate space overleaf, how you wish your votes to be cast in respect of each of the resolutions. If this form is duly signed and returned, but without specific direction as to how you wish your votes to be cast the form will be rejected.
2. The 'Withheld' option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' or 'Against' a resolution.
3. Any alterations to this form should be initialled.
4. The completion and return of this form will not preclude a member from attending the meeting and voting in person.
5. A member of CREST may use the CREST electronic voting appointment service via the CREST system, CREST messages must be received by the issuer's agent (ID number (ID: RA10) not later than 72 hours before the time appointed for the holding of the meeting.
6. Should the holder, or a representative of that holder, wish to attend the meeting and/or vote at the meeting please ensure the relevant box is completed on the reverse. Upon receipt of this instruction, the registered holder, shown above, will receive a Letter of Representation from Link Group authorising the person detailed overleaf to attend on behalf of the holder.
7. Please ensure the completed voting instrument is returned to: **Link Group at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, England.**

To be effective, all votes must be lodged at the office of the Custodian no later than 72 hours before the commencement of the meeting.

Form of Direction

Please use a **black** pen. Mark an "X" inside the box to indicate your directions; as shown in this example.

I/We hereby:

1) represent that I/we am/are either (a) outside the United States, or (b) a qualified institutional buyer (within the meaning given by Rule 144A under the US Securities Act of 1933); 2) represent that I/we am/are the holder of the depositary interests in Class A Ordinary Shares that are the subject of this Direction; 3) direct the Custodian "Link Market Services Trustees Limited" to vote on my/our behalf at the meeting of shareholders to be held at the offices of Cleary Gottlieb Steen & Hamilton LLP at 2 London Wall, Barbican, London, EC2Y 5AU, England on 20 August 2024 at 10 a.m.(London time) and any adjournment of that meeting; and 4) by continuing to hold depositary interests following the date of execution of this form, acknowledge and agree to be bound by the transfer restrictions set forth in the section headed "Part XVI—Notices to Investors" in the Prospectus or herein (*mutatis mutandis* with respect to such depositary interests) and the notice to qualified institutional buyers set out below.

Notice to qualified institutional buyers

Each Class A Ordinary Shareholder who previously purchased or subscribed for the Class A Ordinary Shares in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act who is located in the United States, by continuing to hold their depositary interests following the date of the Notice, acknowledges and agrees that the Class A Ordinary Shares may not be offered, resold, pledged or otherwise transferred except (1) (A) to a person whom the Class A Ordinary Shareholder and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A or another available exemption to the registration requirements under the Securities Act; (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S; (C) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available); or (D) pursuant to an effective registration statement under the Securities Act and (2) in each case, in accordance with all applicable securities laws of any state, territory or other jurisdiction of each of the United States.

Resolutions

- | | | | |
|---|--|--|---|
| 1. THAT the Acquisition be and is hereby approved by the Class A Ordinary Shares of Public Shareholders, that any transactions required to effect the Acquisition be and are hereby approved by the Class A Ordinary Shares of Public Shareholders, and that the Directors of the Company be authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to the Acquisition. | For
<input type="checkbox"/> | Against
<input type="checkbox"/> | Withheld
<input type="checkbox"/> |
| 2. THAT, subject to the closing of the Acquisition, the Memorandum and Articles of Association of the Company be amended in the form recommended by the Board of Directors of the Company and appended to the shareholders circular in Exhibit B, with effect upon the Acquisition Closing. | For
<input type="checkbox"/> | Against
<input type="checkbox"/> | Withheld
<input type="checkbox"/> |

Intention to attend

I wish to attend the meeting of shareholders. Any Depositary Interest Holder who wishes to attend the Meeting must contact the Depositary at Link Market Services Trustees Limited, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom or by email by using nominee.enquiries@linkgroup.co.uk in order to request a Letter of Representation no later than 10 a.m. on 15 August 2024.

Signature

Date

DD / MM / YY

In the case of joint holders, only one holder need sign. In the case of a corporation, the Form of Direction should be signed by a duly authorised official whose capacity should be stated, or by an attorney.

EXHIBIT A

Prospectus prepared by the Company in connection with the Acquisition and Re-Admission, as approved by the FCA on 7 August 2024

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document (as defined below) or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”).

THIS DOCUMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN AND SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF APPLICABLE SECURITIES LAWS. THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND IN RELIANCE ON, REGULATIONS UNDER THE US SECURITIES ACT OF 1933, AND IN COMPLIANCE WITH APPLICABLE SECURITIES LAWS IN EACH JURISDICTION WHERE THE SECURITIES ARE OFFERED. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED.

This document (the “**Document**”) constitutes a prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 as it forms part of United Kingdom (the “**UK**”) domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) relating to ACG Acquisition Company Limited (the “**Company**”) prepared in accordance with the prospectus regulation rules (the “**Prospectus Regulation Rules**”) of the UK Financial Conduct Authority (the “**FCA**”) made under section 73A of FSMA. This Document has been approved by the FCA as competent authority under the UK Prospectus Regulation. The FCA only approves the Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the company that is, or the quality of the securities that are, the subject of the Document. Prospective investors should make their own assessment as to the suitability of investing in the class A ordinary shares of the Company (the “**Class A Ordinary Shares**”) and in its redeemable public warrants (the “**Warrants**”).

On 12 October 2022, the Existing Class A Shares and the Existing Warrants (each as defined below) were admitted to listing on the Standard List maintained by the FCA, in accordance with the listing rules then in effect, published by the FCA under FSMA (the “**Previous Listing Rules**”), and to trading on the Main Market of the London Stock Exchange. In accordance with Listing Rules Instrument 2024 (FCA 2024/23), with effect from 29 July 2024, the Previous Listing Rules were replaced by new listing rules published by the FCA under FSMA, as amended from time to time (the “**UKLR**”) and under which the previous standard listing category was replaced by the new equity shares (transition) category. The UKLR also includes categories for non-equity securities including the warrants, options and other miscellaneous securities category.

In accordance with the UKLR, as the proposed acquisition (the “**Acquisition**”) from Lidya Madencilik Sanayi ve Ticaret A.S. (“**Lidya**” or “**Seller**”) of a 100% interest in the issued and to-be-issued share capital of Polimetal Madencilik Sanayi ve Ticaret A.Ş. (“**Polimetal**”), which holds 100% interest in the Gediktepe Mine (the “**Target Asset**” or “**Mine**”), is classified as a Reverse Takeover under the UKLR, upon completion of the Acquisition on or about 23 August 2024, it is expected that the FCA will cancel the listing of all the issued Class A Ordinary Shares (the “**Existing Class A Shares**”) and all the issued Warrants (the “**Existing Warrants**”).

Applications will be made to the FCA for the Existing Warrants and the Placing Warrants (as defined below) (together, the “**Listed Warrants**”) to be admitted or re-admitted (as applicable) to the warrants, options and other miscellaneous securities category of the Official List of the FCA (the “**Official List**”) in accordance with Chapter 19 of the UKLR, and for the Existing Class A Shares and the New Shares (as defined below), and together, the “**Enlarged Ordinary Share Capital**”) to be admitted or re-admitted (as applicable) to the equity shares (transition) category of the Official List in accordance with Chapter 22 of the UKLR, and to the London Stock Exchange plc (the “**LSE**”) for such Listed Warrants and Enlarged Ordinary Share Capital to be admitted to trading on the LSE’s Main Market. It is expected that admission or re-admission (as applicable) of the Listed Warrants and Enlarged Ordinary Share Capital will become effective, and that unconditional dealings in the Listed Warrants and Enlarged Ordinary Share Capital will commence, at 8.00 a.m. on 23 August 2024 (the “**Re-Admission**”). A separate application will be made to the FCA in due course for the Director Shares, the EIP Shares and the Class A Ordinary Shares issued or issuable upon the exercise or conversion of the Listed Warrants, Sponsor Warrants or the Private Placement Warrants (each as defined herein) to be admitted to the Official List and to the LSE for such Class A Ordinary Shares to be admitted to trading on the LSE’s Main Market.

Upon Re-Admission there will be up to 25,779,684 Class A Ordinary Shares in issue, comprising: (i) 4,112 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document); (ii) up to 11,250,000 Class A Ordinary Shares, in aggregate, to be issued to the Funding Partners pursuant to the terms of the Funding Agreements (the “**Funding Shares**”); (iii) 3,125,000 Class A Ordinary Shares, in aggregate, to be issued upon conversion of the Company’s existing Class B shares into Class A Ordinary Shares (the “**Converted Shares**”); (iv) 7,233,905 Class A Ordinary Shares to be issued as consideration to the Seller upon completion of the Acquisition pursuant to the terms of the Acquisition Agreement and the Seller Subscription Agreement (the “**ACG Sale Shares**”); and (v) up to 4,166,667 Class A Ordinary Shares, in aggregate, comprising any Class A Ordinary Shares to be issued in an offering to certain institutional investors (the “**Placing Investors**”) following the date of this Document (the “**Placing Shares**”). In this Document, the Funding Shares, the Converted Shares, the ACG Sale Shares and the Placing Shares shall be referred to collectively as the “**New Shares**”. There will also be up to 10,416,667 Listed Warrants in issue comprising 6,250,000 Existing Warrants that exist as at the date of this Document and up to 4,166,667 Placing Warrants, in aggregate, comprising any Warrants to be issued to the Placing Investors pursuant to the terms of the Placing Agreement (the “**Placing Warrants**”). Upon Re-Admission there will also be 13,348,750 Sponsor Warrants and up to 18,483,905 Private Placement Warrants in issue (as defined herein). The Sponsor Warrants and Private Placement Warrants have not been and will not be listed or admitted to trading.

This Document does not constitute or form part of an offer or invitation to the public to subscribe for or purchase any Class A Ordinary Shares or Warrants, but is issued solely in connection with the admission or re-admission (as applicable) of the Enlarged Ordinary Share Capital (to the equity shares (transition) category) and of the Listed Warrants (to the warrants, options and other miscellaneous securities category) of the Official List, and to trading on the LSE’s main market for listed securities and the Placing.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE WARRANTS AND CLASS A ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED “RISK FACTORS” BEGINNING ON PAGE 15 OF THIS DOCUMENT.

The Directors and the Director Nominee, whose names appear on page 67, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and the Document makes no omission likely to affect its import.

The definitions of certain capitalised terms can be found in “Part XVII—*Definitions*”.

ACG ACQUISITION COMPANY LIMITED



(incorporated in the British Virgin Islands (the “BVI”) in accordance with the laws of the British Virgin Islands, with number 2067083)

Acquisition of a 100% interest in the issued and to-be-issued share capital of Polimetal Madencilik Sanayi ve Ticaret A.Ş., which holds 100% interest in the Gediktepe Mine.

Issue of 7,233,905 ACG Sale Shares to Lidya Madencilik Sanayi ve Ticaret A.S.

Issue of up to 11,250,000 Funding Shares at US\$6.00 per Funding Share, and Placing of up to 4,166,667 Placing Shares, together with 1 redeemable warrant per Placing Share, at US\$6.00 per Placing Share, and

Admission or Re-Admission (as applicable) of the Enlarged Ordinary Share Capital (to the equity shares (transition) category) and of the Listed Warrants (to the warrants, options and other miscellaneous securities category) to the Official List, and to trading on the LSE’s main market for listed securities.

Stifel Nicolaus Europe Limited
(“Stifel”)

Placement Agent and Bookrunner

The date of this Document is 7 August 2024

Stifel Nicolaus Europe Limited (the “**Placement Agent**”), has been appointed by the Company in relation to the placing of Class A Ordinary Shares and Warrants to certain institutional investors following the date of this Document (the “**Placing**”). The Placement Agent, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in relation to the Placing, and is not acting in connection with any of the other share issuances contemplated in this Prospectus. The Placement Agent will not regard any other person (whether or not a recipient of this Document) as its client in relation to the Placing and will not be responsible to anyone (other than the Company in respect of the Placing) for protections afforded to the clients of the Placement Agent for providing any advice in relation to the Placing, the contents of this Document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by the Placement Agent, or the Seller, for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which they are not responsible. However, nothing in this paragraph excludes or limits any responsibility which the Placement Agent may have under the FSMA or the regulatory regime established thereunder, or which, by law or regulation cannot otherwise be limited or excluded.

A copy of this document is available to eligible investors on the Company’s website (acgcorp.co). Neither the content of the Company’s website nor any website accessible by hyperlinks to the Company’s website is incorporated in, or forms part of, this Document.

The Class A Ordinary Shares comprising the Enlarged Ordinary Share Capital will rank *pari passu* in all respects with the Existing Class A Shares and the Placing Warrants will rank *pari passu* in all respects with the Existing Warrants, including, as applicable, all rights to dividends and other distributions declared, made or paid following Re-Admission.

This Document and the distribution thereof do not constitute or form a part of any offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, the Warrants and Class A Ordinary Shares in the United States or any other any jurisdiction where such an offer or solicitation would be unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Existing Warrants, the Placing Warrants, the Existing Class A Ordinary Shares and the New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Any sales or offers of the New Shares and Placing Warrants into Australia, Canada, Japan or the Republic of South Africa can only be made in accordance with applicable law and regulations.

No sales in the United States

There has been and will be no offering of Placing Shares and Placing Warrants in the United States. The Placing Shares and Placing Warrants are being offered or sold outside the United States in “offshore transactions” in compliance with Regulation S under the Securities Act.

The Placing Warrants will only be capable of being exercised by persons who represent, amongst other things, that they are outside the United States, and are acquiring Class A Ordinary Shares upon exercise of the Placing Warrants in reliance on Regulation S.

In addition, each acquirer of the Placing Shares and Placing Warrants, in making an acquisition, will be deemed to have made certain acknowledgments, representations and agreements as set out under “*Part XVI—Notices to Investors*” of this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under applicable securities laws and regulations, including the Securities Act, and under the Memorandum and Articles. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer and other provisions set out in the Memorandum and Articles.

The distribution of this Document into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Applications will be made for the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the equity shares (transition) category of the Official List in accordance with Chapter 22 of the UKLR and for the Listed Warrants to be admitted or re-admitted (as applicable) to the warrants, options and other miscellaneous securities category of the Official List in accordance with Chapter 19 of the UKLR. A listing on the equity shares (transition) category will afford investors a lower level of regulatory protection than that afforded to investors in companies with equity shares (commercial companies) category (“ESCC”) listings on the Official List, which are subject to additional obligations under the UKLR.

Information to UK Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Shares, Placing Warrants and Private Placement Warrants have been subject to a product approval process, which has determined that the New Shares, Placing Warrants and Private Placement Warrants are: (i) compatible with an end target market of investor who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**UK Target Market Assessment**”). Notwithstanding the UK Target Market Assessment, “distributors” (for the purposes of the UK Product Governance Requirements) should note that: the price of the New Shares, Placing Warrants and Private Placement Warrants may decline and investors could lose all or part of their investment; the New Shares, Placing Warrants and Private Placement Warrants offer no guaranteed income and no capital protection; and an investment in the New Shares, Placing Warrants and Private Placement Warrants is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. UK Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Re-Admission.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares, Placing Warrants and Private Placement Warrants.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares, Placing Warrants and Private Placement Warrants and determining appropriate distribution channels.

Prohibition of Sales to UK Retail Investors

The Placing Shares and Placing Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. Accordingly, the offering of the Placing Shares and Placing Warrants, is only being made to investors in the UK who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (as amended, the “**UK PRIIPs Regulation**”) for offering or selling the Placing Shares and Placing Warrants or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Placing Shares and Placing Warrants or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Information to EEA Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “EEA Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the EEA Product Governance Requirements) may otherwise have with respect thereto, the New Shares, Placing Warrants and Private Placement Warrants have been subject to a product approval process, which has determined that the New Shares, Placing Warrants and Private Placement Warrants are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**EEA Target Market Assessment**”). Notwithstanding the EEA Target Market Assessment, distributors should note that: the price of the New Shares, Placing Warrants and Private Placement Warrants may decline and investors could lose all or part of their investment; the New Shares, Placing Warrants and Private Placement Warrants offer no guaranteed income and no capital protection; and an investment in the New Shares, Placing Warrants and Private Placement Warrants is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The EEA Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Re-Admission.

For the avoidance of doubt, the EEA Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares, Placing Warrants and Private Placement Warrants.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares, Placing Warrants and Private Placement Warrants and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors

The Placing Shares and Placing Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. Accordingly, the offering of the Placing Shares and Placing Warrants, is only being made to investors in the EEA who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No. 1286/2014, (as amended, the “**PRIIPs Regulation**”) for offering or selling the Placing Shares and Placing Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Placing Shares and Placing Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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SUMMARY

SECTION A – INTRODUCTION AND WARNINGS

The Company’s registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands and its legal entity identifier (“LEI”) is 549300NXL2KSHKJXTU29. The competent authority approving this Document is the FCA (Company number 01920623) who can be contacted at FCA Head Office, 12 Endeavour Square, London E20 1JN. The FCA approved this Document on 7 August 2024. The New Shares will be registered with ISIN number VGG0056A1030 and SEDOL number BKZ72R6. The Listed Warrants will be registered with ISIN number VGG0056A1113 and SEDOL number BKZ72S7. This summary should be read as an introduction to this Document. Any decision to invest in the Class A Ordinary Shares and the Warrants should be based on consideration of this Document as a whole, by the prospective investor. Any investor could lose all or part of the invested capital as a result of investing in the Class A Ordinary Shares or Warrants. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Document, or it does not provide, when read together with the other parts of this Document, key information to aid investors when considering whether to invest in such Class A Ordinary Shares or Warrants.

SECTION B – KEY INFORMATION ON THE ISSUER

Who is the Issuer of the Securities?

Domicile and legal form: The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the laws of the British Virgin Islands and under the BVI Business Companies Act 2004, as amended (the “**BVI Companies Act**”), with number 2067083. Its LEI number is 549300NXL2KSHKJXTU29.

Principal Activities of the Issuer: The Company, a special purpose acquisition company, was formed to undertake an acquisition of a target company or business and adopted an acquisition strategy focusing on the metals and mining sector globally (excluding Russia), with a particular focus on emerging markets. The Company raised US\$125,000,000 before expenses and commissions through an offering of 12,500,000 Class A Ordinary Shares together with 6,250,000 Warrants (on the basis of ½ of a Warrant per Class A Ordinary Share) (the “**IPO**”), and was admitted to listing on the FCA’s Official List by way of a Standard Listing under Chapters 14 and 20 of the Previous Listing Rules, with trading in the Existing Class A Shares and Existing Warrants becoming effective on the LSE’s Main Market on 12 October 2022. On 27 June 2024, the Company extended the deadline by which it is required to complete an acquisition from 30 June 2024 to 12 October 2024. On 17 July 2024, the Company and the Seller entered into an acquisition agreement (as amended or supplemented, the “**Acquisition Agreement**”). Pursuant to the Acquisition Agreement, the Company agreed, subject to certain conditions, to acquire from Lidya a 100% interest in the issued and to-be-issued share capital of Polimetal, which holds 100% interest in the Gediktepe Mine. The following table summarises the sources and uses for funding the Acquisition (assuming redemptions, as described in Part XIII of this Document, at 100%, for purposes of illustration):

<u>Cash Sources (US\$ m)^{(1),(3)}</u>		<u>Cash Uses (US\$ m)</u>	
Senior Debt	110.0	Cash Payment for the Acquisition to Lidya ⁽²⁾	100.0
Mezzanine Debt Finance	22.5	Capex Funding for Sulphide Expansion Project	145.0
Gold Prepayment Agreement	25.0	Transaction Costs and Working Capital	7.5
Equity (Funding Partners)	67.5		
Equity (Placing)	15.0		
Oxide Operations Cash Flows	12.5		
Total Sources	252.5	Total Uses	252.5

- (1) The Company may use any Placing proceeds above US\$15 million (the “**Base Placing Amount**”) to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding number of Private Placement Warrants) issued to the Funding Partners.
- (2) Upon the completion of the Acquisition, Lidya will also receive the ACG Sale Shares as consideration.
- (3) Not all funding is subject to binding agreements as of the date hereof. For details of the commitments and agreements in respect of these sources of funding, see “Part XV—Additional Information—Material contracts”.

The Acquisition, if completed, will constitute a reverse takeover under the UKLR since, inter alia, in substance it will result in a fundamental change in the business of the Company. Therefore, it is expected that the FCA will cancel the listing of the Existing Class A Shares and Existing Warrants upon completion of the Acquisition. As of the date of this Document, the Company continues to comply with the guidance set out in LR 5.6.18AG of the Previous Listing Rules and TP 7.1G(4)(a) of the UKLR, on a modified basis, as to the rebuttable presumption that suspension of listing is not required upon an acquisition announcement. The Company will apply for the Enlarged Ordinary Share Capital and the Listed Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE’s Main Market following the publication of this Document. The Acquisition, if completed, will result in the Company becoming an operating company or a holding company instead of a special purpose acquisition company. The Acquisition was approved by the board of directors of the Company (the “**Board**”) on 22 July 2024. The Acquisition is expected to complete on or about 23 August 2024, which is also the date of anticipated Re-Admission.

Corporate Structure on Re-Admission: Subject to the completion of the Acquisition, Placing and Re-Admission, the Company will be the parent company of Polimetal and together, following completion of the Acquisition, the Company and Polimetal (including its 100% interest in the Gediktepe Mine) will constitute a new group—ACG Metals (the “**Enlarged Group**”).

Major Shareholders: The following are expected to hold more than 5% of the voting rights in the Company upon Placing and Re-Admission (assuming no exercise of the Combined Warrants)⁽²⁾:

<i>Shareholder</i>	<i>Subscription Undertaking (number of Class A Ordinary Shares on Re-Admission)</i>	<i>Percentage of issued Enlarged Ordinary Share Capital on Re-Admission</i>	<i>Percentage of Total Voting Rights⁽¹⁾</i>
ACP Sponsor	6,137,419	25.5	25.5
Lidya	7,233,905	30.0	30.0
Inti SE	4,166,667	17.3	17.3

1. Includes any holdings of class B shares in the Company (the “**Class B Shares**”) to be converted into Class A Ordinary Shares upon completion of the Acquisition, assuming that these are subscribed for in full.
2. Assumes issuance of only 2,500,000 Placing Shares (with one Placing Warrant per Placing Share) pursuant to the Placing.

Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the FCA’s Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public. The Company, the Directors and the Co-Sponsors (as defined below) are not aware of any persons, who, as at 6 August 2024 (being the latest practicable date prior to publication of this Document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or the Enlarged Group nor are they aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company or the Enlarged Group.

Directors and Senior Officers: The Company’s Directors at the date of this Document are: (i) Artem Volynets (Director, Chief Executive Officer and Chairman), (ii) Fiona Paulus (Senior Independent Non-Executive Director), (iii) Hendrik Johannes Faul (Independent Non-Executive Director), and (iv) Mark Cutis (Independent Non-Executive Director). On or following Re-Admission, the following director nominee will also be appointed: Mustafa Aksoy (the “**Director Nominee**”). The Company’s senior officers at the date of this Document are: (i) Patrick Henze (Chief Financial Officer) and (ii) Christopher Hulse (Finance Director). The Company is sponsored jointly by ACG Mining Limited (the “**ACG Sponsor**”), De Heerd Investments Limited (the “**De Heerd Sponsor**”) and Argentem Creek Partners LP (the “**ACP Sponsor**” and together, the “**Co-Sponsors**”).

Independent Auditors: The Company’s auditors are RSM UK Audit LLP (“**RSM**”) of 25 Farringdon Street, London, EC4A 4AB. RSM, an independent auditor, is a member of the Institute of Chartered Accountants of Scotland.

What is the Key Financial Information Regarding the Issuer?

Upon Re-Admission, it is expected that the Acquisition will be completed and the Company will be the parent company of Polimetal. Accordingly, this Document contains historical financial information on the Company as well as Polimetal along with pro forma financial information for the Enlarged Group. Prospective investors should review

the following selected historical financial information together with the whole of this Document and should not rely on the selected information itself.

The Company: The following tables set out summary historical financial information from (i) the audited financial statements of the Company as at and for the 18 months ended 31 December 2023, and (ii) the audited financial statements of the Company for the period from 22 June 2021 (its date of incorporation) to and as at 30 June 2022.

S'000	18 months ended 31 December 2023	22 June 2021 to 30 June 2022
Statement of Comprehensive Income		
G&A expenses	(20,930)	(2,737)
Operating (loss)/income	(20,930)	(2,737)
Finance income	6,684	9
Finance expense	(14,423)	-
Gain on Derivatives	2,732	-
Profit (loss) before tax	(25,937)	(2,728)
Income tax	-	-
Loss after tax and total comprehensive loss for period	(25,937)	(2,728)
Statement of Financial Position		
	31-Dec-23	30-Jun-22
Current assets		
Cash & cash equivalents (included restricted cash)	1,454	4,540
Other receivables & prepaid expenses	206	47
Total current assets	1,660	4,587
Total assets		
	1,660	4,587
Current liabilities		
Redeemable public share liabilities	292	-
Derivative financial instruments	770	-
Trade and other payables	844	1,076
Total current liabilities and Total liabilities	1,906	1,076
Net assets	(246)	3,511
Statement of Cash Flows		
	18 months ended 31 December 2023	22 June 2021 to 30 June 2022
Net cash flows from operations	(21,835)	(1,708)
Net cash flows used in investment activities	6,684	8
Net cash flows from financing activities	12,066	6,239
Net (decrease) increase in cash and cash equivalents	(3,085)	4,539
Cash and cash equivalents at the beginning of the year	4,539	-
Cash and cash equivalents at the end of the year	1,454	4,539

Polimetal: The following tables set out summary historical financial information from the audited financial statements of Polimetal as at and for the years ended 31 December 2023, 2022 and 2021.

S'000	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2021 (restated)
Statement of Comprehensive Income			
Revenue	73,628	57,520	1,122
Cost of products sold	(44,795)	(33,271)	(412)
Gross profit	28,833	24,249	710
G&A expenses	(1,924)	(2,189)	(1,283)
Research & Development expenses	(3,688)	(1,849)	(3,211)
Other income / (expense)	4,981	650	1,749
Operating income/(loss)	28,202	20,861	(2,035)
Income from Investment activities	3,054	59	-
Expense from investment activities	(3)	(12)	-
Finance income	3,746	1,370	2,537
Finance expense	(8,961)	(3,057)	(2,020)
Profit (loss) before tax	26,038	19,221	(1,518)
Income tax	(7,025)	10,151	-
Net profit (loss) for the period	19,013	29,372	(1,518)
Actuarial (loss)	(46)	(138)	(63)
Total comprehensive income/(loss)	18,967	29,234	(1,581)
Statement of Financial Position			
Assets	31-Dec-23	31-Dec-22	31-Dec-21
Current assets			
Cash & cash equivalents	7,705	15,467	11,926
Receivables from related parties	32,843	8	4
Other receivables & prepaid expenses	908	1,056	2,155
Inventories	13,044	8,442	4,207

Total current assets	54,500	24,973	18,292
Non-current assets			
Other receivables & prepaid expenses	458	632	1,403
PP&E	35,810	34,184	33,078
Intangible assets	10,063	11,045	17,096
Deferred tax assets	4,885	10,411	0
Total non-current assets	51,216	56,272	51,577
Total assets	105,716	81,245	69,869
Liabilities			
Current liabilities			
Trade and other payables	8,040	5,454	1,266
Trade and other payables – related party	324	295	16,896
Borrowings	12,926	12,893	7,652
Taxes payable	1,400	-	-
Deferred Income	400	350	300
Other liabilities	1,315	838	561
Total current liabilities	24,405	19,830	26,675
Non-current liabilities			
Borrowings	5,584	16,753	27,922
Provisions	12,038	-	-
Other liabilities	312	252	96
Total non-current liabilities	17,934	17,005	28,018
Total liabilities	42,339	36,835	54,693
Net assets	63,377	44,410	15,176
	Year ended	Year ended	Year ended
	31/12/2023	31/12/2022	31/12/2021
			(restated)
Statement of Cash Flows			
Net cash flows from operations	42,058	31,425	(695)
Net cash flows used in investment activities	(2,533)	(5,275)	(28,616)
Net cash flows from (used in) financing activities	(47,109)	(22,609)	41,153
Net (decrease) increase in cash and cash equivalents	(7,584)	3,541	11,842
Cash and cash equivalents at the beginning of the year	15,467	-	84
Effects of foreign currency translation on cash	(178)	-	-
Cash and cash equivalents at the end of the year	7,705	15,467	11,926

Pro Forma Financial Information:

The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of ACG Acquisition Company Limited and Polimetal Madencilik Sanayi ve Ticaret A.Ş. has been prepared to illustrate the effect of (i) the Re-Admission; (ii) the proposed financing arrangements relating to the Acquisition; and (iii) the Acquisition on (1) the unaudited pro forma net assets of the Enlarged Group as at 31 December 2023, as if these transactions had taken place on that date; and (2) the unaudited pro forma income statement of the Enlarged Group for the year ended 31 December 2023, as if these transactions had taken place on 1 January 2023. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. The hypothetical financial position or results included in the Unaudited Pro Forma Financial Information may differ from the Enlarged Group’s actual financial position or results. It does not purport to represent what the Enlarged Group’s financial position or results of operations actually would have been if the Acquisition and other adjusted items described in this section had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or financial position of the Enlarged Group at any future date.

What are the Key Risks that are Specific to the Enlarged Group?

The following is a selection of the key risks relating to the Enlarged Group, based on the probability of their occurrence and the expected magnitude of their negative impact. Investors should read, understand and consider all risk factors which should be read in their entirety before making a decision to invest in the Class A Ordinary Shares and Warrants.

- The Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements;
- The Company’s debt obligations could materially and adversely affect its business, financial condition, results of operations, and prospects;
- The Enlarged Group’s business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile;
- Changes in the demand for the metals the Enlarged Group produces could adversely affect the Enlarged Group’s sales volume and revenues;
- The mining industry is highly competitive and the Enlarged Group may be unable to compete successfully with other mining companies;

- The Enlarged Group’s business requires substantial capital expenditures and is subject to financing risks;
- The Enlarged Group’s estimates of Ore Reserves and Mineral Resource may be materially different from mineral quantities the Enlarged Group actually recovers, and market conditions and other operating factors may render certain part of Ore Reserves and Mineral Resource, including future exploration and development projects, uneconomical to mine;
- The Enlarged Group depends on its ability to replenish its Ore Reserve for the Enlarged Group’s long-term viability;
- Health and safety, mining and environmental laws, regulations and other legislation, including regulations pertaining to climate change, may increase the Enlarged Group’s costs of doing business, restrict the Enlarged Group’s operations or result in the imposition of fines, revocation of permits or shutdown of the Enlarged Group’s facilities;
- Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of Polimetal or the Target Asset, which could have a material adverse effect on the Enlarged Group’s financial condition or results of operations.

SECTION C – KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Upon Re-Admission there will be up to 25,779,684 Class A Ordinary Shares in issue, comprising: (i) 4,112 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document); (ii) up to 11,250,000 Class A Ordinary Shares, in aggregate, to be issued to the Funding Partners pursuant to the terms of the Funding Agreements (the “**Funding Shares**”); (iii) 3,125,000 Class A Ordinary Shares, in aggregate, to be issued upon conversion of the Company’s existing Class B shares into Class A Ordinary Shares (the “**Converted Shares**”); (iv) 7,233,905 Class A Ordinary Shares to be issued as consideration to the Seller upon completion of the Acquisition pursuant to the terms of the Acquisition Agreement and the Seller Subscription Agreement (the “**ACG Sale Shares**”); and (v) up to 4,166,667 Class A Ordinary Shares, in aggregate, comprising any Class A Ordinary Shares to be issued in an offering to certain institutional investors (the “**Placing Investors**”) following the date of this Document (the “**Placing Shares**”). In this Document, the Funding Shares, the Converted Shares, the ACG Sale Shares and the Placing Shares shall be referred to collectively as the “**New Shares**”. There will also be up to 10,416,667 Listed Warrants in issue comprising 6,250,000 Existing Warrants that exist as at the date of this Document and up to 4,166,667 Placing Warrants, in aggregate, comprising any Warrants to be issued to the Placing Investors pursuant to the terms of the Placing Agreement (the “**Placing Warrants**”). Upon Re-Admission there will also be 13,348,750 Sponsor Warrants and 18,483,905 Private Placement Warrants in issue (as defined herein). The Sponsor Warrants and Private Placement Warrants have not been and will not be listed or admitted to trading. The Class A Ordinary Shares and the Warrants are denominated in and will trade in US\$ and are, subject to certain lock-up arrangements and restrictions under applicable law, transferable. If at any time the Company is deemed insolvent, the seniority of the Company’s securities will be determined in accordance with the BVI Insolvency Act, and amounts held may be first applied to preferred creditors (if any).

Rights attaching to the Class A Ordinary Shares: The Class A Ordinary Shareholders have no conversion or other subscription rights and there are no sinking fund or redemption provisions applicable to the Class A Ordinary Shares, except that holders of Existing Class A Shares may exercise their rights to request redemption in connection with the Acquisition. Class A Ordinary Shareholders who exercise their rights to request redemption will retain the right to exercise any Warrants they own. The Class A Ordinary Shares will be registered with ISIN VGG0056A1030 and SEDOL number BKZ72R6.

Rights attaching to the Warrants: Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US\$6.90 per Class A Ordinary Share, as adjusted pursuant to the terms and conditions attaching to the Warrants (as supplemented or amended from time to time, the “**Warrant T&Cs**”), and subject to further adjustments in accordance therewith, at any time commencing 30 days after the completion of the Acquisition (the “**Acquisition Date**”). Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants. The Warrants will expire on the date that is five years after the date on which they first become exercisable (or earlier upon redemption of the Warrants or liquidation of the Company), at 5:00 p.m., London time. Any Warrants not exercised in that period of time will expire worthless and any holder thereof will no longer have any rights thereunder. The Warrants will be registered with ISIN VGG0056A1113 and SEDOL number BKZ72S7. As described in the

Acquisition EGM notice published as of the date of this Document, the Company is seeking shareholder approval to amend the Warrant T&Cs, effective as of the closing date of the Acquisition (together, the “**Warrant Amendments**”), in order to: (i) amend the anti-dilution adjustment in the context of capital raising for the Acquisition to remove the concept of Market Value (section 4.4 of the Warrant T&Cs); (ii) add Inti SE, Traxys and the Anchor Investor (as defined herein) to the Permitted Transferees (as defined in the Warrant T&Cs) of the Sponsor Warrants, and to clarify that the Sponsor Warrants held by them following the Re-Allocation will not be subject to any lock-up restrictions (section 2.4 of the Warrant T&Cs); and (iii) make certain consequential changes. By virtue of the application of section 4.4 of the Warrant T&Cs (as amended by the Warrant Amendments), upon Re-Admission the Exercise Price of the Warrants and the redemption trigger prices set out herein will be adjusted as follows (together, the “**Warrant Adjustments**”): (i) the Exercise Price of the Warrants will be adjusted from US\$11.50 to US\$6.90 to reflect a Newly Issued Price (as defined herein) of US\$6.00; (ii) the redemption trigger price of US\$18.00 will be adjusted to US\$10.80; (iii) the redemption trigger price of US\$10.00 will be adjusted to US\$6.00. This Document, including the Warrant T&Cs in part XIV, reflects the Warrant Adjustments as if they had already been made.

Dividend policy: The Company’s strategy is to build a diversified copper producer, and the Company views the introduction of a dividend policy, once the balance sheet has been appropriately de-levered, as a key part of its strategy. The Company’s dividend policy going forward is intended to be sustainable alongside the Company’s inorganic growth strategy such that a two-pronged approach of offering investors exposure to growth and income is achieved.

Where will the securities be traded?

Applications will be made to the FCA for the Listed Warrants to be admitted or re-admitted (as applicable) to the warrants, options and other miscellaneous securities category of the Official List, and for the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the equity shares (transition) category of the Official List, and to the LSE for such Listed Warrants and Enlarged Ordinary Share Capital to be admitted to trading on the LSE’s Main Market. It is expected that admission or re-admission (as applicable) of the Listed Warrants and Enlarged Ordinary Share Capital will become effective, and that unconditional dealings in the Listed Warrants and Enlarged Ordinary Share Capital will commence, at 8.00 a.m. on 23 August 2024 (the “**Re-Admission**”).

What are the Key Risks that are Specific to the Securities?

The following is a selection of the key risks relating to the Class A Ordinary Shares and Warrants, based on the probability of their occurrence and the expected magnitude of their negative impact. Investors should read, understand and consider all risk factors which should be read in their entirety before making a decision to invest in the Class A Ordinary Shares and Warrants.

- Investors will experience a dilution of their percentage ownership of the Company if the Company issues Sponsor Loan Shares, Director Shares or EIP Shares, or if the Listed Warrants, Private Placement Warrants, Sponsor Warrants and/or any Sponsor Loan Warrants are exercised following the Acquisition;
- All outstanding Class B Shares issued by the Company will convert into Class A Ordinary Shares upon completion of the Acquisition, which will expose the Class A Ordinary Shareholders to immediate and substantial dilution as a result;
- Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the UK courts or other foreign courts may be limited, because the Company is incorporated under BVI law.

SECTION D — KEY INFORMATION ON RE-ADMISSION

Under which conditions and timetable can I invest in these securities?

Terms and conditions of the issue: The only listed securities being issued in connection with the Acquisition are the New Shares and the Placing Warrants, which shall be issued pursuant to the Funding Agreements, the Seller Subscription Agreement and this Document. Applications will be made to the FCA for all of the Listed Warrants and the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE’s Main Market pursuant to the publication of this Document. It is expected that Re-Admission will become effective and that dealings in the Listed Warrants and the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on 23 August 2024.

Expected timetable of events

FCA approval and publication of this Document, launch of the Placing and notice of Acquisition EGM	7 August 2024
Book building period relating to the Placing	8 – 19 August 2024
Announcement of Placing results and updated equity funding composition for Acquisition	20 August 2024
Acquisition EGM	20 August 2024
Results of Acquisition Announcement	20 August 2024
Redemption cut-off	21 August 2024 ⁽¹⁾
Completion of the Acquisition	by 8.00 a.m. on 23 August 2024 ⁽²⁾
Re-Admission	by 8.00 a.m. on 23 August 2024 ⁽²⁾
Redemption payment date	on or around the completion date of the Acquisition ⁽³⁾
CREST members' accounts credited in respect of New Shares and Placing Warrants (as applicable)	as soon as is reasonably practical after Re-Admission

All references to time in this Document are to London time unless otherwise stated. Each of the times and dates in the timetable is subject to change without further notice.

⁽¹⁾ On 26 July 2024, the Company announced an extension of the redemption period following the Third Extension (as defined herein) from 30 July 2024 until at least 1:00 pm London time on 13 August 2024. As of the date hereof, the redemption period has been further extended to the date indicated above in connection with the Acquisition EGM (as defined herein).

⁽²⁾ Completion of the Acquisition and Re-Admission are to be effectively simultaneous.

⁽³⁾ In any event no later than the second Trading Day after the completion date of the Acquisition.

Dilution: The main factors that would lead to future dilution are (i) the Acquisition (or such earlier time at which any Class B Shares are converted into Class A Ordinary Shares by the holders thereof), following which the Class B Shares will automatically convert into Class A Ordinary Shares and upon the completion of which the New Shares and Placing Warrants will be issued, (ii) the exercise of the Warrants, Private Placement Warrants and/or Sponsor Warrants into Class A Ordinary Shares, (iii) the issuance of any Sponsor Loan Shares, Director Shares or EIP Shares, and the exercise of any corresponding Sponsor Loan Warrants, and (iv) any subsequent issuances of equity or equity-linked securities to fund, or otherwise in connection with, the Acquisition.

Expenses and Net Proceeds: The Company expects to raise gross proceeds of up to approximately US\$92,500,000 through the issue of the New Shares. The net proceeds (being 94% of the gross proceeds) will be applied towards the payment of consideration in relation to the Acquisition. The Company may use any Placing proceeds above US\$15 million (the “**Base Placing Amount**”) to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding number of Private Placement Warrants) issued to the Funding Partners. The total expenses incurred by the Company in connection with Re-Admission are approximately US\$5.8 million.

Why is this document being produced? The Directors believe that it is in the best interests of its shareholders to complete the Acquisition. The Acquisition, if completed, will result in the Company becoming an operating company or a holding company instead of a special purpose acquisition company and will constitute a reverse takeover under the UKLR since, inter alia, in substance it will result in a fundamental change in the business of the Company. Therefore, it is expected that the FCA will cancel the listing of the Existing Class A Shares and Existing Warrants upon completion of the Acquisition. The Company will apply for the Enlarged Ordinary Share Capital and the Listed Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE’s Main Market, a condition for which is that the Company publishes a prospectus in compliance with the UK Prospectus Regulation. The Acquisition is expected to complete on or about 23 August 2024, which is also the date of anticipated Re-Admission. This Document does not constitute an offer or invitation to any person to subscribe for or purchase any Class A Ordinary Share or Warrants in the Company.

RISK FACTORS

Investment in the Class A Ordinary Shares and the Warrants carries a significant degree of risk, including risks in relation to the Enlarged Group's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Class A Ordinary Shares and the Warrants.

Prospective investors should note that the risks relating to the Class A Ordinary Shares, the Warrants, the Company, the Enlarged Group and the sector in which it operates summarised in the section of this Document headed "*Summary*" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Class A Ordinary Shares and in the Warrants. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "*Summary*" but also, among other things, the risks and uncertainties described below.

All of these risk factors and events are contingencies that may or may not occur. The Company may face a number of these risks described below simultaneously and some risks described below may be interdependent.

The risks referred to below are those risks the Directors consider to be the material risks relating to the Company, the Enlarged Group, the Class A Ordinary Shares and the Warrants. However, there may be additional risks that the Directors do not currently consider to be material or of which the Directors are not currently aware that may adversely affect the Enlarged Group's business, financial condition, results of operations and prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Class A Ordinary Shares or Warrants. If any of the risks referred to in this Document were to occur, the business, results of operations, financial condition and prospects of the Company and the Enlarged Group could be materially adversely affected. If that were to be the case, the trading price of the Warrants and the Class A Ordinary Shares and/or the level of dividends or distributions (if any) received from the Class A Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS AND INDUSTRY

The Company's debt obligations could materially and adversely affect its business, financial condition, results of operations, and prospects

As further described herein, the Company has entered or will enter into certain financing arrangements with (i) a global mining private equity fund (the "**Anchor Investor**") for a US\$110 million senior secured credit facility (the "**Senior Credit Facility**") and (ii) with Traxys Europe S.A. ("**Traxys**") for a US\$22.5 million junior secured credit facility in connection with the closing of the Acquisition (the "**Junior Credit Facility**" and together with the Senior Credit Facility, the "**Credit Facilities**"). The Credit Facilities will be secured by substantially all assets of the Company and its future subsidiaries, including Polimetal's operating company in Turkey.

Borrowings under the Credit Facilities will be at variable rates of interest and expose the Company to market risk due to the floating interest rates. The Company's results of operations, cash flows and financial position could be affected adversely by significant fluctuations in interest rates from current levels. Further, the Company's debt service and similar obligations will require the Company to use a large portion of its cash flow to pay principal and interest on debt; it also could have important consequences to the Enlarged Group for the foreseeable future, including that the Company's ability to obtain additional financing for capital expenditures, working capital or other general corporate purposes may be impaired and the Company may be or become substantially more leveraged than some of the Company's competitors. In addition, if the Enlarged Group is unable to satisfy its debt obligations, it may have to undertake alternative financing plans, such as refinancing or restructuring of its indebtedness. There can be no assurance that any refinancing or debt restructuring would be possible, or if possible, that it would be on similar terms to those of the Enlarged Group's debt instruments existing at that time, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realised from those sales would be favourable to the Enlarged Group or that additional financing could be obtained on acceptable terms.

The Credit Facilities will also provide for (i) an original issue discount of 2% on the Senior Credit Facility and (ii) a 2% utilisation fee on the Junior Credit Facility (calculated over the aggregate amount prepaid), applicable during the first 18 months of the facility, which may limit the Company's ability to refinance its debt.

In addition, it is expected that the Enlarged Group will pay a net revenue royalty of 10% on any oxide sales and a net smelter return (“NSR”) royalty of 2% on any sulphide sales to EMX Royalty Corporation (an agreement entered into as part of Polimetal’s historical reorganisation when Lidya acquired the 50% of the business previously owned by another party) (the “**EMX Royalty**”). These features could place the Company at a relative competitive disadvantage and make the Company more vulnerable to changes in market conditions and governmental regulations.

The Company will be required to maintain compliance with certain financial and other covenants under the Credit Facilities. There are and will be customary operating and financial restrictions and covenants in the Company’s debt agreements and other funding agreements. These limit, among other things, the Company’s ability to make distributions to its equity holders, incur certain additional debt, create certain liens, or other encumbrances and sell assets. These covenants could limit the Company’s ability to engage in activities that may be in the Company’s best long-term interests. The Company’s failure to comply with certain covenants in these agreements could result in an event of default under the various debt and similar agreements, allowing lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt agreements. Under such circumstances, the Company might not have sufficient funds or other resources to satisfy all of its obligations. Please see “*Risk Factors—The Enlarged Group’s may seek additional sources of financing or pursue additional opportunities in the future, which could be unsuccessful or significantly change the Enlarged Group’s business*”.

The Enlarged Group’s business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile

The Enlarged Group’s business and financial performance is significantly affected by the market prices of the metals the Enlarged Group produces, particularly the market prices of copper, zinc and, to a lesser extent, gold and silver. Historically, prices of such metals have been subject to wide fluctuations and are affected by numerous factors beyond the Enlarged Group’s control, including: industrial demand; forward or short sales of copper and zinc by producers and speculators; future levels of copper and zinc production; unexpected supply shocks caused by policy change, industrial action and other factors; quality, availability and costs of substitutes; inventory levels maintained by users; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, investors or funds. Copper and zinc prices are also affected by macroeconomic factors including the: costs of production of other copper and zinc producing companies; the strength of, and confidence in, the U.S. dollar, as the currency in which the price of copper and zinc is generally quoted, and other major currencies; confidence in the global economy; current rate of inflation and expectations of the future rate of inflation; global economic, political or geopolitical events, such as the ongoing military conflict between Russia and Ukraine; and global pandemics, such as COVID-19, and related control measures, including shutdowns, as well as other health crises. For a further description of macroeconomic factors affecting the Enlarged Group’s business, please see “*Risk Factors—The Enlarged Group’s business, results of operations and financial condition are affected by global and local market conditions that the Enlarged Group does not control and cannot predict*” ahead in this section. All of the foregoing factors can, through their interaction, affect the price of copper and zinc by increasing or decreasing the demand for or supply of copper and zinc.

For example, between June 2014 and June 2024, prices for copper have ranged from a high of US\$10,857/t to a low of US\$4,311/t; similarly, prices for zinc have fluctuated between US\$1,454/t and US\$4,530/t over the same period. From 1 January 2020 to 30 June 2023 in particular, prices for copper have ranged from a high of US\$10,730/t to a low of US\$4,618/t, whereas prices for zinc have ranged from a high of US\$4,530/t to a low of US\$1,774/t over the same period. The Enlarged Group cannot predict whether, and to what extent, metal prices will rise or fall in the future. Increased or continuing volatility and future declines in metal prices, especially copper and zinc prices, could have an adverse impact on the Enlarged Group’s future exploration and development decisions and production levels.

If the global market prices of copper and zinc were to drop and the prices realised by the Enlarged Group on copper and zinc sales were to decrease significantly and remain at such level for any substantial period, the Enlarged Group’s business, financial condition, results of operations, cash flows and prospects would be negatively affected. Lower utilisation of capacity during periods of weak prices may expose the Enlarged Group to higher unit production costs, since a significant portion of the Enlarged Group’s cost structure is fixed in the short-term due to the high capital intensity of mining operations. In addition, efforts to reduce costs during periods of weak prices could be limited by labour regulations or previous labour or government agreements. Depending on the current and expected price of copper and zinc, projected cash flows from planned or current mining operations also may not be sufficient to warrant commencing or continuing mining, and the Enlarged Group could be forced to discontinue exploration, development

or commercial production, which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

Conversely, during periods of high prices, the Enlarged Group's ability to rapidly increase production capacity may be limited, which could prevent the Enlarged Group from selling more products. Mining requires significant long-term capital investments and resources in order to replenish Mineral Reserve and Mineral Resource, expand and maintain production capacity, build infrastructure, preserve the environment, minimise social impacts and prevent fatalities and occupational hazards. As a result, the Enlarged Group may be unable to increase production volume in a timely or cost-effective way in response to surges in demand and higher metal prices. Moreover, the Enlarged Group may be unable to complete expansions and greenfield projects in time to take advantage of rising prices for copper, zinc or other metals. In addition, operating at close to full capacity may expose the Enlarged Group to higher costs, including demurrage fees due to capacity restraints in the Enlarged Group's logistics systems.

Changes in the demand for the metals the Enlarged Group produces could adversely affect the Enlarged Group's sales volume and revenues

The Enlarged Group's revenues depend on the volume of metals the Enlarged Group sells, which in turn depend on the level of industrial and consumer demand for these metals. Demand for these metals is mostly driven by: in the case of copper, its uses in the construction industry, electronic product manufacturing, power generation, transmission and distribution, and the production of industrial machinery; and in the case of zinc, its use in galvanising iron and steel against corrosion, other zinc alloying and compounds, and its use in the rubber, chemical, paint and agriculture industries (Source: USGS). An increase in the production of these metals world-wide or changes in technology, industrial processes or consumer habits, including increased demand for substitute materials, may decrease the demand for these metals. Increased demand for substitute materials may be either technologically-induced, when technological improvements render alternative products more attractive for first-use or end-use than the Enlarged Group's products or allow for reduced application of the Enlarged Group's products, or price-induced, when a sustained increase in a metal's price leads to partial substitution of that metal by a less expensive product or reduced application of that product. Any substitution of the metals produced by the Enlarged Group, whether technology or price induced, may decrease the demand for the metals the Enlarged Group produces.

In particular, copper and zinc both have well established, and growing, recycling markets that are becoming a viable source of metal from sustainable sources. The growth of recycling markets, including technological advances to improve the quantity and quality of recycled copper and zinc, could lead to direct competition for primary metal production from mining processes and may result in reduced demand for the metals the Enlarged Group produces.

Moreover, a fall in demand, resulting from economic slow-downs or recessions or other factors, could also decrease the volume of metals the Enlarged Group sells and therefore materially and adversely impact the Enlarged Group's business, results of operations and financial condition. For instance, China has been the main driver of global demand for minerals and metals over recent decades (Source: World Bank). As a result, a contraction of China's economic growth, a change in China's economic profile, and the underperformance of the Chinese industrial sector could have a negative impact in the demand for the metals produced by the Enlarged Group and could therefore materially and adversely affect the Enlarged Group's sales volume and revenues.

Beginning in January 2022, there has been a drop in the market values of growth-oriented companies. Accordingly, securities of growth companies like the Company may be more volatile than other securities and may involve special risks

Beginning in January 2022, there has been a precipitous drop in the market values of growth-oriented companies like the Company. For example, from 1 January 2022 to 30 June 2024, the FTSE Small Cap index has fallen approximately 9.8% whilst the FTSE 100 index has risen approximately 10.6% over the same time period. Inflationary pressures, increases in interest rates and other adverse economic and market forces have contributed to these drops in market value. As a result, the securities of the Company are subject to potential downward pressures and may be subject to heightened volatility in the price of the Company's securities. These factors may materially and adversely impact the Company's ability to secure financing following closing of the Acquisition.

The Enlarged Group's business, financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations

The Enlarged Group's revenues are primarily denominated in U.S. dollars, being the Enlarged Group's reporting currency, whilst certain expenses will be incurred in currencies other than the U.S. dollar. For example, a significant portion of the Enlarged Group's operating costs, principally labour costs, are denominated in Turkish lira. Significant fluctuations in local currency values can impact the Enlarged Group's operating margins, potentially resulting in exchange losses or materially affecting its business, financial condition, and operational results. Currency exchange rate fluctuations can also impact transactions with customers, suppliers, and creditors if denominated in foreign currencies. Misalignment between sales and expense currencies, particularly the U.S. dollar against the Turkish lira, can affect the Enlarged Group's operating performance. Unexpected significant fluctuations in foreign currencies, including the U.S. dollar, could adversely affect the Enlarged Group's financial condition and operational results. Although the Enlarged Group targets to employ derivative financial instruments to manage currency exposure and may undertake additional hedging transactions in the future, the availability and effectiveness of these measures may be limited. The Enlarged Group may face challenges in successfully hedging exposure to currency fluctuations and implementing customer pricing or other measures to mitigate their impact, potentially leading to material and adverse effects on the Enlarged Group's operational results. Furthermore, the use of these hedging instruments could lead to increased liquidity or refinancing risks for the Enlarged Group.

The Enlarged Group's business, financial condition and results of operations may be adversely affected by inflation and the current account deficit of Turkey

The Enlarged Group will mainly operate in Turkey and derive substantially all of its revenue from activities in Turkey, which is an emerging market. As a result, the Enlarged Group's business, results of operations, financial conditions and prospects will be significantly affected by the overall economic activity and political stability in Turkey. Turkey's current account deficit has long created a significant risk for the Turkish economy, including contributing to the country's need for external funding to support its balance-of-payment position. Turkey has a current account deficit which has increased significantly in recent years, owing in part to increased imports and energy costs. Turkey's current account deficit for 2021, 2022 and 2023 was approximately US\$7.2 billion (0.9% of GDP), US\$49.1 billion (5.4% of GDP) and US\$45.2 billion (4.1% of GDP), respectively. During 2021, reflecting the recovery in global activity, the easing of lockdown measures, and significant global policy stimulus, Turkey's current account deficit declined to US\$7.2 billion as a result of increased exports, a moderation in imports (especially gold) and increased tourism revenues. During 2022, and despite an increase in export and tourism revenues, Turkey's current account deficit increased to US\$49.1 billion due largely to the increase in energy prices (including resulting from the Russian invasion of Ukraine), high commodity prices, continuing imports of gold and robust demand as a result of increasing consumption. In 2023, Turkey's current account deficit initially increased due to strong domestic demand and gold imports, before decreasing to US\$45.4 billion for the full year as a result of the Central Bank of the Republic of Turkey (the "**Turkish Central Bank**") tightening in monetary policy. Various events and circumstances, including (*inter alia*) a sustained rise in energy prices, a decline in Turkey's foreign trade and tourism revenues (including due to the impact of the conflict between Russia and Ukraine and tighter monetary policies in certain economies), political risks, diplomatic or political tensions with Turkey's major trading partners, the increased demand resulting from rebuilding after the February 2023 earthquakes and changes to Turkey's macroeconomic policy (such as with respect to domestic interest rates), any geopolitical development concerning energy security and prices and volatile oil and natural gas prices, might result in an increase in the current account deficit.

Any negative impact on Turkey's economic growth or the introduction of policies that curtail Turkey's economic activity might have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations. In addition, the size of Turkey's current account deficit or adverse changes in its balance of payments position (including the availability of external financing for Turkey) could lead to exchange rate adjustments and higher inflation, which could have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations.

As an increase in the current account deficit might erode financial stability in Turkey, the Turkish Central Bank takes (and has taken) certain actions to manage price and financial stability, which actions (including changes to interest rates and reserve requirements) might materially adversely affect the Enlarged Group's business, financial condition and/or results of operations. A widening current account deficit may result in an increase in the levels of borrowing by Turkey, a decline in the reserves of the Turkish Central Bank to finance the current account deficit and/or

depreciation of the Turkish lira, which could have inflationary consequences. Although prior policies have had some success in reducing inflation from its formerly high levels, inflation has increased again in recent years and such policies may not be successful in the future, especially given Turkey's substantial current account deficit and global liquidity conditions.

Turkey has experienced high levels of inflation. In 2021, the annual consumer price index (the "CPI") inflation rate was 36.1%, primarily reflecting an increase in the prices of food, energy, consumer durables and transportation, resulting from the depreciation of the Turkish lira, the impact of disruptions in supply chains, the rise in government-administered prices and the reopening of the Turkish economy from COVID-19-related restrictions. In 2022, the CPI inflation rate was 64.3% and the domestic producer price inflation rate was 97.7%. Following a decline in the first half of 2023 as a result of a base effect, inflation regained momentum ending at 64.8% and 44.2% for the CPI and domestic producer price inflation rate, respectively, for 2023, reflecting significant increases in the prices of food, energy and imported products as well as recent increases in interest rates as well as VAT and other consumption taxes (Turkish Statistical Institute).

On 29 December 2023, the Turkish Central Bank released its 2024 Monetary Policy Report maintaining a medium-term inflation target of 5% set jointly with the Turkish government. The Turkish Central Bank stated that steps will continue to be taken to prioritise Turkish lira-denominated deposits, aiming to increase the share of Turkish lira deposits in the Turkish banking system to 50% while continuing the reduction in the balance of foreign currency-protected deposits (which remains a contingent liability risk for the Turkish Central Bank). To achieve this goal, the Turkish Central Bank has disallowed banks to open new Turkish lira convertible currency-hedged deposit accounts starting from 1 January 2024 and existing foreign currency-protected Turkish lira deposits accounts will not be renewed upon maturity. On 8 February 2024, the Turkish Central Bank published an inflation report indicating an inflation forecast of 36%, 14% and 9% at the end of 2024, 2025 and 2026, respectively; *however*, many market participants have published higher forecasts, particularly in the near term.

If the level of inflation in Turkey fluctuates or increases significantly (for any reason), the Enlarged Group's costs may increase, and, if not accompanied by an increase in interest rates, then its operating and net margins may decrease. Inflationary pressures may also curtail the Enlarged Group's ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of Turkish government policies that may adversely affect the overall performance of the Turkish economy. The various impacts of inflation in Turkey thus may have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations.

The mining industry is highly competitive and the Enlarged Group may be unable to compete successfully with other mining companies

The Enlarged Group faces competition from other mining, processing, trading and industrial companies in Turkey and around the world. Competition principally involves factors including sales of copper and zinc concentrates, supply and labour prices, contractual terms and conditions, including cost of capital, attracting and retaining qualified personnel and securing the services and supplies the Enlarged Group needs for its operations. The Company cannot assure investors that competition will not adversely affect the Enlarged Group in the future.

In particular, the Enlarged Group faces competition from other metal mining companies producing copper, zinc and other precious metals. Some of these companies may have greater financial, distribution, technical, personnel, purchasing and marketing resources than the Enlarged Group, any of which could provide them with a competitive advantage. The Enlarged Group will face competition from other global mining companies that operate larger and more diversified operations or are able to produce copper and zinc at lower costs than the Enlarged Group. Lower cost producers of the metals the Enlarged Group mines could also be better positioned to manage future volatility through commodity price cycles.

Moreover, the number of workers skilled in the acquisition, exploration and development of mining properties is limited in Turkey and competition for such workers among industry participants is intense. Larger mining companies might be better positioned than the Enlarged Group to attract, train and retain such skilled professionals. In addition, mines have limited life cycles and, as a result, the Enlarged Group may seek to replace and expand the Enlarged Group's Mineral Reserve by developing new projects within the regional exploration portfolios of the Gediktepe mine and by acquiring new properties. In seeking to acquire mining concessions, land and related assets, the Enlarged Group

may face intense competition from other market participants, some of which may have greater financial resources, operational experiences and technical capabilities.

In addition, potential changes to international trade regulations and agreements, as well as other political and economic arrangements (including direct or indirect subsidies), may benefit metal producers or traders operating in countries other than where the Enlarged Group's mining operations are located or adversely affect the prices the Enlarged Group pays for the supplies it needs and the Enlarged Group's export costs when it engages in international transactions. For example, access to the Enlarged Group's markets may be subject to ongoing interruptions or trade barriers due to policies and tariffs of individual countries and the actions of certain interest groups to restrict the import of certain commodities. The Enlarged Group's products may also be subject to tariffs that do not apply to producers based in other countries. The Company cannot assure investors that the Enlarged Group will be able to compete on the basis of price or other factors with competitors that in the future may benefit from favourable regulations, trading or other arrangements or that the Enlarged Group will be able to maintain the cost of the supplies that the Enlarged Group requires as well as the Enlarged Group's export costs.

The Sulphide Expansion Project (as defined herein) is still in the process of being developed. If this project is not executed, it may have a material adverse effect on the Enlarged Group's financial condition and results of operations.

The Enlarged Group's business requires substantial capital expenditures and is subject to financing risks

The Enlarged Group's business is capital intensive. Exploration for and exploitation of mineral deposits, maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. The Enlarged Group is expected to need to invest additional capital to potentially expand the Enlarged Group's existing operations and to develop new projects within the Gediktepe mine's ore body or regional exploration opportunities in order to grow production.

On completion of the Acquisition, the Company will enter into a fixed price turn-key engineering, procurement, and construction contract (the "**EPC Contract**"), capped at US\$145 million, with Çalık Holding's construction subsidiary, Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi ("**GAP İNSAAT**"). GAP İNSAAT will undertake the construction works for the Sulphide Expansion Project, and will be responsible for delivering the Sulphide Expansion Project on time and will cover any capex overruns under the agreed terms thereof. ACG is also forming a long-term strategic partnership with GAP İNSAAT, whereby it will have the opportunity to submit tenders for capital expenditure and operational contracts. Despite the EPC contract for the Sulphide Expansion Project having been agreed, there could be potential unforeseen factors increasing the construction capital expenditure for the Sulphide Expansion Project. The cost for building and operating the tailings storage facility at the Gediktepe mine (the "**TSF**") could rise if the Company takes additional measures to increase the safety of the TSF further beyond the current local standard compliance.

No assurance can be given that the Enlarged Group will be able to maintain its production levels or generate sufficient cash flow, capitalise on a sufficient amount of its net income or have access to sufficient investments, loans or other financing alternatives to finance the Enlarged Group's capital expenditure programme at a level necessary to grow the Enlarged Group's current exploration and exploitation activities. Any equity or debt financing, if available, may not be on terms that are favourable to the Enlarged Group. If the Enlarged Group's access to external financing is limited, the Enlarged Group may not be able to execute its strategy, which could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group may engage in hedging activity which may not be successful and may result in losses to the Enlarged Group

The Enlarged Group may use foreign exchange and metal commodity derivatives to reduce the risk associated with currency and metal price volatility, including swaps, futures or options transactions linked to the U.S. dollar, Turkish lira, gold, silver, copper, zinc and other materials, executed with multiple banks. However, the Enlarged Group's hedging activities could cause the Enlarged Group to lose the benefit of an increase in the prices of the metals the Enlarged Group produces if they increase over the price level of hedge positions, or the benefit of an increase in the currency price. The cash flows and the market-to-market values of the Enlarged Group's production hedges can be affected by factors such as the volatility of currency and the market price of metals, which are not under the Enlarged

Group's control. If the Enlarged Group's hedging activities are not successful, the Enlarged Group's business, financial condition and results of operations could be materially and adversely affected.

Predictions or projections about future events are inherently uncertain, and investors should exercise caution

Investors should be aware that this Document includes predictions, forecasts and estimates regarding production, profitability, market trends, growth, regulation, and other factors related to the Enlarged Group's business and industry. While the Company believes that these projections are reasonable and based on the best available information and analysis at the time of this Document, they are inherently uncertain and subject to change. Actual developments of the Enlarged Group's business operations and the industry may differ significantly from the forecasts, and such deviations could turn out to be material. As a result, investors should exercise caution and consider the possibility of unanticipated deviations from the forecasts when making investment decisions based on the information presented in this Document.

RISKS RELATING TO ORE RESERVES AND MINERAL RESOURCES

The Enlarged Group's estimates of Ore Reserves and Mineral Resource may be materially different from mineral quantities the Enlarged Group actually recovers, and market conditions and other operating factors may render certain part of Ore Reserves and Mineral Resource, including future exploration and development projects, uneconomical to mine

There is a degree of uncertainty attributable to the estimation of an Ore Reserve. Until an Ore Reserve is actually mined and processed, the quantity of ore and grades must be considered as estimates only. The Ore Reserves described in this Document are estimated tonnages and grades that the Enlarged Group has determined can be economically mined and processed under present and assumed future conditions in accordance with international standards (*i.e.*, the JORC 2012 code). The Enlarged Group may be required in the future to revise the Enlarged Group's Ore Reserve estimate based on actual production experience, updated exploration drilling data, economic (*e.g.* pricing environment factors) and other factors, and the Company cannot assure investors that the indicated amount and grade of ore will be recovered or that it will be recovered at the rates the Enlarged Group anticipates. The Enlarged Group's Ore Reserve may affect its future production and cash generation; depreciation and amortisation rates; provisions such as asset retirement obligations; and may result in asset write-downs or write-offs, any of which could have a material impact in the Enlarged Group's business, financial condition and results of operations.

The Mineral Resource is less certain than Ore Reserve and the numbers referred to in this Document have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, any Mineral Resource must be considered as an estimate only. Any such estimates are expressions of judgment based on knowledge, analysis of drilling results and industry practices. The accuracy of any Mineral Resource estimate is a function of the quality of available data, engineering, market prices of minerals and metals, more stringent regulations, costs estimates, investments, geotechnical analysis, geological interpretation and judgment. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable or insufficient. In addition, the grade and/or quantity of the metals ultimately recovered may differ from that interpreted from drilling results. There can be no assurance that metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The grade of the reported Mineral Resource estimate is uncertain in nature and it is uncertain whether further technical studies will result in an upgrade to them. Any material change in the quantity of mineralisation, grade or mill feed to waste ratio or extended declines in market prices for base and/or precious metals may render some or all of the Enlarged Group's mineralisation uneconomic and result in reduced reported Mineral Resource. Any material reductions in estimate of Mineral Resource or of the Enlarged Group's potential ability to extract such Mineral Resource in the future, could have a material adverse effect on the Enlarged Group's financial condition and results of operations.

In particular, the economic viability of the Enlarged Group's future exploration and development projects, including the development of underground operations in the Gediktepe mine, depends to a large extent on estimates of future copper, zinc, gold and silver prices. Current Mineral Resource for the Sulphide Expansion Project were estimated using sales prices of US\$3.63/lb for copper, US\$1.27/lb for zinc, US\$1.500/oz for gold and US\$20.00/oz for silver. There can be no assurance that the Enlarged Group's assumptions about the future price of these and other metals are or will be accurate, and a material or extended decline in the price of those metals could render the Enlarged Group's intended future exploration and development projects uneconomical. As a result, there can be no assurances that the

Enlarged Group's intended future exploration and development projects, including the development of the Sulphide Expansion Project of the Gediktepe mine, will ever be completed and/or, if completed, will result in profitable commercial mining operations. Any failure to yield the Enlarged Group's anticipated results within the timeline anticipated could have a material adverse effect on the prospects of the Enlarged Group and could restrict the Enlarged Group's ability to successfully implement its strategies for long-term growth.

The Enlarged Group depends on its ability to replenish its Ore Reserve for the Enlarged Group's long-term viability

Ore Reserve data are not indicative of future results of operations and are depleted as the Enlarged Group mines. The Enlarged Group uses several strategies to replenish and increase the Enlarged Group's Ore Reserves, including exploration activities, the acquisition of mining concessions, on-going mining projects and investing in technology that could extend the life of a mine by allowing the Enlarged Group to cost-effectively process mill feed materials that were previously considered uneconomic. However, the Company cannot assure investors that the Enlarged Group will be able to continue with the Enlarged Group's strategy to replenish Ore Reserves indefinitely.

Difficulties or the inability to obtain licences for new operations, supporting structures or activities (such as dams), real estate, or to renew or maintain (*i.e.* to comply with the relevant technical conditions) the Enlarged Group's existing licences can affect the Enlarged Group's operations and ability to replenish Ore Reserves. In addition, mineral exploration is highly uncertain in nature, involves many risks and frequently is non-productive. If the Enlarged Group does not develop new Ore Reserve, the Enlarged Group will not be able to sustain its current level of production beyond the remaining lives of the Enlarged Group's existing mines. Therefore, if the Enlarged Group is unable to replenish the Enlarged Group's Ore Reserve, its business, results of operations and prospects would be materially adversely affected.

The Enlarged Group's mineral exploration efforts are highly speculative in nature and may be unsuccessful, which could adversely affect the Enlarged Group's business, financial condition, results of operations and prospects

Mineral exploration is highly speculative in nature, involves many uncertainties and risks and is frequently unsuccessful. It is performed to demonstrate the dimensions, position and mineral characteristics of mineral deposits, estimate Mineral Resource and Ore Reserve, assess amenability of the deposit to mining and processing scenarios and estimate potential deposit value. Therefore, once mineralisation is discovered, it may take a number of years from the initial exploration phases before production is possible, during which time the potential feasibility of the project may change adversely. Substantial expenditures are required to establish Proven Mineral Reserve and Probable Mineral Reserve to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtain the rights on the land and resources required to develop the mining activities. The Enlarged Group holds exploration authorisations, mineral concessions, mining applications and exploration applications that cover areas in Bursa and Balıkesir provinces of Turkey.

Development projects have no operating history upon which to base estimates of Proven Mineral Reserve and Probable Mineral Reserve and estimates of future cash operating costs. Estimates are, to a large extent, based upon the interpretation of geological data and modelling obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of material to be mined and processed, the configuration of the deposit, expected recovery rates of metal from the mill feed material, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, actual cash operating costs and economic returns based upon development of Proven Mineral Reserve and Probable Mineral Reserve may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected commodity prices may mean mineralisation, once found, and existing development projects, such as the underground extension of the Gediktepe mine, will be uneconomical to mine.

If the Enlarged Group's mineral exploration efforts are unsuccessful, the Enlarged Group may not be able to expand or sustain its future operations. Repeated failures in mineral exploration efforts by the Enlarged Group could also weaken and negatively impact the reputation and prospects of, and investors' and customers' confidence in, the Enlarged Group, which in turn may adversely impact the Enlarged Group's business, financial condition and results of operation.

OPERATIONAL RISKS

The Enlarged Group's projects are subject to operational risks that may result in increased costs or delays that prevent their successful or timely implementation of development and operations

The Enlarged Group invests in increasing its mine and metal production capacity and in developing new operations. The Enlarged Group's projects and future projects are subject to a number of risks common to mining operations that, if they were to occur, may materially and adversely affect the Enlarged Group's growth prospects and profitability, some of which are beyond the control of the Enlarged Group, including the following:

- delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labour or services and in implementing new technologies to develop and operate a project;
- lack of infrastructure, including a reliable power supply and port availability;
- failure to obtain, maintain or renew, or delays or higher than expected costs in obtaining or renewing, the required agreements, authorisations, licences, approvals and permits to develop a project, including the prior consultation procedure, agreements and programmes conducted together with local communities;
- changes in market conditions or regulations;
- accidents, natural disasters, environmental damages, contamination of soil and/or groundwater and superficial water, labour disputes and equipment failures;
- adverse mining conditions;
- increase in cost of supply of energy;
- increase in costs of raw materials and/or transportation increases; and
- conflicts with local communities and/or strikes or other labour disputes.

Any delays or failure to implement projects according to the conditions and timeframe originally envisaged by the Enlarged Group may adversely affect the Enlarged Group's business, financial condition and results of operations.

The failure of a tailings dam could negatively impact the Enlarged Group's business, reputation and results of operations

Mining companies face inherent risks in their operations of tailings dams—structures built for the containment of the mining waste, known as tailings—that exposes the Enlarged Group to certain risks as the existing oxide operation uses heap leaching. For instance, tailing dams can rupture or fail unexpectedly in case of earthquakes, excessive and unprecedented rainfalls or other natural disasters on a scale exceeding the design parameters of the relevant dams. The rupture of any of these structures could cause loss of life and severe personal, property and environmental damages, as well as negative social impact, and could have adverse effects on the Enlarged Group's business and reputation. The Enlarged Group's tailings dams include, in some cases, materials that could increase potential risks in the event of unexpected failure, such as materials contained in the ore that are removed from concentrates as part of the processing (during the flotation stage), and the concentration of substances which do not comply with the applicable Turkish standards. In addition, whilst compliant with applicable Turkish regulations, the TSF located at the Gediktepe mine site may not meet evolving global tailings regulatory standards. If any such risks were to materialise, this could materially adversely affect the Enlarged Group's reputation and the Enlarged Group's ability to conduct its operations, subject the Enlarged Group to criminal, administrative and civil liabilities and, as a result, have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Further, changes in regulation as a result of recent and significant dam and heap leach failures in Turkey, including the Çöpler mine incident on 13 February 2024 (see “Risk Factors—The mining business is subject to inherent risks, some of which are not insurable”, below), could increase the time and costs to build, operate, inspect, maintain and decommission tailings dams and heap leaches, obtain new licences or renew existing licences to build or expand

tailings dams or heap leaches, or require the use of new technologies, as well as increase the value of the fines that may be imposed in case of infringement of any of the applicable standards, rules and regulations. Increasing public sensitivity following this disaster may also impose more restrictive requirements that may exceed the Enlarged Group's current standards, including mandated compliance with emergency plans and increased insurance requirements, or require the Enlarged Group to pay additional fees to operate tailings dams. The Enlarged Group may also be required to provide for and facilitate the relocation or resettlement of communities and facilities that may be located downstream of the tailing dams or impacted by tailings dam failures. Failure to comply with these rules may materially adversely affect the Enlarged Group's operations, or impact its ability to secure future funding.

The mining business is subject to inherent risks, some of which are not insurable

The business of mining is generally subject to numerous risks and hazards. Hazards associated with open-pit mining operations most frequently relate to slopes. Heavy machinery, workers, drillers operating on slopes, blasts, cracks, loose rocks and adverse atmospheric conditions in mines cause slope displacement. As such, landslides are a persistent risk. For example, on 13 February 2024 a significant landslide event occurred at the Çöpler mine located in the Erzincan province of Turkey. Following a large slip on the heap leach pad at the mine site, operations were suspended and a government investigation was initiated in relation to the incident. The mine-owner, SSR Mining Inc. (SSRM: TO), suffered an over 50% decrease in its share price as a result (*Reuters*). Events of such magnitude are not a frequent occurrence; however, there can be no guarantee that a similar event will not occur in relation to the Target Asset or the future operations of the Enlarged Group. The occurrence of any such event could have a material adverse effect on the Enlarged Group, its business, results of operations and financial condition.

Other hazards associated with the Enlarged Group's open-pit mining operations include the flooding of open pits, accidents associated with large open-pit mining operations and operating ore handling equipment, accidents associated with the preparation and ignition of largescale open-pit blasting operations, production disruptions due to the weather and hazards associated with the disposal of mine water, such as groundwater. There are also hazards associated with the Enlarged Group's metallurgical processing operations, including fires or accidents at processing plants and industrial accidents, and such operations may involve the use of hazardous materials and substances that have the potential to present risks to the health and safety of workers and neighbouring populations. Furthermore, the Enlarged Group may experience material plant shutdowns or periods of reduced production as a result of equipment failure.

Occurrences of such hazards could result in damage to, or destruction of, the Enlarged Group's properties or production facilities, third-party property, human exposure to pollution, personal injury or death, environmental and natural resource damage or contamination, delays in mining, monetary losses, civil, criminal and administrative liabilities and increased government regulation, monitoring or intervention, any of which could impact the operation of the Enlarged Group's business. In addition, any such occurrences could adversely affect the Enlarged Group's reputation.

The Enlarged Group believes that it is compliance in all material respects with applicable legal requirements, and has taken considered actions to maintain the stability of open pits, but additional action may be required in the future. Moreover, the Enlarged Group maintains insurance typical in the mining industry, and in amounts that the Directors believe to be typical, but which may not provide complete coverage in certain circumstances. Insurance against certain risks (including certain liabilities for environmental contamination and other hazards as a result of exploration and production) is not generally available or is uneconomical to afford. In addition, the Enlarged Group may not be able to renew its existing insurance policies and, even if renewed, the Enlarged Group cannot assure that it will be able to renew them on the same contracted terms or at commercially reasonable rates or on acceptable terms, whether with respect to costs or with respect to coverage, which may consequently have a material adverse effect on the Enlarged Group, its business, results of operations and financial condition.

Shortages of water supply, explosives, critical spare parts, maintenance service and new equipment and machinery may materially and adversely affect the Enlarged Group's operations and development projects

The Enlarged Group's mining operations require the use of significant quantities of water for processing activities and related auxiliary facilities. The fresh water used in these operations is obtained from: (i) surface sources, including rivers and creeks; (ii) groundwater; and (iii) water the Enlarged Group recycles from its operations.

The processing plant is designed to use recirculating water in order to use the freshwater resources as efficiently as possible. The fresh water required for the processing plant will be supplied from the Clean Water Pond (“CWP”) which will be constructed below the TSF. The site surface water will be directed to the CWP via diversion channels. The CWP will have enough storage capacity to supply the plant for ~11 months. The mine pit dewatering and PAG waste dump contact water pond, followed by industrial water treatment can be utilised as additional resources.

Water usage, including extraction, containment, and recycling requires appropriate permits, which are granted by the State Hydraulic Works (*Devlet Su İşleri*) and the Ministry of Environment, Urbanisation and Climate Change (the “MEU”). Turkish law establishes that water rights must be used efficiently without adversely affecting its quality, its availability or the environment.

The Company cannot assure investors that water will be available in sufficient quantities to meet the Enlarged Group’s future production needs or will prove sufficient to meet the Enlarged Group’s water supply needs at all of the Enlarged Group’s mining assets. In addition, the Company cannot assure investors that the Enlarged Group’s existing permits related to water rights will be maintained. A reduction in the Enlarged Group’s water supply could materially and adversely affect the Enlarged Group’s business, results of operations and financial condition.

In addition to water and energy, the Enlarged Group’s mining operations require intensive use of equipment and machinery as well as explosives. In order to be able to acquire, store, trade, transport, and use explosives, the Enlarged Group must first obtain the corresponding authorisations, which are granted by the relevant authorities, including the local provincial authorities and the relevant directorates of the MEU. The inability to renew such authorisations could also adversely affect the Enlarged Group’s financial condition, since using explosive equipment without the necessary authorisations is subject to imprisonment (which would be applicable for the authorised personnel of the Enlarged Group if the Enlarged Group violates such restriction) and administrative fine. A shortage in the supply of key spare parts, adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements, or a shortage of supply of explosives, could materially and adversely affect the Enlarged Group’s operations and development projects.

The Enlarged Group’s production, processing and product delivery rely on the infrastructure and skilled labour being adequate and remaining available

The Enlarged Group’s mining, processing, development and exploration activities depend to a large degree on adequate infrastructure. The Enlarged Group requires reliable roads, bridges, power sources and water supplies to access and properly conduct the Enlarged Group’s operations. As a result, the availability and cost of this infrastructure affects capital and operating costs and the Enlarged Group’s ability to maintain expected levels of production and sales. Unusual weather, such as excessive rains and flooding, or other natural phenomena, sabotage, government or other external interference in the maintenance or provision of such infrastructure could impact the development of a project, reduce mining volumes, increase mining or exploration costs or delay the transportation of raw materials to the mines and projects or concentrates to the customers.

The Enlarged Group depends upon trucking to deliver fuel, cement, cyanide, steel and other supplies to the Enlarged Group’s operations and to deliver concentrates to the Enlarged Group’s customers. These transport services in some cases may not be adequate to support the Enlarged Group’s existing operations or to support expanded operations. Disruptions of these transportation services because of weather related problems, key equipment failures, strikes, lockouts or other events could temporarily impair the Enlarged Group’s ability to supply concentrates to the Enlarged Group’s customers, which could materially and adversely affect the Enlarged Group’s business, results of operations and financial condition.

The mining industry is labour intensive and the Enlarged Group’s performance and results depend on the Enlarged Group’s capacity to attract, develop and retain skilled and experienced personnel

The mining industry is labour-intensive and the Enlarged Group’s success depends to a significant extent on the Enlarged Group’s ability to attract, hire, train and retain qualified employees, including the Enlarged Group’s ability to attract employees with the necessary skills in the regions in which the Enlarged Group operates. The Enlarged Group could experience increases in the Enlarged Group’s recruiting and training costs and decreases in the Enlarged Group’s operating efficiency, productivity and profitability if the Enlarged Group is unable to attract, hire and retain

a sufficient number of skilled employees to support the Enlarged Group's operations, which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group may be adversely affected by labour disputes

Mining is a labour-intensive industry. The Enlarged Group depends on workers, including employees and contractors, to carry out the Enlarged Group's operations.

On 8 June 2022 a collective bargaining agreement was executed between Polimetal and Öz Maden Labour Union, which is the union entity responsible for representing Polimetal's employees (the "CBA"). The CBA has an effective date of 1 February 2022 and an expiry date of 31 December 2024. Negotiations on the renewal of the CBA have not commenced as at the date of this Document. The CBA, of which all blue-collar employees of Polimetal are beneficiaries, contains market-standard provisions and provides for certain increased rights and benefits such as increased paid annual leave days and heating, meal, marriage, military, education, birth and transportation allowances. Although the negotiations on the renewal of the CBA have not commenced as at the date of this Document, the upcoming CBA negotiations with Öz Maden Labour Union may lead to higher wages due to rising inflation and the changing economic interests of the employees. This may significantly increase the labor costs of the Enlarged Group and this economic burden on the employer may have material adverse effect on Enlarged Group's financial condition and results of operations.

Furthermore, the Enlarged Group is subject to risks arising from judiciary proceedings in relation to collective labour if other unions object to the authority determination request of Öz Maden Labour Union for the new term of the CBA based on having the necessary employee majority. The outcome of this proceeding could result in the absence of a new CBA during the legal proceedings or the employees being represented by a different labour union and consequently encompassed by a new collective bargaining agreement, which might provide for different benefits and obligations other than the ones currently applicable, and, therefore, could have adverse effects on the Enlarged Group's operations. The Company cannot assure investors that the Enlarged Group will not experience work slowdowns, work stoppages, strikes or other labour disputes in the future, particularly in the context of the renegotiation of the Enlarged Group's collective bargaining agreements. The Enlarged Group may experience protracted negotiations with labour unions, which could materially disrupt its operations, including production schedules and delivery times. Strikes and other labour disruptions at any of the Enlarged Group's operations could have a material adverse effect on the Enlarged Group's business, financial condition, reputation and results of operations.

The Enlarged Group may be liable for certain payments to individuals employed by third-party contractors

Under Turkish law, outsourcing is permitted as long as certain requirements are met. In addition, in the context of a labour dispute, Turkish law provides that the ultimate employer will be held jointly liable with respect to the labour obligations of the outsourced or subcontracted companies. In cases in which the outsourced or subcontracted companies do not pay the workers the labour sums they are entitled to, the ultimate employer is responsible for those payments, or workers have an option to directly apply to the Enlarged Group for their labour sums. These payments may have an adverse effect on the Enlarged Group's business, results of operation and financial condition. The Enlarged Group is also responsible for guaranteeing the safety, hygiene and health conditions of the outsourced or subcontracted workers when the work is carried out on the Enlarged Group's headquarters, premises or in a place designated by the Enlarged Group.

The Enlarged Group has executed certain subcontracting agreements through which a wide range of services from mine explorations, drilling, administrative services, geochemical and geophysical analysis and all kinds of works relating to mining legislation are outsourced. These services received from third parties are among the main businesses of the Enlarged Group. If the subcontracted work cannot be completed as per outsourcing requirements envisaged by Turkish law, there is a high risk for these subcontracting agreements to be considered as unlawful.

In case any subcontracting relationship of the Enlarged Group is deemed as unlawful, the Enlarged Group as the ultimate employer and the subcontractor will each be fined with an administrative fine of 167,473 Turkish lira (approx. US\$5,400) for each breach, for the year 2024. The unpaid social security premiums of the subcontracted employees would be paid retroactively by the Enlarged Group starting from the outset of their employment with the subcontractor and the Enlarged Group would be required to register such employees with the Social Security Institution of Turkey under its payroll (as its own employees); otherwise, it may be subject to further administrative fines. Any liability for

payments to individuals employed by third-party contractors could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

Deliveries under the Enlarged Group's offtake agreements may be suspended or cancelled by the Enlarged Group's customers in certain cases

Under the Enlarged Group's offtake agreements, the Enlarged Group's customers may suspend or cancel delivery of the Enlarged Group's concentrates in some cases, such as *force majeure*. If deliveries to these customers are suspended or cancelled, the Enlarged Group would seek alternative ways to sell its products, including on the global market. Events of *force majeure* under these agreements generally include, among others, acts of God, strikes, fires, floods, wars, government actions, global pandemics or other events that are beyond the control of the parties involved. Any suspension or cancellation by the Enlarged Group's customers of deliveries under the Enlarged Group's offtake contracts that are not replaced by deliveries under new contracts would reduce the Enlarged Group's cash flows and could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group is exposed to credit risk in relation to the Enlarged Group's contractual and trading counterparties as well as to hedging and derivative counterparties

The Enlarged Group is subject to the risk that the counterparties with whom the Enlarged Group conducts business (in particular the Enlarged Group's customers) and who are required to make payments to the Enlarged Group are unable to make such payment in a timely manner or at all. Credit risk is present in the Enlarged Group's relations with the offtakers, hedging operations and cash management operations. If amounts that are due to the Enlarged Group are not paid or not paid in a timely manner, this may impact not only the Enlarged Group's current trading and cash-flow position but also the Enlarged Group's business, financial condition and results of operations. In addition, the Enlarged Group's derivatives, metals hedging, and foreign currency and energy risk management activities expose the Enlarged Group to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The nature of the Enlarged Group's business includes risks related to litigation and administrative proceedings, including the costs of such proceedings, management team distraction, exposure to reputational risks and the potential for damage awards, any of which could materially and adversely affect the Enlarged Group's business, financial condition and results of operations in the event of an unfavourable ruling

The nature of the Enlarged Group's business exposes the Enlarged Group to various litigation matters, including civil and criminal liability claims, environmental matters, real estate matters, health and safety matters, regulatory and administrative proceedings, governmental investigations, tort claims, contract disputes, labour matters and tax matters, among others. Due to the workload of the Turkish courts, some complex disputes could only be resolved after a lengthy and costly process. Under the Turkish judicial system, as a general rule, a dispute matter is finalised after three degrees of court review (*i.e.* first degree court, a regional appellate court and the Court of Appeals, provided that the relevant thresholds are exceeded for the regional appellate court and the Court of Appeals). This process could take between two to ten years, depending on the complexity of the case and whether any of the high degree courts reverses the decision. This lengthy process could create additional advisory and legal costs for the Enlarged Group. Further, due to the current high inflation rates, the actual amount recovered could be lower than the losses incurred due to delays in court proceedings.

In addition, litigation involving the management of the Enlarged Group may expose the Enlarged Group to reputational risks depending on the nature and subject matter of the relevant litigation. While the Enlarged Group contests these and other matters vigorously and would intend to make insurance claims where appropriate, litigation and other proceedings could be inherently costly and unpredictable, making it difficult to accurately estimate the outcome of existing or future litigation, and responding to such claims and defending such actions may be distracting to the Enlarged Group's management team. In addition, litigation and other proceedings may impair the Enlarged Group's business to the extent they result in restrictions to the use of the real estate properties or loss of ownership of the real estate properties with respect to which the Enlarged Group conducts its activities (in particular, expropriation and real estate acquisition annulment proceedings concerning real estate matters). Although the Enlarged Group establishes provisions as it deems necessary in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), as issued by the IASB, the amount of provisions that the

Enlarged Group records could vary significantly from any amounts the Enlarged Group actually pays, due to the inherent uncertainties and shortcomings in the estimation process.

Future litigation costs, settlements or judgments could materially and adversely affect the Enlarged Group's financial condition and results of operations. The Company cannot assure investors that these or other legal proceedings will not have a material adverse effect on the Enlarged Group's ability to conduct the Enlarged Group's business or on the Enlarged Group's financial condition and results of operations, through distraction of the Enlarged Group's management team, diversion of resources or otherwise.

For risks associated with compliance with applicable laws and regulations, see "*Risk Factors—The Enlarged Group's operations seek to comply with applicable laws and regulations; however, uncertainty in governmental agency interpretation or court interpretation and the application of such laws and regulations could result in unintended non-compliance*".

Unfavourable outcomes in future litigation or investigations could have a material adverse effect on the Enlarged Groups' business, financial condition, results of operations and reputation

In the ordinary course of business, the Enlarged Group faces the risk of litigation and regulatory proceedings, most of which relate to labour proceedings. Legal and regulatory actions, including challenges against the permits and licences issued by the regulatory authorities, may seek to recover penalties specified in the relevant parts of the Turkish mining legislation with respect to certain amounts of damages or to limit the Enlarged Group's operations, and the matters in dispute may remain unresolved for substantial periods of time. For example, legal proceedings, including regulatory actions, may result from antitrust scrutiny of market practices for anti-competitive conduct. In Turkey, the antitrust regulations provide for substantial fines of up to 10% of the total turnover of a relevant entity. A substantial legal liability or adverse regulatory outcome, and the substantial cost to defend the litigation or regulatory proceedings, may have an adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects.

The Enlarged Group could be harmed by a failure or interruption of its information technology systems or automated machinery

The Enlarged Group relies on its information technology systems and automated machinery to effectively manage its production processes and operate the Enlarged Group's business. Advanced technology systems and machinery are nonetheless subject to defects, interruptions and breakdowns from a variety of sources, including computer viruses, security breaches, cyberattacks, natural disasters, defects in design and human error. Any failure of the Enlarged Group's information technology systems and automated machinery to perform as the Enlarged Group anticipates could disrupt the Enlarged Group's business and result in production errors, processing inefficiencies and the loss of sales and customers, which in turn could result in decreased revenue, increased overhead costs and excess or out-of-stock inventory levels. Although the Enlarged Group has procedures in place to prevent and seek to minimise the impact of a potential failure, there is no assurance that these will work properly or that there will not be a materially adverse effect on the Enlarged Group's business, results of operations and financial condition.

In recent years, cyberattacks and other tactics designed to gain access to and exploit sensitive information by breaching mission critical systems of large organisations have increased in volume and sophistication. The Enlarged Group is dependent on internal information, and the Enlarged Group is vulnerable to failure of these systems, including through system security breaches, data protection breaches or other cybersecurity attacks. The Enlarged Group could be exposed to a cyberattack through an internal breach from servers connected to the Enlarged Group's internal network or an external breach due to disruptions from unauthorised access to the Enlarged Group's systems, which could impact the Enlarged Group's ability to operate the Enlarged Group's existing systems. If these events occur, including a cyberattack causing critical data loss or the disclosure or use of confidential information, the exposure of such information could have a material adverse effect on the Enlarged Group's reputation, which could adversely impact the Enlarged Group's business, financial condition and results of operations.

In addition, data privacy is subject to frequently changing rules and regulations. The European Union's General Data Protection Regulation (the "EU GDPR") and the UK General Data Protection Regulation (as defined in section 3(10) (as supplemented by section 205(4)) of the UK Data Protection Act 2018) (the "UK GDPR" and together with the EU GDPR, the "GDPR") impose increased regulations relating to personal data protection and security. The GDPR requires companies to satisfy a number of requirements when processing personal data and special category data (such

as health data), including using, storing and disclosing such data. The GDPR also affords certain rights to the persons whose data is processed (the “**data subjects**”). These include the right to access and to request rectification or deletion of personal data. The GDPR is applicable where: (i) companies processing personal data are located in the European Union (EU) or the UK, regardless of whether the actual processing takes place in the EU / UK or not; (ii) personal data of data subjects in the EU or UK are processed by non-EU or non-UK data controllers or processors in the context of (a) offering goods or services to such data subjects, or (b) monitoring of such data subjects’ behaviours that take place in the EU or UK. Therefore, providers that are offering their goods or services to EU or UK individuals will be subject to the GDPR.

Turkey’s first personal data protection law, Law on the Protection of Personal Data No. 6698 entered into force on 7 April 2016 (“**Data Protection Law**”). The Data Protection Law is modelled based on the European Union Data Protection Directive 95/46/EC which is the predecessor of the GDPR and the obligations under the Data Protection Law are similar to those under GDPR. Moreover, with the amendments introduced to the Data Protection Law on 12 March 2024, there is an increased effort for compliance of the Data Protection Law with GDPR. The Data Protection Law mandates administrative fines on failure to comply with data controller obligations. In this vein, the Turkish Criminal Code No. 5237 envisages criminal sanctions for the unlawful collection, processing and transmission of personal data. Should the Enlarged Group fail to properly implement and comply with the Data Protection Law, it might face administrative fines of up to 9,463,213.00 Turkish lira (for the year 2024) per event, depending on the nature of the failure(s), as well as other regulatory actions by the Turkish Personal Data Protection Board. Currently, Polimetal has adopted measures to comply with the Data Protection Law.

Any non-compliance with the GDPR or any other cybersecurity and data privacy regulations could result in proceedings or actions against the Enlarged Group by governmental entities and individuals, the imposition of fines or penalties, restrictions to hold, access or use pieces of data, and damage to the Enlarged Group’s reputation, which could have an adverse effect on the Enlarged Group and its business, results of operations and financial condition.

Increases in the cost of energy may adversely affect the profitability of the Enlarged Group’s operations and its financial condition

Turkey is a net energy importer, and therefore, higher global oil and natural gas prices might result in higher energy costs for consumers and companies (in March 2022, Brent crude oil prices increased to the highest level since 2008, which might increase further as a result of the conflict in Ukraine and related sanctions, particularly if Russian energy supplies are subjected to additional sanctions). Such increase is reflected in the petroleum prices applicable to consumers in Turkey. For instance, July 2022, the unleaded petrol was sold for 25.19 Turkish lira per litre in the Bursa province, but such amount increased to 45.86 Turkish lira per litre on 13 July 2024 (Source: BOTAŞ). An increase in petroleum costs could negatively affect the operations of the Enlarged Group, particularly impacting transportation costs.

Further, the electricity prices in Turkey also increased significantly in recent years. The average electricity market spot exchange price between 1 July 2024 and 17 July 2024 was 2,548.49 Turkish lire/MWh, compared to 1,977.40 Turkish lira/MWh in July 2023, which represents an increase of 28% compared to the previous year (Source: EPIAŞ).

Such increase in the electricity prices was reflected in the tariff applicable to end users and consequently the bilateral agreement prices. The average electricity tariff applicable to industrial facilities was 743.91 Turkish lira/MWh for the year 2021, but increased to 3,686.49 Turkish lira/MWh for the first half of 2024 (Source: EMRA and EPIAŞ).

In case this trend in electricity prices continues, this could have a material adverse effect on the results of operations and overall profitability of the Enlarged Group.

If the costs of raw materials increases, this could result in higher operating costs and lower operating profits and operating cashflows

The Enlarged Group’s costs are affected by the prices of commodities and other inputs it consumes or uses in its operations. The prices of such commodities and inputs are influenced by supply and demand trends and other factors outside the Enlarged Group’s control. Increases in the price for materials consumed by the Enlarged Group’s production activities could have a material adverse effect on the Enlarged Group’s business, results of operations, financial condition and prospects.

Significant changes in the markets in which the Enlarged Group purchases materials, components and supplies for the manufacture of its products may adversely affect its profitability, particularly in the event of significant increases in demand for the products where there is no corresponding increase in supply of the raw materials that the Enlarged Group uses, or in the event of inflation or other pricing increases.

HEALTH, SAFETY AND ENVIRONMENTAL RISKS

Natural disasters, such as floods, mudslides and earthquakes, could damage the Enlarged Group's facilities

Natural disasters could significantly damage the Enlarged Group's mining and production facilities and infrastructure and may cause a contraction in sales to countries adversely affected due to, among other factors, power outages and the destruction of industrial facilities and infrastructure. Seismic activity is common in Turkey and has affected many cities in the past (for example, on 20 February 2023 an earthquake took place in the Southeastern city of Kahramanmaraş and affected 11 cities in the region). According to the Seismic Zone Map of Turkey, the Gediktepe mine site is classified as 1st Degree Earthquake Zone. The earthquake hazard is classified as high and there are documented cases of seismic forces resulting in structure failures. The physical impact of climate change on the Enlarged Group's business remains uncertain, but the Enlarged Group may experience changes in rainfall patterns, increased temperatures, water shortages, lower water levels in rivers due to natural or operational conditions, increased storm frequency and intensity as a result of climate change, which may adversely affect the Enlarged Group's operations. Although the Enlarged Group has insurance covering damages caused by natural disasters, extensive damage to the Enlarged Group's facilities and staff casualties due to natural disasters could materially adversely affect the Enlarged Group's ability to conduct the Enlarged Group's operations and, as a result, materially adversely affect the Enlarged Group's business, financial condition and results of operations.

Environmental regulations in Turkey to which the Enlarged Group is subject, as well as potential liabilities related to these regulations, may have a material adverse effect on the Enlarged Group's operations

The Enlarged Group is subject to numerous environmental laws and regulations in Turkey, requiring the Enlarged Group to hold certain environmental approvals, licenses and authorisations from the relevant public authorities. Under the applicable Turkish environmental legislation, an environmental impact assessment ("EIA") shall be carried out to determine and assess the negative and positive impacts of a contemplated project; measures to be taken to prevent or minimise the negative impacts on the environment are assessed during such EIA process. Moreover, the operators for mining projects/facilities are required to obtain certain environmental permits and licenses that would vary in terms of operations' environmental effects. Environmental permits are granted for a period of five years by the MEU or by its provincial directorates for one or more of the four main environmental permit subjects, which are air emission, noise control, wastewater discharge and deep sea discharge, as applicable in each case. In addition to these four main environmental permit subjects, waste receiving facilities should also obtain an environmental licence, which is granted together with the environmental permit. In case of non-compliance with environmental permits and licenses, or the Environmental Permit and License Regulation (as defined herein) in general; the operators may be subject to certain administrative fines. Moreover, in case of certain non-compliances such as committing actions endangering the human and animal health or failure to remedy the same, the relevant authorities may suspend the operations of the workplaces for an indefinite period of time. The Enlarged Group holds certain environmental permits and licenses.

In light of the above, the Enlarged Group's mining operations are subject to the extensive environmental risks inherent in the mining and processing industry. Although the Enlarged Group believes that it is compliance in all material respects with applicable environmental laws and regulations and holds all necessary approvals, licences and permits under those laws and regulations, there are certain risks inherent in their activities, such as risks of accidental spills, leakages or other unforeseen circumstances, that could subject the Enlarged Group to considerable liability or the loss of necessary approvals, licences or permits. The activity of the Enlarged Group is also subject to inspections. In the event that any issues are identified during such inspections, this could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects from penalties up to suspensions of operations and/or cancellation of permits and/or licenses.

Environmental legislation and permitting requirements and the manner in which these are enforced are likely to evolve in a manner which will require higher and more demanding standards and stricter enforcement, as well as increased fines and penalties for non-compliance. However, the Enlarged Group is unable to predict the extent and effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws

or regulations would materially increase the Enlarged Group's cost of doing business or affect its operations in any area.

Furthermore, environmental hazards may exist on or adjacent to the Enlarged Group's projects. The Enlarged Group may be liable for losses associated with environmental hazards on or adjacent to the Enlarged Group's projects, or may be forced to undertake extensive remedial clean-up action or to pay for governmental remedial clean-up actions, even in cases where such hazards have been caused by previous owners of the Enlarged Group's operations or its properties, by past or present owners of adjacent properties or natural conditions, or where such hazards or action have not been undertaken by the Enlarged Group's employees. These risks and hazards could result in damage to, or destruction of, properties or production facilities, cause production to be reduced or to cease at those properties or production facilities, result in a decrease in the quality of the products, increased costs or delayed supplies, personal injury or death, environmental damage, loss of the Enlarged Group's licenses or permits, business interruption and legal liability and result in actual production differing from estimates of production. The costs of any clean-up actions may have a material adverse impact on the Enlarged Group's business, results of operations, financial condition and prospects.

REGULATORY, POLITICAL, ECONOMIC AND SOCIAL RISKS

The Enlarged Group's mineral rights may be terminated or not renewed by governmental authorities and the Enlarged Group may be negatively impacted by changes to mining laws and regulations

The Enlarged Group's business is subject to regulation in Turkey, including, among others, regulations relating to tax, environmental, labour, real estate, health and safety and mining matters. In Turkey, the Ministry of Energy and Natural Resources is the governmental authority to regulate the main policies for natural resources and to supervise the mining activities and the General Directorate of Mining and Petroleum Affairs (the "GDMA") is the competent governmental authority responsible for the supervision and regulation of mining activities.

Although the Turkish mining regulatory framework has been recently updated, there could be further changes to regulations by the mining authorities. Changes to the Turkish regulatory framework that could be enacted in the future may result in an increase in the Enlarged Group's expenses and compliance, operation or other costs, particularly mining royalties, sectorial fees and charges. Such changes in Turkish mining laws and regulations may require modifications to the Enlarged Group's technologies and operations, which may result in an increase in the Enlarged Group's expenses. In addition, any changes in the interpretation of Turkish mining laws and regulations, and changes in commercial rules and protections, may increase the Enlarged Group's compliance, operational or other costs.

The Enlarged Group has obtained all material authorisations, permits, concessions and licences required to conduct the Enlarged Group's mining and mining-related operations, except certain forestry permits for the Sulphide Expansion Project, which are granted on a phase by phase basis; and these forestry permit approval processes are currently carried out by Polimetal. The Enlarged Group may not be able to complete the Sulphide Expansion Project in case it fails to secure the relevant forestry permits. Any delay in securing such forestry permit approvals might cause delays in the project timeline and consequently adversely affect the business plan of the Enlarged Group.

The Enlarged Group also holds a mining exploration license for a potential mining area in Bigadiç/Balıkesir, in which it has not applied for an operation permit yet, as there are only exploration activities. Mining activities at one of the sites in Bigadiç/Balıkesir were temporarily suspended since 31 December 2018 as per Polimetal's decision. The Enlarged Group holds a mining operation permit for this site, and this suspension does not pose a risk for the validity of the Enlarged Group's mining rights at this location. The Enlarged Group's mining rights could be suspended or cancelled should it breach its obligations in respect of the acquisition and exploitation of these rights.

The formulation or implementation of governmental policies in Turkey and any future countries in which the Enlarged Group may acquire mining assets may be unpredictable. This may include changes in laws relating to mineral rights and ownership of mining assets and the right to prospect and mine, and, in extreme cases, nationalisation, expropriation or nullification of existing rights, concessions, licences, permits, agreements and contracts.

There is no guarantee that any steps the Enlarged Group has already taken or might take in the future will ensure the retention of its existing mining rights, the successful renewal of its existing mining rights, the granting of applications for new mining rights or that the terms of renewals of its mining rights would not be significantly less favourable than

the terms of its current mining rights. Failure by the Enlarged Group to comply with mineral rights legislation or to renew mining leases in any of the jurisdictions in which it operates may cause it to lose the right to mine, fail to acquire new rights to mine and may have a material adverse effect on the Enlarged Group's business, operating results, financial condition and prospects.

The Enlarged Group's authorisations, permits, concessions and environmental licences are subject to the Enlarged Group's compliance with conditions imposed and regulations promulgated by the relevant governmental authorities and failure to comply with such conditions may subject the Enlarged Group to fines, cancellation of the respective licence, warning, and full or partial suspension of the activities. While the Enlarged Group anticipates that all required authorisations, permits, concessions and environmental licences or their renewals will be granted as and when sought, there is no assurance that these items will be granted as a matter of course, and there is no assurance that new conditions will not be imposed in connection with such renewals.

Pursuant to the Mining Law No. 3213 (the "**Mining Law**"), a royalty payment ranging from 1% to 15% (which is calculated based on a formula that takes the trading price of the relevant metal on the London Exchange into account—the rate of the royalty increases in parallel with the price of the relevant metal) of the total annual sales of the mine must be paid to the GDMA each year, which is the so-called "**State Right**". Further, in case the mine is operated by someone other than the explorer of the mine, a payment is made to the right holder under the name of "finder's right" at the rate of 1% of the annual sales price per mine every year by the producers. As the relevant payments are based on the annual applicable sales price of the mine, the relevant legislation does not make distinction between national and foreign investors in terms of royalty payment. Further, during the term of the operation, licensees are obliged to pay annual licence fees. Companies operating in the mining sector may be subject to income or corporate tax (25% for fiscal year 2024) in the same way as any other company, or may incur other sector-specific taxes or fiscal obligations such as the State Rights and fees related to the Enlarged Group's exploration authorisations and mining concessions may change or increase substantially as a result of unfavourable judicial decisions in litigation with the governmental entities collecting such royalties, taxes and fees, due to change of law, or simply because these duties (which are different at each phase of the mineral right development) tend to accrue higher amounts at the mining concession stage than at the exploration authorisation stage (e.g., governmental royalties are charged only at mining concession stage).

Accordingly, the Enlarged Group must continually assess the mineral potential of each mining concession to determine if the costs of maintaining the related exploration authorisations and mining concessions are justified by the results of operations to date. If such costs are not justified, then the Enlarged Group may prefer to abandon the mine or suspend the mining activities. Accordingly, loss of mining royalties and/or inability to renew the Enlarged Group's authorisations permits and licences may materially adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's operations may be impaired as a result of restrictions to the acquisition or lease of rural properties by foreign investors or Turkish companies under foreign control or with the majority of its capital stock held by foreigners

According to the Turkish applicable regulation, direct ownership of real estate in Turkey by foreign entities is prohibited except for special cases provided under specific laws. Even in such exceptions, the Turkish lawmaker does not usually allow freehold ownership by foreign entities, but rather allows long-term leasehold ownership or right holding through servitude rights.

Pursuant to introduction of a liberalised regime by the Turkish government, entities having less than 50% of their share capital, or voting rights, controlled by foreigners can freely purchase real property. On the other hand, the relevant city governorship's approval is required for the acquisition of property and/or creation of rights in rem by Turkish legal entities (i) having 50% or more of their share capital held by or (ii) majority board members/managers of which can be appointed or dismissed by foreign persons, individuals or legal entities. The purpose of the prior approval of the governorships is to ensure the strategic, military or security zones limitations or prohibitions. The governorships will seek the opinions of the General Staff of the Turkish Armed Forces and the Provincial Directorate of the Police Department or the Provincial Directorate of the Gendarmerie Forces to that end.

Accordingly, the Enlarged Group's current and future operations may be impaired as a result of such restrictions on the acquisition or lease of properties, and the Enlarged Group's ownership or lease of any properties in Turkey may be subject to legal challenges, all of which could result in a material adverse effect on the Enlarged Group's business, results of operations, financial condition and cash flows.

The Enlarged Group's operations depend on its relations with local communities, and new projects require carrying out a prior consultation procedure

The Enlarged Group's relationships with the host communities where it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and communities impacted by such activities. Certain NGOs, some of which oppose globalisation and resource development, are often vocal critics of the mining industry and its practices. The Enlarged Group may be subject to protests and legal action by such organisations in relation to its mining operations. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Enlarged Group's operations or development activities specifically, could have an adverse effect on its reputation. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Enlarged Group's overall ability to advance its projects, which could have a material adverse impact on the Enlarged Group's business, results of operations, financial condition and prospects. While the Enlarged Group is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

Health and safety, mining and environmental laws, regulations and other legislation, including regulations pertaining to climate change, may increase the Enlarged Group's costs of doing business, restrict the Enlarged Group's operations or result in the imposition of fines, revocation of permits or shutdown of the Enlarged Group's facilities

The Enlarged Group's mining activities are subject to Turkish laws and regulations, including without limitation health and safety and environmental matters. Additional matters subject to legislation include, but are not limited to, transportation, mineral storage, water use and discharge, use of explosives, hazardous and other non-hazardous waste, and reclamation and remediation measures. The Enlarged Group's operations are subject to periodic inspections and special inspections in certain circumstances by governmental authorities and consultation with local communities. Compliance with these laws and regulations and new or existing regulations that may be applicable to the Enlarged Group in the future could increase the Enlarged Group's operating costs and adversely affect the Enlarged Group's business, financial condition and results of operations.

Mining is an inherently dangerous activity that involves substantial risks and both the Enlarged Group's workers and the Enlarged Group's contractors' workers are subject to accidents, some of which may result in serious injury or death. Accidents are reported to Turkish authorities as required. The occurrence of fatal accidents may result in additional governmental regulation, including the possible suspension of operations, which will inevitably generate negative impact to the Enlarged Group's operations. Although the Enlarged Group believes it is in compliance with all applicable regulations in all material aspects, the Company cannot assure investors that the Enlarged Group has been or will be at all times in full compliance with the laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, temporary or permanent shutdown of the affected operations or facilities or the suspension or revocation of authorisations, permits or licences.

Regulatory and industry response to climate change or other controls on greenhouse gas emissions, including limits on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain materials, could significantly increase the Enlarged Group's operating costs and affect the Enlarged Group's customers. Ongoing international efforts to address greenhouse gas emissions consist of controlling activities that may increase the atmospheric concentration of greenhouse gases. International agreements, like the Paris Agreement and the Kyoto Protocol, are in different stages of negotiation and implementation. The measures included in such agreements may result in an increase of costs related to the installation of new controls aimed at reducing greenhouse gas emissions, the purchase of credits or licences for atmospheric emissions and the monitoring and registration of greenhouse gas emissions generated by the Enlarged Group's operations. These measures could adversely affect the Enlarged Group's business, financial condition and results of operations. The potential impact of climate change on the Enlarged Group's operations is highly uncertain and would be particular to the geographic circumstances of the Enlarged Group's facilities and operations. It may include changes in rainfall patterns, water shortages, changing

storm patterns and intensities and changing temperatures. These effects may materially adversely impact the cost, production and financial performance of the Enlarged Group's operations.

The Enlarged Group is subject to costs related to maintenance of its equipment, machinery and assets, as well as its activities monitoring measures, which include the regular update of the Enlarged Group's mines' decommissioning plans, update of the respective accounting provisioning costs since the elaboration of the economical exploitation plan of each mine concession and tailings dam periodical monitoring, as required by regulation. Pursuant to certain applicable regulations and environmental laws, the Enlarged Group could be found liable for all or substantially all of the damages caused by mining activities at the Enlarged Group's current or former facilities or those of the Enlarged Group's predecessors at disposal sites. The Enlarged Group could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damage. The Company cannot assure investors that the Enlarged Group's costs of complying with current and future environmental and health and safety laws and regulations, including decommissioning and remediation requirements, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's business, results of operations and financial condition are affected by global and local market conditions that the Enlarged Group does not control and cannot predict

The Enlarged Group is subject to risks arising from adverse changes in global economic and political conditions. The Enlarged Group's industry is cyclical by nature and fluctuates with economic cycles globally, including the current economic instability at the international level. Global markets are experiencing volatility and disruption following the escalation of geopolitical tensions, in particular in connection with the ongoing military conflict between Russia and Ukraine. The resulting economic sanctions imposed by the United States, the European Union, the United Kingdom and other countries as a direct consequence of this conflict may continue to significantly impact supply chains, lead to market disruptions and significant volatility in commodities' prices, and bring heightened near-term uncertainty to the global financial system, including through instability of credit and of capital markets. Escalation of the conflict between Russia and Ukraine could lead to other additional impacts which may adversely affect the Enlarged Group's business, such as disruption of international trade flows, extreme market pricing volatility, with particular impact on the energy sector and industrial supply chains, shipping, and regulatory and contractual uncertainty. These factors could disrupt the global markets in ways that are difficult to predict and estimate in advance as to their potential impact on the Enlarged Group's business, financial condition and results of operations.

There is also considerable uncertainty over the long-term effects of the high levels of inflation currently experienced across the globe, as well as the effects of the contractionary monetary policies being adopted by central banks and financial authorities around the world and in leading economies in response to it. These policies may have a negative impact on the global and local economy, and consequently on the Enlarged Group's business, financial condition and results of operations. Global economic weakness may prompt banks to limit or deny lending to the Enlarged Group or to the Enlarged Group's customers, which could have a material adverse effect on the Enlarged Group's liquidity, on the Enlarged Group's operations and on the Enlarged Group's ability to carry out the Enlarged Group's intended capital investment programmes and may prompt the Enlarged Group's customers to slow down or reduce the purchase of the Enlarged Group's products. The Enlarged Group may experience longer sales cycles, difficulty in collecting sales proceeds and lower prices for the Enlarged Group's products. The Enlarged Group cannot provide any assurance that any of these events will not have a material adverse effect on market conditions, the prices of the Enlarged Group's securities, the Enlarged Group's ability to obtain financing and the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's operations seek to comply with applicable laws and regulations; however, uncertainty in governmental agency interpretation or court interpretation and the application of such laws and regulations could result in unintended non-compliance

The Turkish courts may offer less certainty as to the judicial outcome of legal proceedings or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Enlarged Group could face risks such as: (i) greater difficulty in obtaining effective legal redress in Turkish courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities,

which leads to greater uncertainty; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in Turkey may depend on and be subject to the interpretation placed upon such laws by the relevant governmental authorities, and such authority may adopt an interpretation of an aspect of local law that differs from the advice that has been given to the Enlarged Group by local lawyers or even by the relevant local authority itself on a prior occasion. In addition, there may be limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Enlarged Group's contracts, joint-ventures, licences, licence applications or other legal arrangements. Thus, there can be no assurance that contracts, joint-ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions. In Turkey, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain and may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed. These uncertainties and delays could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Following the Acquisition, mineral rights of Polimetal and the Target Asset will be secured for the benefit of secured creditors of the Enlarged Group

The mineral rights of Polimetal and the Target Asset will be secured for the benefit of secured creditors of the Enlarged Group in connection with the Credit Facilities and other arrangements entered into by the Enlarged Group in the context of the Acquisition. In the event that any Enlarged Group entity defaults on the relevant agreement or if such agreements are accelerated and, as a result, creditors consolidate the ownership of the mineral rights, sell the mineral rights or otherwise transfer the mineral rights, the Enlarged Group's business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO TURKEY

Political developments in Turkey may have a material adverse effect on the Enlarged Group's business, financial condition and results of operations

Turkey has from time to time experienced volatile political and social conditions, including a failed coup d'état attempt in July 2016. In a referendum held on 16 April 2017, proposed amendments to certain articles of the Constitution of the Republic of Turkey (the "**Constitution**") were approved, including replacing the existing parliamentary system of government with a presidential system and allowing the president to be permitted to be the head of a political party. President Erdoğan won a third five-year term as president on 28 May 2023. Since 2019, there have been frequent and notable dismissals and departures among those responsible for Turkish monetary policy following interventions by President Erdoğan.

For example, on 20 March 2021, President Erdoğan intervened to remove Mr. Naci Ağbal, the governor of the Turkish Central Bank, after a series of interest rate increases. The dismissal of Mr. Ağbal resulted in a negative market reaction, leading to the value of the Borsa İstanbul 100 stock index declining by 9.6% in a week and the Turkish lira depreciating by 9.9% against the U.S. dollar during the same period. The Turkish Central Bank then shifted its monetary policy and intensified market interventions to stabilise the Turkish lira while introducing tools such as FX-protected deposits (*kur korumalı mevduat*) (in relation to which, the Turkish Central Bank has disallowed the banks to open new Turkish lira FX-protected deposit accounts) to reduce foreign exchange demand. The Turkish economy administration pressured the banks regarding deposit structures and returns on foreign exchange deposits, in order to further constrict foreign exchange demand. The exchange rate remained under pressure until the 2023 local elections, at which point the Turkish Central Bank adopted a looser monetary stance despite high inflationary conditions. The Turkish Central Bank's reserves, meanwhile, have depleted to critical levels. Following the May 2023 general elections, a new administration was appointed and applied a more orthodox monetary policy, prioritising price stability as well as "Liraization" of the Turkish domestic market. The policy rate (one-week repo rate) significantly increased from 8.5% to 45.0% in an eight-month period. As at 23 February 2024, the Turkish Central Bank's net international reserves stand at US\$10.4 billion while gross reserves stand at US\$137.1 billion. The Turkish Central Bank has looked to alleviate pressure on foreign reserves by applying additional securities maintenance requirements based on levels of

FX deposits, encouraging a shift to Turkish lira deposits. Emphasis has been placed on more conventional policy approaches to improve the credibility of the Turkish Central Bank.

Political considerations such as those described above may again influence interest rates and monetary policy in the future, which could impact interest rate increases and limit the extent of monetary tightening. Any failure of the Turkish Central Bank and/or the Turkish Treasury (the “**Treasury**”) to implement effective policies might adversely affect the Turkish economy and thus have a material adverse effect on the Enlarged Group’s business, financial condition and results of operations. On 3 February 2024, Fatih Karahan, the former deputy-governor of the Turkish Central Bank, was appointed as the new governor after Hafize Gaye Erkan was dismissed from the position pursuant to Presidential Decree No. 2024/26 dated 2 February 2024. Whilst public assurances were given that this change would not affect the current economic policies of the Turkish Central Bank and, more generally, the Turkish government, as of the date of this Document any impact this change may have on the current policies of Turkish Central Bank cannot be determined. There can be no assurance that there will not be any further changes in the personnel at the Turkish Central Bank, which could in turn impact the policies of the Turkish Central Bank.

Changes in the governance and operation of Turkey’s institutions and other future political developments could contribute to the volatility of Turkish financial markets and/or have an adverse effect on investors’ perception of Turkey, including with respect to the actual or perceived independence of its institutions and its ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions. This in turn could have a material adverse effect on the Enlarge Group’s business, financial condition and results of operations.

Conflict and uncertainty within Turkey or in neighbouring and nearby countries may have a material adverse effect on the Enlarged Group’s business, financial condition, results of operations or prospects

Turkey is located in a region that has been subject to ongoing political and security concerns, especially in recent years. Political uncertainty within Turkey and in certain neighbouring and nearby countries, such as Iraq, Syria, Iran, Georgia, Cyprus, Egypt, Ukraine and Armenia has historically been one of the potential risks associated with investment in Turkey.

Since December 2010, political instability has increased markedly in a number of countries in the Middle East and North Africa, such as Syria, Iraq, Egypt, Libya, Tunisia, Jordan, Israel, Bahrain and Yemen. Tensions have also increased between a number of Middle Eastern states, notably Iran and Saudi Arabia. Lately, the seismic searches conducted by Turkey in the Aegean and Mediterranean seas have heightened the tension between Turkey and Greece. Unrest in these countries (as well as global tensions with Iran and between Russia and Ukraine) may have political implications in Turkey or otherwise have a negative impact on the Turkish economy, including through both financial markets and the real economy.

Escalation, continuation of, or new conflicts or political instability within Turkey or in neighboring and nearby countries could lead to other additional impacts which may adversely affect the Enlarged Group’s business, such as disruption of trade flows, extreme market pricing volatility, with particular impact on the energy sector and industrial supply chains, shipping, and regulatory and contractual uncertainty. These factors could disrupt the markets in ways that are difficult to predict and estimate in advance as to their potential impact on the Enlarged Group’s business, financial condition and results of operations.

Risk associated with the conflicts in Syria, Iraq and Afghanistan

Turkey is located in a region that has been subject to ongoing political and security concerns, including political instability and frequent incidences of violence in a number of countries in the Middle East. In particular, the on-going conflicts in Iraq, in Syria, against ISIS, and in Afghanistan, against the Taliban, a Sharia Islamic militant group, have been the subject of significant international attention and conditions in the region remain volatile. Unrest in these countries might affect Turkey’s relationships with its neighbours, have political implications both within Turkey and in its relationship with other countries and/or have a negative impact on Turkey. Such impacts might occur through (inter alia), the significant movement of Syrian or Afghan refugees (including through Turkey into the EU), a lower flow of foreign direct investment into Turkey, and capital outflows and/or increased volatility in the Turkish financial markets.

On 25 September 2017, the Kurdish Regional Government in Northern Iraq held a referendum for the independence of the region administered by the Kurdish Regional Government in Northern Iraq. Turkish Government officials announced that Turkey would not recognise the outcome of the referendum and might take punitive measures, including economic sanctions (e.g., cutting off the pipeline that allows the transport of oil from Northern Iraq to third countries) and closing its airspace and border crossings to Northern Iraq. On 16 October 2017, Turkey closed its airspace to the Northern Iraqi Kurdish region and, in 2018, the Turkish military began a cross-border operation in Northern Iraq to prevent terrorist activities against Turkey. Furthermore, on 14 June 2020, the Turkish military launched an air-strike called “Claw-Eagle” against the terrorist groups, mainly the Kurdistan Workers Party (an organisation that is listed as terrorist organisation by various states and organisations, including Turkey, the EU and the United States) in northern Iraq.

Elevated levels of conflict in Iraq and Syria have also caused a significant displacement of people. The high number of refugees within Turkey’s borders and foreign intelligence agents infiltrating both refugee camps and local communities remain current threats. Turkey is among the countries that have taken a significant number of Syrian refugees with a negative economic, political and social impact on Turkey.

In late 2021, the Taliban, an Islamist militant group, took over Afghanistan after the United States announced their pullback from the country, which caused a new wave of migration through the EU and Turkey. Despite President Erdoğan and high-level government officials’ various statements noting that Turkey will not shoulder the burden of a new wave of migration, similar to the one the country has faced in the last years due to the conflicts in Syria, the events in Afghanistan resulted in a significant movement of Afghan refugees into Turkey. Turkey’s future relationship with the Taliban is also uncertain given the complex geopolitical circumstances relating to Afghanistan.

As a result of any further events in northern Syria (including continued operations by Turkey), tensions with international stakeholders could further increase, and Turkey may face increased economic and/or security risks if terrorists seek to retaliate against increased military actions, or if the U.S. or European countries take restrictive or punitive actions against Turkey, the Turkish economy or Turkish institutions. Such restrictive or punitive actions, escalating diplomatic and political tensions with the U.S. or other countries, and/or other political circumstances (and related actions, rumours, and uncertainties) might have a material adverse effect on the Enlarged Group’s business, financial condition and results of operations and/or on the market price of the securities. In addition, any escalation of political instability or international military intervention in Syria and/or a more aggressive stance by Russia, Iran, and China against Turkey and opposition supporters may act as a destabilising factor for Turkey.

Risks from events affecting Turkey’s relationship with Russia and the War in Ukraine

On 24 February 2022, Russia launched a military invasion against Ukraine. This has resulted in a significant increase in tensions between Russia and a number of countries, as well as with the North Atlantic Treaty Organization (“NATO”). The United States, Canada, the United Kingdom and several European countries, among others, have imposed sanctions on Russia which include, among others, the freezing of the assets of the central bank of Russia, the banning of all transactions with the central bank of Russia and the removal of certain Russian banks from the SWIFT system, restrictions on access to financing by Russian entities, and export controls targeting Russia’s energy and defence sectors. Additionally, the United States has imposed additional sanctions targeting Russia’s oil and gas sector and oil and gas exports by banning Russian imports of oil and gas into the U.S., while similar sanctions are also being considered by the EU and the United Kingdom. Several rounds of peace negotiations have been carried out to date without success, including with the participation of Turkey as a mediator. Turkey’s role as a NATO member and as host to ceasefire negotiations between Ukrainian and Russian negotiators may materially affect Turkey’s global diplomatic position as well as its economy and financial condition.

Global energy prices surged after the start of the conflict. Although at the beginning of 2023, the surge in energy prices had slightly eased, the ongoing war and the subsequent sanctions may result in further disruption to energy supplies and regional and global trade flows, and the impact of the war remains unclear and dependent on global and regional economic and political developments. The global economic and political environment and the impact of the sanctions imposed on Russia on the global economy remain highly uncertain. Following the imposition of sanctions against Russia, thousands of Russians and Ukrainians have fled to Turkey to stay, invest, and hold assets since Turkey has not been imposing any sanctions on Russia except the closure of the Bosphorus and Dardanelles straits to warships. Turkey has not been following the wave of sanctions imposed by many countries, and Turkey’s policy stance with respect to sanctions cannot be predicted with certainty.

Additional sanctions imposed on Russia by other countries may have a material adverse effect on Turkey due to its relations with Russia, Russian citizens, and Russian entities. The impact of additional sanctions, or of a deterioration of relations between Turkey and Russia or the United States over events in Ukraine, on the Turkish economy may be significant, which in turn may materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

Risks from events affecting Turkey's relationship with Israel and Palestine

On 7 October 2023, Hamas launched an attack on a number of Israeli cities, killing a significant number of members of the Israeli defence forces and civilians. In response, the government of Israel declared war against the militant group, mobilised Israeli defence forces, and began a large-scale military operation against Hamas militants within Israel and in the Gaza Strip. The conflict in Gaza has led to rising tensions between Israel and Hezbollah militants in Lebanon and there have been disruptions to global shipping routes in the Red Sea from Houthi rebels. Increasing missile strikes between Israel and Hezbollah have forced thousands of Israelis and Lebanese in South Lebanon to flee their homes. A war between Israel and Lebanon could lead to an increase in number of refugees fleeing to Turkey and could have a destabilising effect on Turkey and the broader region.

Additionally, in response to the war in Gaza, in April 2024, Turkey restricted exports to Israel after the Turkish government accused Israel of denying a request for airdropping aid to Gaza. In May 2024, Turkey announced that it stopped all import and export transactions with Israel in protest over the war in Gaza. Trade between Israel and Turkey had a volume of almost US\$7 billion in 2023.

Moreover, the escalating conflict between Israel and Iran has further heightened regional instability. In January 2024, Israel conducted airstrikes on Iranian military installations in Syria, and Iran responded with missile attacks on Israeli military bases. This conflict has the potential to affect Turkish economy, either through direct engagement to the conflict or through increased regional tensions and economic disruptions.

The scale, duration, and impact of this conflict, particularly between Israel – Hezbollah and Israel – Iran, on the region and any global effects are currently unclear and cannot be predicted with any certainty. A wider regional conflict could have a material adverse impact on the Turkish economy and may be significant, which in turn may materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

Risks from events affecting Turkey's relationship with the United States

On 8 October 2017, the United States suspended all non-immigrant visa services for Turkish citizens in Turkey following the arrest of an employee of the United States consulate in İstanbul. On the same date, Turkey retaliated by issuing a statement that restricted the visa application process for United States citizens. While visa services have since returned to normal, relations between the two countries have remained strained on various topics, including the conviction of an executive of a state-controlled bank, Turkey Halk Bankası A.Ş. (who was released in July 2019 after serving his sentence), for bank fraud and conspiracy to violate U.S. sanctions laws in assisting Iran to evade U.S. sanctions and the related judicial process against Halkbank. Furthermore, in August 2018 the United States had imposed sanctions on two Turkish ministers and increased import taxes on Turkish steel and aluminium. Nonetheless, on 12 October 2018, a Turkish court released a detained American pastor who had been arrested in October 2016, and the United States removed the sanctions imposed on Turkish ministers. In addition, in the first week of November 2018, certain U.S. sanctions on Iranian financial and energy sectors, and on certain other imports from Iran, were re-imposed. Nevertheless, the United States granted Turkey a partial exemption allowing it to import limited amounts of oil from Iran for six months. However, such exemption was not renewed at the end of the six-month period, and it remains uncertain whether Turkey will, or will be able to, comply with such U.S. sanctions against Iran.

The relationship with the United States was also impacted by Turkey's agreement to acquire a US\$2.5 billion S-400 air and missile defence system from Russia in December 2017. In response to these events, the United States Congress has considered potential sanctions on Turkey and limited Turkey's ability to acquire fighter jets from the United States.

Pursuant to the Countering America's Adversaries Through Sanctions Act of 2017, the U.S. Secretary of State issued a Public Note numbered 11396, which came into force on 7 April 2021 and set forth sanctions targeting certain Turkish officials and institutions. It has been explained that the Savunma Sanayii Başkanlığı (*Defence Industry Agency*) ("SSB") has knowingly engaged, on or after 2 August 2017, in a significant transaction with an individual who is a

member of, or works for or on behalf of, the Russian Federation's defence or intelligence sectors. Further, the sanctions cover, among other things, the prohibition of issuing any particular license or granting any other specific authorisation or authority pursuant to any law that includes the prior examination or approval of the United States Government as a prerequisite for the export or re-export of products or technology to SSB, certain restrictions to issue loans or credits to SSB by United States financial institutions and certain sanctions, as decided by the Secretary of State, on the SSB's principal executive officer or officers, or on individuals performing similar roles and with similar authority.

In October 2020, a U.S. federal judge ruled in a case that the Turkish participation bank, Kuveyt Türk Katılım Bankası A.Ş., could be sued in a United States court under the Justice for United States Victims of State Sponsored Terrorism Act on the basis of the allegations that it helped aid Hamas, an organisation which is classified as a terrorist group by the United States. However, there are no other public updates as regards a potential lawsuit or investigation as of the date of this Prospectus.

Furthermore, certain regulatory actions, investigations, allegations of past or current wrongdoing and similar actions (including the judicial process against Turkey Halk Bankası A.Ş.) might lead to related actions, rumours, and/or uncertainties surrounding breaches by Turkish banks of international sanctions laws or other financial market misconduct. As at the date of this Prospectus, the final outcome in relation to the judicial process, including any appeal and whether any sanction, fine or penalty will be imposed by the Office of Foreign Assets Control or any other U.S. regulatory body on Turkey Halk Bankası A.Ş. or any other Turkish bank or person in connection with those matters, as well as the possible reaction of the financial markets to any such events or speculation regarding such events, is unknown.

Actual or perceived political instability in Turkey, escalating diplomatic and political tensions with the United States or other countries, and/or other political circumstances (and related actions, rumours, and/or uncertainties) might have a material adverse effect on the Enlarged Group's business, financial condition and results of operations and/or on the market price of the securities.

Turkey's economy and Turkish financial markets might be adversely affected by uncertainties relating to Turkey's relationship with the European Union

Turkey has had a long-term relationship with the EU, including as a candidate country for EU membership since the Helsinki European Council of December 1999. The EU resolved on 17 December 2004 to commence accession negotiations with Turkey and affirmed that Turkey's candidacy to join the EU was to be judged by the same 28 criteria applied to other candidates. These criteria require a range of political, legislative and economic reforms to be implemented.

Although Turkey has implemented various of these reforms and has continued harmonisation efforts with the EU, the relationship between the EU and Turkey has at times been strained, including due to the passage of Syrian and other refugees through Turkey into the EU. The Parliamentary Assembly of the Council of Europe voted on 25 April 2017 to restart monitoring Turkey in connection with human rights, the rule of law and the state of democracy and officials of the EU and certain of its member states have since made various references about the suspension of negotiations for Turkey's potential membership in the EU. On 15 July 2019, the EU adopted certain measures against Turkey over Turkey's drilling for gas in waters off Cyprus, including reducing certain funding (including loans via the European Investment Bank) and the suspension of high-level communications and of the negotiations for a comprehensive air transport agreement. On 11 November 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, these drilling activities and, in February 2020, instituted sanctions against two executives of the Turkish drilling company. Tensions have also risen between Greece and Turkey relating to disputed claims over Mediterranean waters, particularly in areas around Cyprus in which significant hydrocarbon reserves have been discovered. In October 2020, both France and Greece asked the EU to consider suspending the bloc's customs union agreement with Turkey and, on 26 November 2020, the European Parliament passed a non-binding resolution calling for sanctions on Turkey. Any decision by the EU to abolish or limit the customs union with Turkey, end Turkey's EU accession bid or impose additional sanctions on Turkey might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and have material negative impacts on Turkey's economy.

These circumstances might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and/or certain of its member states. There can be no assurance that the EU or Turkey will continue to maintain an open approach to Turkey's EU membership or that Turkey will be able to meet all the criteria applicable to becoming an

EU member state. In the event of a loss of market confidence as a result of deterioration, suspension or termination in Turkey's EU accession discussions or any other international relations between Turkey and the EU (or any of its member states), the Turkish economy might be adversely affected, which might have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

General economic conditions in Turkey may materially adversely affect the Enlarged Group's business, financial condition and results of operations

The Enlarged Group's operations are dependent upon the performance of the Turkish economy. Turkish GDP growth has fluctuated in the past several years, with GDP growing by 11.4% in 2021, 5.5% in 2022 and 4.5% in 2023, according to TurkStat. Turkey's economic conditions have been negatively impacted since the second half of 2018 due to a number of macroeconomic factors, including the impact of the COVID-19 pandemic, depreciation of the Turkish lira, fluctuating interest rates, increasing political uncertainties and global developments. In the past several years, global credit and capital markets, and the Turkish economy, have been negatively affected by a number of factors, including expectations regarding global central banks' monetary policy, the war in Ukraine, global trade conditions and international political relations.

On 6 February 2023, Turkey was hit by severe earthquakes in Kahramanmaraş, causing destruction in 11 provinces. Due to the disaster, a state of emergency was declared in 10 of these provinces for three months. In addition to the significant loss of life and damage to infrastructure, the Borsa İstanbul suspended trading of stocks and derivatives for five trading days. The Bank's branches, employees and customers located in the areas directly impacted by the earthquakes have suffered material disruptions. As of the date of this Document, the full impact on Turkey's economy is uncertain but is expected to be substantial and material, with forecasts of over US\$100 billion of damages (over 11% of 2022's GDP). The occurrence of a severe earthquake could adversely affect one or more of the Enlarged Group's facilities, therefore causing an interruption in, and an adverse effect on, the Enlarged Group's business. In addition, a severe earthquake could harm the Turkish economy in general, which could adversely affect the Enlarged Group's business, financial condition, results of operations and prospects.

Government actions to stimulate the Turkish economy might increase the government debt and budget deficit levels, which might in turn contribute adversely to the country's economic stability. The debt of the Turkish government and corporates, both of which significantly rely directly or indirectly upon financing from international creditors, has been increasing whereas the Turkish Central Bank's net foreign exchange reserves have recently experienced periods of decline (including being negative when swaps are excluded) to levels that might require the Turkish government and corporate borrowers to be dependent upon continued access to external funding in order to refinance upcoming debt payments. The occurrence of any or all of the above might have a material adverse effect on the Enlarged Group's business, financial condition and/or results of operations.

This economic condition, coupled with ongoing effects of the global economic crisis and prospects of low economic growth in Turkey in the coming years, may result in greater economic and financial volatility and continued stagnation in terms of GDP growth, all of which could negatively affect the demand for and pricing of the Enlarged Group's products and, consequently, could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

For specific macroeconomic variables to which the Enlarged Group's business is subject or exposed in Turkey, see "*Risk Factors—The Enlarged Group's business, financial condition and results of operations may be adversely affected by inflation*" and "*Risk Factors—The Enlarged Group's business, financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations*".

The perceptions of risks and economic and market conditions in other countries materially and adversely affect the Turkish economy and, therefore, the Enlarged Group's business and results of operations

The market for securities issued by Turkish companies or companies with significant operations in Turkey is influenced by economic and market conditions in Turkey, as well as to varying degrees, market conditions in other emerging market countries, the EU and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause fluctuations in the capital markets in other countries. Emerging markets, like Turkey, are particularly susceptible to developments in global markets. Developments or adverse economic conditions in other countries, including developing countries, have at times significantly affected

the availability of credit in the Turkish market and resulted in considerable outflows of funds and reduced foreign investment in Turkey, as well as limited access to international capital markets, all of which may materially and adversely affect the Enlarged Group's ability to borrow at acceptable interest rates or to raise equity capital when and if the Enlarged Group needs to do so.

In addition, because international investors' reactions to the events occurring in one emerging market country sometimes produce a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, Turkey could be adversely affected by negative economic or financial developments in other countries. Such developments may affect the Turkish economy in the future and, consequently, could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

Any further downgrading of Turkey's credit rating could adversely affect the price of the Warrants and Class A Ordinary Shares

The Enlarged Group can be adversely affected by investors' perceptions of risks related to Turkey's sovereign debt credit rating. Turkey's sovereign debt ratings have been subject to various downgrades recently and might be further downgraded. For example, on 19 February 2021, Fitch Ratings Inc. ("**Fitch**") revised the outlook on Turkey's long-term foreign currency issuer default credit rating from negative to stable; however, the outlook was returned to negative on 2 December 2021. On 3 December 2021, Moody's Corp ("**Moody's**") affirmed Turkey's sovereign rating at "B2" (with a negative outlook). On 11 February 2022, Fitch downgraded Turkey's long-term foreign currency issuer default credit rating to "B+" (with a negative outlook), which was followed on 8 July 2022 by a further downgrade to "B" (with a negative outlook). On 12 August 2022, Moody's downgraded Turkey's sovereign rating to "B3" (with a stable outlook). On 17 March 2023, Fitch affirmed Turkey's long-term foreign currency issuer default rating at "B" (with a negative outlook). On 8 September 2023, Fitch revised the outlook on Turkey's sovereign ratings from negative to stable. On 12 January 2024, Moody's revised the outlook on Turkey's sovereign rating to positive from stable. On 8 March 2024, Fitch upgraded Turkey's long-term foreign currency issuer default credit rating to "B+" (with a positive outlook). Any further downgrade of Turkey's sovereign credit ratings could heighten investors' perception of risk and, as a result, could adversely affect the price of the Warrants and Class A Ordinary Shares, which could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's operations are subject to anti-corruption, anti-bribery and anti-money laundering laws and may be materially adversely affected by related developments in Turkey

The Enlarged Group is subject to anti-corruption, anti-bribery and anti-money laundering laws and regulations in Turkey. In addition, the Enlarged Group is subject to economic sanctions regulations that restrict dealings with certain sanctioned countries, individuals and entities.

The Turkish regulatory framework includes certain provisions aimed at combatting corruption and money laundering and these provisions may subject companies to monetary fines and prohibition to contract with public authorities for corruption acts, in addition to the possibility of holding companies criminally liable for conducts related to harming the environment – which are tightly related to the Enlarged Group's operation.

The Enlarged Group maintains policies designed to address the main risks involved in its activities and to ensure the compliance with all applicable laws and regulations for its activities. However, there can be no assurances that the internal policies of the Enlarged Group will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by its employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of its policies and procedures. Any violations of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on the Enlarged Group's business, reputation, results of operations and financial condition.

RISKS RELATING TO THE ACQUISITION, PLACING AND RE-ADMISSION

The Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements

The Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements, that is for at least 12 months from the date of this Document.

The total amount required to finance the Acquisition and the Sulphide Expansion Project for at least 12 months from the date of this Document is approximately US\$252.5 million (the “**Funding Amount**”), consisting of US\$100 million (subject to working capital adjustment) to fund the upfront consideration payable on closing of the Acquisition (the “**Upfront Amount**”) and US\$152.5 million to fund corporate working capital, transaction expenses and the Sulphide Expansion Project for the period ending 12 months from the date of this Document (the “**Subsequent Funding**”). The Company intends to fund this from multiple sources, including senior debt, mezzanine debt, cash flows of the Target Asset’s existing oxide operation, a pre-payment in respect of the Target Asset’s gold production, the Placing and equity investments from certain Co-Sponsors and the Funding Partners.

As of the date hereof, the Company has received binding commitments in respect of approximately US\$105 million of the Funding Amount. Therefore, not all funding in respect of both the Upfront Amount and Subsequent Funding is subject to binding commitments as of the date hereof. The Company expects to enter into binding commitments (the “**Final Funding Agreements**”) in respect of the payment of the Upfront Amount and the ongoing availability of the Subsequent Funding on or prior to the closing of the Acquisition. If there is any shortfall, this will arise as of the closing date of the Acquisition.

The risk that binding agreements are not entered into in respect of the non-binding term sheet and that the proceeds of such Final Funding Agreements are not received on or by the closing date of the Acquisition cannot be excluded. To the extent that the proceeds of the Final Funding Agreements are not available to the Company as of the closing date of the Acquisition or the Base Placing Amount is not raised, a shortfall of up to approximately US\$147.5 million is expected to arise, of which up to US\$24.5 million (subject to working capital adjustment) relates to the Upfront Amount and US\$123 million relates to the Subsequent Funding.

Any shortfall in respect of the payment of the Upfront Amount is expected to be funded with additional proceeds of the Placing. To the extent the proceeds of the Placing are insufficient to reach the Subsequent Funding Shortfall, the Company expects to obtain additional equity and/or debt financing for purposes of completing the Sulphide Expansion Project, on either its current or a subsequently revised timeline. However, the terms of any such additional financing will be subject to negotiation at the relevant time and will depend on a number of factors, including market conditions and commodity prices. Should additional financing be available only on terms not acceptable to the Company or not at all, the Company could delay certain aspects of its planned capital expenditures relating to, or reducing the scope of, the Sulphide Expansion Project.

If the Company fails to secure or obtain sufficient amounts to pay the upfront consideration payable on closing of the Acquisition and to fund corporate working capital and the conditions to the completion of the Acquisition pursuant to the Acquisition Agreement are met, the Seller may bring a claim against the Company for a failure to complete the Acquisition. If successful in a claim against the Company, potential remedies available to the Seller include monetary damages (for losses incurred in connection with the Company’s breach of the Acquisition Agreement) and/or the equitable remedy of specific performance (seeking that a court order the Company to acquire the Target Asset). If damages are awarded and the Company is unable to pay such damages in full, the Company would become insolvent.

Moreover, pursuant to the Acquisition Agreement, the Company’s obligation to consummate the Acquisition is not conditional on the Company’s ability to finance the Sulphide Expansion Project. Should additional financing be available only on terms not acceptable to the Company, or not at all, the Company could delay certain aspects of its planned capital expenditures relating to, or reducing the scope of, the Sulphide Expansion Project. To the extent the foregoing actions are unsuccessful, the Company may not be able to complete the Sulphide Expansion Project, which may reduce the Company’s return on investment from what was initially anticipated. Neither the Co-Sponsors nor any other party is required to provide any further financing to the Company in connection with the Acquisition or the Sulphide Expansion Project.

If the conditions to the completion of the Acquisition pursuant to the Acquisition Agreement are not met or if the Company fails to secure sufficient funds to complete the Acquisition, the Company’s ability to pursue an alternative acquisition may be materially and adversely affected

The negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments in connection with the Acquisition has required substantial management time and attention and substantial costs (including adviser fees). The Company may fail to complete the Acquisition for a number of reasons, including reasons

beyond its control, such as Public Shareholders (as defined in Part XVII of this Document) voting against the Acquisition and/or the Company not receiving necessary approvals, including the Antitrust Condition, the GDMA Condition, or other conditions set out in the Acquisition Agreement (as described in Part II of this Document), not being timely satisfied or waived. Any such event would result in a loss to the Company of the related costs incurred.

The Co-Sponsors may choose not to commit any further capital at such point, either to fund an alternative acquisition or to extend the Acquisition Deadline (as defined herein). As a result, any failure to complete the Acquisition could materially adversely affect the Company's prospects of successfully completing an alternative acquisition in the future.

If the Company is unable to complete an acquisition by the Acquisition Deadline, it will need to cease operations and return any remaining funds in the Escrow Account to Public Shareholders in the manner described in the Memorandum and Articles. There is no assurance that the Company will be able to complete an Acquisition by the Acquisition Deadline or such later date approved by its Shareholders in case of a Further Extension.

Investors will experience a dilution of their percentage ownership of the Company if the Company issues Sponsor Loan Shares, Director Shares or EIP Shares, or if the Listed Warrants, Private Placement Warrants, Sponsor Warrants and/or any Sponsor Loan Warrants are exercised following the Acquisition

The Company has previously issued Existing Warrants and Sponsor Warrants that entitle the Warrantholders to purchase additional Class A Ordinary Shares, and will issue Placing Warrants and Private Placement Warrants in connection with Re-Admission. The Warrants are exercisable at any time subject to the lock-up arrangements set out herein. If any of the Listed Warrants, Private Placement Warrants, Sponsor Warrants or any Sponsor Loan Warrants (as defined below) are exercised by the respective holders, the Company will issue additional Class A Ordinary Shares and the interests of investors in Class A Ordinary Shares will be further diluted.

In addition, the Company has agreed with the Co-Sponsors that up to US\$10.5 million of existing loans extended to the Company to fund its operational budget ("**Sponsor Loans**") may be repaid to the Co-Sponsors at the Company's discretion, following the closing of the Acquisition, in the form of Class A Ordinary Shares at US\$6 per share (the "**Sponsor Loan Shares**"). Any recipient of a Sponsor Loan Share will also receive one unlisted warrant on the same terms as the existing Sponsor Warrants (the "**Sponsor Loan Warrants**"). If the Company issues Sponsor Loan Shares, the interests of investors in Class A Ordinary Shares will be further diluted.

Further, in recognition of the significant increase in their workload in preparation for the Re-Admission, the Independent Non-Executive Directors and the Director Nominee are entitled to receive such number of Class A Ordinary Shares as have an aggregate market value (calculated by reference to the Placing Price) equal to 200% of their respective aggregate fees per annum (the "**Director Shares**"), expected to be issued within the three months following the Acquisition closing. In addition, it is anticipated that the CEO (through his personal service company) and the CFO will be granted a one-off award under the EIP (as defined herein) following Re-Admission of 400% of his annual consultancy fee for the CEO (through his personal service company) and 350% of his annual consultancy fee for the CFO. It is anticipated that 75% of the one-off award for the CEO (through his personal service company) and the CFO will be granted within the three months following the Acquisition closing (the "**EIP Shares**"), with 25% to be granted on a later date, subject to completion of a further transaction. If the Company issues Director Shares or EIP Shares, the interests of investors in Class A Ordinary Shares will be further diluted.

Moreover, to the extent that Warrantholders do not exercise their Warrants, their proportionate ownership and voting interest in the Company will be reduced by the issue of Class A Ordinary Shares pursuant to the terms of the Warrants. The exercise of the Warrants, including by other Warrantholders, will result in a dilution of the interests held by investors in Class A Ordinary Shares if the value of a Class A Ordinary Share exceeds the price payable on the exercise of a Warrant at the relevant time (the "**Exercise Price**"). By virtue of the application of section 4.4 of the Warrant T&Cs (as amended by the Warrant Amendments), upon Re-Admission the Exercise Price of the Warrants and the redemption trigger prices set out herein will be adjusted pursuant to the Warrant Adjustments. The potential for the issue of additional Class A Ordinary Shares pursuant to exercise of the Warrants could have an adverse effect on the market price of the Class A Ordinary Shares.

All outstanding Class B Shares issued by the Company will convert into Class A Ordinary Shares upon completion of the Acquisition, which will expose the Class A Ordinary Shareholders to immediate and substantial dilution as a result

As of the date of this Document, there are 4,458,333 outstanding Class B Shares issued by the Company. Such Class B Shares will automatically convert into Class A Ordinary Shares upon completion of the Acquisition. The conversion of such Class B Shares into Class A Ordinary Shares will lead to an additional 3,125,000 Class A Ordinary Shares being issued, and therefore current holders of Class A Ordinary Shares will experience a significant dilution as a result. The issue of additional Class A Ordinary Shares pursuant to the conversion of outstanding Class B Shares could have an adverse effect on the market price of the Class A Ordinary Shares.

Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of Polimetal or the Target Asset, which could have a material adverse effect on the Enlarged Group's financial condition or results of operations

The Company has conducted such due diligence as it deemed reasonably practicable and appropriate based on the facts and circumstances applicable to the Acquisition. The objective of the due diligence process was to identify material issues which might affect the decision to proceed with the Acquisition or the consideration payable for the Acquisition. The Company also used information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, Polimetal and the Target Asset. Whilst conducting due diligence and assessing a potential Acquisition, the Company relied on publicly available information, information provided by the Seller and Polimetal and in some circumstances third-party investigations.

The due diligence undertaken with respect to the Acquisition may not have revealed all relevant facts that were necessary to evaluate the Acquisition, including the determination of the price the Company has paid for Polimetal and the Target Asset, or to formulate a business strategy. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company has made subjective judgments regarding the results of operations, financial condition and prospects of a potential opportunity. If the due diligence investigation has failed to correctly identify material issues and liabilities that may be present in Polimetal or the Target Asset, or if the Company has considered such material risks to be commercially acceptable relative to the Acquisition, and the Company proceeds with the Acquisition, the Enlarged Group may subsequently be forced to write-down or write-off assets, restructure operations, or incur substantial impairment or other charges or losses. Even if the Company's due diligence has successfully identified certain risks, unexpected risks may arise and previously known risks may materialise in a manner not consistent with the Company's preliminary risk analysis. Even though any potential charges may be non-cash items and not have an immediate impact on the Enlarged Group's liquidity, the fact that the Enlarged Group reports charges of this nature could contribute to negative market perceptions about the Enlarged Group, the Company or its securities. In addition, charges of this nature may cause the Company to violate net worth or other covenants to which it may be subject as a result of assuming pre-existing debt held by Polimetal or the Target Asset or by virtue of the Company obtaining debt financing to partially finance the Acquisition.

Furthermore, Polimetal or the Target Asset may have liabilities of which the Company is unaware at the time of completion of the Acquisition. In order to protect the Company from such liabilities, the relevant agreements executed as part of the Acquisition provide for warranties that are customary in deals of this nature. If such warranties are not true and correct, the Enlarged Group may suffer losses or may be unable to perform to expectations. If this were to occur, there can be no assurance that the Enlarged Group would be able to recover damages from the insurer or the Seller in relation to such breaches or losses in an amount sufficient to fully compensate the Enlarged Group for its losses or underperformance.

In addition, following the Acquisition, the Enlarged Group may be subject to significant, previously undisclosed liabilities of Polimetal and the Target Asset that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure Polimetal and the Target Asset in line with the Enlarged Group's business plan and have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Directors will allocate a substantial portion of their time to other businesses, leading to potential conflicts of interest in their determination as to how much time to devote to the Enlarged Group's affairs, which could have a negative impact on the Enlarged Group's business and performance

None of the Directors are required to commit their full time or any specified amount of time to the Company's or the Enlarged Group's affairs, which could create a conflict of interest when allocating their time between the Enlarged Group's operations and their business or other commitments. If the Directors' other business affairs require them to devote substantial amounts of time to such affairs, it could limit their ability to devote time to the Enlarged Group's affairs and could have a material and adverse effect on the Enlarged Group's business, financial condition and results of operations. The Company can provide no assurance that these conflicts will be resolved in the Enlarged Group's favour. In addition, although the Directors must act in what they believe to be the Company's best interests and owe certain other statutory and fiduciary duties to the Company, they are not necessarily obligated under BVI law to present business opportunities to the Company or the Enlarged Group.

Upon completion of the Acquisition, any operating improvements proposed, intended, expected or implemented by the Company may not be successful and effective in increasing the value of the Enlarged Group

The Company may not be able to propose and implement effective operational improvements for the Enlarged Group following the Acquisition. In addition, general economic and market conditions or other factors outside the Company's control could make the Company's operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of these operational improvements to deliver the anticipated benefits could have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

Upon completion of the Acquisition, the Enlarged Group's principal source of operating cash will be income received from Polimetal and the Target Asset

Upon completion of the Acquisition, the Enlarged Group will be dependent on the income generated by Polimetal and the Target Asset to meet the Enlarged Group's expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid from Polimetal to the Company will depend on many factors, including Polimetal's results of operations and financial condition, limits on dividends under applicable law, constitutional documents, documents governing any indebtedness of the Enlarged Group, and other factors which may be outside the control of the Enlarged Group. If Polimetal is unable to generate sufficient cash flow, the Company may be unable to pay its expenses or unable or determined not to make distributions and dividends on the Class A Ordinary Shares.

Following the Acquisition, certain shares issued by entities within the Enlarged Group will be secured for the benefit of secured creditors of the Enlarged Group

The shares issued by certain entities within the Enlarged Group will be secured for the benefit of secured creditors of the Enlarged Group in connection with financing agreements entered into by the Enlarged Group in the context of the Acquisition (please see "*Risk Factors—The Company's debt obligations could materially and adversely affect its business, financial condition, results of operations, and prospects*"). In the event that any Enlarged Group entity defaults on any financing agreements or if such financing agreements are accelerated and, as a result, creditors consolidate the ownership of the shares, sell the shares or otherwise transfer the shares, the relevant issuing entities may be subject to a change of control following statutory, legal and procedural formalities. A change of control under these circumstances may materially and adversely affect the Enlarged Group's business, financial condition and results of operation.

Securities of companies formed through SPAC mergers such as the Acquisition may experience a material decline in price relative to the share price of the SPAC prior to the merger

As with most special purpose acquisition company ("SPAC") initial public offerings in recent years, the Company issued shares for US\$10.00 per Class A Ordinary Share upon the closing of its initial public offering. As with other SPACs, the US\$10.00 per share price of the Company reflected each share having a one-time right to redeem such share for a pro rata portion of the proceeds held in an escrow account opened by the Company in connection with the IPO and held with Citibank N.A. London (the "**Escrow Account**") equal to approximately US\$10.325 (after taking into account the Initial Co-Sponsor Overfunding) (plus pro rata entitlement to any interest accrued on the Escrow

Account as reduced by any taxes paid or payable), per Class A Ordinary Share prior to the Acquisition becoming effective. Following the completion of the Acquisition, no Class A Ordinary Share outstanding will have any such redemption right and the share price will be solely dependent upon the fundamental value of the Enlarged Group, which, like the securities of other companies formed through SPAC mergers in recent years, may be significantly less than the original US\$10.00 per Class A Ordinary Share.

Listing on the equity shares (transition) category affords less regulatory protection than a listing on the ESCC, and there can be no guarantee that the Company will ever seek or be eligible to transfer to the ESCC

Application will be made for the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the equity shares (transition) category of the Official List. A listing on the equity shares (transition) category will afford investors a lower level of regulatory protection than that afforded to investors in companies with ESCC listings on the Official List, which are subject to additional obligations under the UKLR. This in turn may have an adverse effect on the valuation of the Company's Class A Ordinary Shares.

If the Company were to complete a further reverse takeover, it expects that it would be de-listed from the 'Transition' category and would be required to apply for re-admission to the ESCC category. There can be no guarantee that the Company will, on any application to the ESCC, fulfil the relevant eligibility criteria and that a transfer to the ESCC category will be achieved.

The Enlarged Group's may seek additional sources of financing or pursue additional opportunities in the future, which could be unsuccessful or significantly change the Enlarged Group's business

In order to implement its strategy of targeted further expansion, the Enlarged Group intends to pursue the acquisition and consolidation of high quality, critical minerals and mining assets into a single London-listed platform.

The Enlarged Group may seek additional sources of financing (equity and/or debt) to complete such future acquisitions. There can be no assurance that the Enlarged Group will be able to raise those funds, whether on acceptable terms or at all. If further financing is obtained or the consideration for a future acquisition is provided by issuing equity securities or convertible debt securities, shareholdings at the time of such future fundraising or acquisition may be diluted, the new securities may carry rights, privileges and preferences superior to the Class A Ordinary Shares and there may not be an adequate anti-dilution adjustment applicable to the Combined Warrants. The Enlarged Group may seek debt financing to fund all or part of any future acquisition. The incurrence by the Enlarged Group of substantial indebtedness in connection with a future acquisition could result in:

- default and foreclosure on the Enlarged Group's assets, if its cash flow from operations was insufficient to pay its debt obligations as they become due; or
- an inability to obtain additional financing, if any indebtedness incurred contains covenants restricting its ability to incur additional indebtedness.

An inability to obtain debt financing may have a material adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Group. If such financing is obtained, the Enlarged Group's ability to raise further finance and its ability to operate its business may be subject to restrictions.

The Enlarged Group may not be able to propose and implement effective operational improvements for any company or business which the Enlarged Group acquires. Any failure to implement these operational improvements successfully and/or the failure of these operational improvements to deliver the anticipated benefits could have a material adverse effect on the Enlarged Group's results of operations and financial condition.

The Enlarged Group may explore future acquisitions that could significantly change, or even transform, the nature of its business through entry into new commodity and geographic markets, where it may not have significant prior experience and where it may not be as successful or profitable as it is in commodities and geographic regions where it has greater familiarity. Such acquisitions may fundamentally alter the exposure of an investment in the Enlarged Group.

The Company's ability to seek recourse against the Seller is limited under the Acquisition Agreement

The Seller's liability under the Acquisition Agreement is subject to various limitations (except for any claim that is attributable to fraud, wilful misconduct or gross negligence of the Seller). These limitations could affect the Company's ability to seek recourse against the Seller for any claims arising from the Acquisition.

The key limitations on the Seller's liability include caps on the maximum aggregate liability, thresholds for warranty claims, and specific time periods within which claims must be made. These limitations are detailed in the "Part II—*Terms of the Acquisition*" section of this Document.

These limitations on the Seller's liability could result in the Company being unable to recover losses or damages in excess of the specified caps or outside of the specified time frames. Furthermore, the thresholds and *de minimis* amounts may prevent the Company from recovering for smaller claims.

In the event that the Company incurs losses or damages that are not recoverable from the Seller due to these limitations, the Company's financial condition and results of operations could be adversely affected. Investors should carefully consider the implications of these limitations when evaluating the Company's ability to seek recourse against the Seller under the Acquisition Agreement. For further details on these limitations, please refer to the "Part II—*Terms of the Acquisition*" section of this Document.

RISKS RELATING TO THE CLASS A ORDINARY SHARES AND WARRANTS

Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the UK courts or other foreign courts may be limited, because the Company is incorporated under BVI law

The Company is incorporated under the laws of the BVI. As a result, although there is reciprocal recognition of UK judgments in the BVI, it may be difficult for investors to enforce judgments obtained in the United Kingdom courts against the Company's directors or officers. There may not be equivalent recognition of judgments obtained in other jurisdictions.

The Company's corporate affairs will be governed by the Company's Memorandum and Articles, the BVI Companies Act and the common law of the BVI. The rights of Shareholders to take action against the Directors, actions by minority Shareholders and the fiduciary responsibilities of the Directors to the Company under BVI law are governed by the BVI Companies Act and the common law of the BVI. The common law of the BVI is derived from English common law and, whilst the decisions of the courts of England and Wales are of persuasive authority, they are not binding on a court in the BVI. The rights of the Shareholders and the fiduciary responsibilities of the Directors under BVI law may not be as clearly established as they would be under statutes or judicial precedent in the United Kingdom.

Shareholders will not be entitled to the takeover offer protections provided by the City Code

The City Code on Takeovers and Mergers (the "**City Code**") applies, inter alia, to offers for all listed public companies considered by the Takeover Panel to be incorporated or resident in the United Kingdom, the Channel Islands or the Isle of Man. The Company is not so incorporated or resident and therefore Shareholders will not benefit from the takeover offer protections provided by the City Code. There are no rules or provisions relating to the Class A Ordinary Shares and squeeze-out and/or sell-out rules, save as provided by section 176 of the BVI Companies Act which permits the shareholders holding 90% of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem such shares or class of shares. The absence of squeeze-out rules, beyond section 176 of the BVI Companies Act, may render the Company a less attractive target in a takeover, while the absence of sell-out rights may subject minority shareholders to changes in the Company's controlling structure, prevent minority shareholders from benefitting from the same terms and conditions (including consideration) offered by an acquiror to the selling shareholders, and reduce the liquidity and value of remaining minority investors' holdings in the Company.

The Company is not subject to the supervision of the BVI Financial Services Commission ("FSC"), and so the Shareholders are not protected by any regulatory inspections by the FSC in the BVI

The Company is not an entity subject to any regulatory supervision in the BVI by the FSC. As a result, shareholders are not protected by any regulatory supervision or inspections by any regulatory agency in the BVI, and the Company

is not required to observe any restrictions in respect of its conduct save as disclosed in this Document, the Company's Memorandum and Articles or the BVI Companies Act.

If the Company does not satisfy the eligibility requirements for Re-Admission, cancellation of the listing of Class A Ordinary Shares and Warrants will reduce liquidity in such instruments, potentially for a significant period of time, and may adversely affect the price at which a holder can sell them or the ability to sell them

The Acquisition constitutes a reverse takeover (within the meaning given to that term in the UKLR). Upon completion of the Acquisition, the current listing of the Class A Ordinary Shares and Warrants will be cancelled and the Company will apply for Re-Admission. It is expected that unconditional dealings in the Class A Ordinary Shares and Warrants will commence at 8.00 a.m. on 23 August 2024 as a result of Re-Admission. However, the Company needs to satisfy the eligibility requirements for Re-Admission and there is no guarantee that Re-Admission will be granted. If Re-Admission of the Class A Ordinary Shares and Warrants is not granted, a cancellation of the listing of the Class A Ordinary Shares and Warrants would materially reduce liquidity in such Class A Ordinary Shares and Warrants which may affect a holder's ability to realise some or all of its investment and/or the price at which such holder can effect such realisation.

Future sales or the possibility of future sales of a substantial number of Class A Ordinary Shares by the Co-Sponsors, the Sponsor Director, the Seller, the Funding Partners and the Placing Investors may adversely affect the market price of the Class A Ordinary Shares and Warrants

Pursuant to the IPO Underwriting Agreement and the IPO Sponsor Insider Letter (as supplemented and amended), the Co-Sponsors and Sponsor Director have agreed to lock-up arrangements with the Company with respect to the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares) (excluding the Additional Sponsor Class B Shares, as defined herein), the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Initial Co-Sponsor Overfunding) which they hold directly or indirectly in the Company, pursuant to which the Co-Sponsors and Sponsor Director are subject to customary restrictions on transfer or disposal (subject to certain exceptions) ending on the date which is:

- (a) in respect of the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares), the earlier of: (a) 365 calendar days after the Acquisition Date or (b) subsequent to the Acquisition, if the last reported sale price of the Class A Ordinary Shares on the LSE equals or exceeds US\$12.00 per share (subject to certain adjustments as set out in this Document) for any 20 days on which the LSE is open for business (a "Trading Day") within any 30 consecutive Trading Day period commencing at least 150 calendar days after the Acquisition Date; and
- (b) in respect of the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the exercise or conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Initial Co-Sponsor Overfunding), 30 calendar days after the Acquisition Date.

The Class B Shares (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares) received by the IPO Institutional Investors pursuant to the IPO Investment Agreements and the Class B Shares and Sponsor Warrants (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares or exercise of the Sponsor Warrants, as applicable) allocated from the incentive pool (see "Part X—The Company, Its Board and Corporate Governance—Existing Incentive Arrangements") are not subject to any lock-up restrictions as of the completion date of the Acquisition.

The Sponsor Warrants to be held by the Anchor Investor, Traxys and Inti SE following the Re-Allocation will not be subject to any lock-up restrictions. The Funding Shares, ACG Sale Shares and Private Placement Warrants to be issued to the Anchor Investor, Traxys and Inti SE and the Seller, as applicable, will not be subject to any lock-up restrictions.

In addition, the Co-Sponsors have each entered into certain lock-up arrangements pursuant to the terms of certain side deeds to the Sponsor Funding Agreement (as defined herein), whereby they undertake not to transfer any Sponsor Loans Shares, subject to certain exceptions, without the prior written consent of the Company, during the period ending on the date that is 6 months after the Acquisition Date.

The market price of the Class A Ordinary Shares and Warrants could decline if, following the Acquisition and/or the expiration of any lock-up periods, a substantial number of Class A Ordinary Shares or Warrants are sold by the Co-Sponsors, the Sponsor Director, the Seller, the Funding Partners or the Placing Investors, or if there is a perception that such sales could occur, in particular given the absence of an orderly sell-down arrangement or arrangement between such shareholders.

Furthermore, a sale of Class A Ordinary Shares or Warrants by the Co-Sponsors, the Sponsor Director, the Seller, the Funding Partners or the Placing Investors could be considered as a lack of confidence in the performance and prospects of the Company and could cause the market price of the Class A Ordinary Shares and Warrants to decline. In addition, such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

To the extent a Warrantholder has not exercised its Warrants before the end of the period within which that is permitted, such Warrants will lapse worthless

Upon Re-Admission, each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US\$6.90 per Class A Ordinary Share (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustments in accordance therewith), at any time commencing 30 days following the Acquisition Date. The Warrants will expire on the date that is the earlier of five years after the date on which they first became exercisable, at 5:00 p.m., London time, their redemption by the Company and the liquidation of the Company. To the extent a Warrantholder has not exercised its Warrants within such period, its Warrants will lapse worthless. Any Warrants not exercised will lapse without any payment being made to the holders of such Warrants and will, effectively, result in the loss of the holder's entire investment in relation to the Warrant. The market price of the Warrants may be volatile.

The Company may redeem unexpired Warrants prior to their exercise at a time that is disadvantageous to Warranholders, thereby making such Warrants worthless

The Company has the ability to redeem the outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of US\$0.01 per Warrant if, among other things, the last reported sales price of the Class A Ordinary Shares for each of any 20 Trading Days within a 30 Trading Day period ending on the third Trading Day prior to the date on which the Company publishes the prior written notice of redemption of the Warrants (the "Reference Value") equals or exceeds US\$10.80 per Class A Ordinary Share, (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustment upon any change to the number of Class A Ordinary Shares issuable upon exercise of a Warrant or any further adjustment to the Exercise Price of a Warrant, in each case in accordance with the Warrant T&Cs). Any such redemption of the outstanding Warrants could force Warranholders to: (i) exercise Warrants and pay the Exercise Price at a time that may be disadvantageous for Warranholders to do so; (ii) sell Warrants at the then-current market price when Warranholders might otherwise wish to hold their Warrants; or (iii) accept the redemption price which, at the time the outstanding Warrants are called for redemption, it is expected would be substantially less than the market value of the Warrants. The Company, at its sole discretion, may choose to permit Warranholders to exercise their Warrants on a cashless basis.

In addition, the Company has the ability to redeem the outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of US\$0.10 per Warrant if, among other things, the Reference Value per Class A Ordinary Share equals or exceeds US\$6.00 but is less than US\$10.80 (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustment upon any change to the number of Class A Ordinary Shares issuable upon exercise of a Warrant or any further adjustment to the Exercise Price of a Warrant, in each case in accordance with the Warrant T&Cs). The value received upon exercise of the Warrants (i) may be less than the value the Warranholders would have received if they had exercised their Warrants at a later time where the underlying Class A Ordinary Share price was higher and (ii) may not compensate the Warranholders for the value of the Warrants, including (in the event of an exercise on a cashless basis) because the number of Class A Ordinary Shares received is capped at 0.361 Class A Ordinary Shares per Warrant (subject to adjustment pursuant to the Warrant T&Cs) irrespective of the remaining life of the Warrants.

The Company may redeem the Warrants as set out above even if Warranholders are otherwise unable to receive Class A Ordinary Shares upon exercise of the Warrants due to the fact that it may not have an approved prospectus in place and there is no exemption to the requirement to have a prospectus in place available.

The Company has no current dividend payment policy. In addition, any future distributions will depend on the income received from the operating subsidiaries of the Enlarged Group, which will be the Company's principal source of operating cash, having regard to the Enlarged Group's obligations and commitments at that time

Whilst the Company intends to make distributions to Shareholders at the appropriate time in its development, it does not currently have a policy on the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The Company has not paid any dividends to date and will not pay any dividends prior to the Acquisition. The Company's strategy is to build a diversified copper producer, and the Company views the introduction of a dividend policy, once the balance sheet has been appropriately de-levered, as a key part of its strategy. The Company's dividend policy going forward is intended to be sustainable alongside the Company's inorganic growth strategy such that a two-pronged approach of offering investors exposure to growth and income is achieved. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Enlarged Group's results of operations, financial condition, level of indebtedness and such other factors that the Board may consider relevant. The payment of any future dividends will depend upon earnings and the Company's financial condition, current and anticipated cash needs, distributions from any operating subsidiaries and such other factors as the Board determines appropriate. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

If securities or industry analysts do not publish research or reports about the Company, or if such analysts (if any) change their recommendations regarding the Class A Ordinary Shares and/or the Warrants adversely, the market price and trading volumes of the Class A Ordinary Shares and the Warrants could decline

The trading market for the Class A Ordinary Shares and the Warrants will be influenced by the research and reports that securities or industry analysts publish about the Company and the Enlarged Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the Company or the Enlarged Group's business or industry, the Company and the Enlarged Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Class A Ordinary Shares and the Warrants to decline. Also, if one or more of the analysts covering the Company or the Enlarged Group's business or industry recommends selling Class A Ordinary Shares and/or Warrants, or if negative research is published on the industry or geographic markets the Enlarged Group serves, the market price of the Class A Ordinary Shares and the Warrants could decline.

The Class A Ordinary Shares and the Warrants are accounted for as liabilities and the Warrants are recorded at fair value with changes in fair value for each period reported in profit or loss, which may have an adverse effect on the market price of the Class A Ordinary Shares

The Company accounts for the Class A Ordinary Shares as financial liabilities and for the Warrants as derivative liabilities. At each reporting period and upon certain events that may impact the price of the instruments (such as the Acquisition), (i) the Class A Ordinary Shares and the Warrants may no longer be recognised as liabilities if and when the obligation specified in the contract is discharged or cancelled or expires, and (ii) the fair value of the Warrants will be re-measured and the change in the fair value will be recorded as a net gain or loss in the statement of comprehensive income. In the absence of a quoted market price for the Warrants, the Company may use a valuation model to estimate fair value. The share price of the Class A Ordinary Shares represents a significant input that impacts the fair value of the Warrants. Additional factors that will impact the valuation model include volatility, discount rates and stated interest rates. As a result, the statement of financial position and the profit or loss in the statement of comprehensive income will fluctuate, based on various factors, such as the share price of the Class A Ordinary Shares, many of which are outside of the Company's control. In addition, the Company may change the underlying assumptions used in the valuation model, which could result in significant fluctuations in the Company's profit or loss. If the Class A Ordinary Share price is volatile, the Company expects that it will recognise non-cash gains or losses on the outstanding Warrants on each reporting period and that the amount of such gains or losses could be material. The impact of changes in fair value on profit or loss may have an adverse effect on the market price of the Class A Ordinary Shares.

RISKS RELATING TO LAW AND TAXATION

Failure to maintain the Company's tax status may negatively affect the Company's financial and operating results

The Company is not currently subject to any income, withholding or capital gains taxes in the BVI and (provided that the Company does not directly or indirectly hold any interest in land in the BVI, which it does not and does not plan to do) no capital or stamp duties are levied in the BVI on the issue, transfer or redemption of shares. While the Board is experienced and intends to exercise central management and control of the Company's affairs outside of the United Kingdom, continued attention must be paid to ensure that major decisions by the Company are made in a manner that would not result in the Company losing its status as a non-UK tax resident. The composition of the Board, the place of residence of the individual members of the Board and the location(s) in which the Board makes decisions will all be important factors in determining and maintaining the tax residence of the Company outside of the United Kingdom. If the Company were to be considered as resident within the United Kingdom for UK taxation purposes, or if it were to be considered to carry on a trade or business within the United States or United Kingdom for U.S. or UK taxation purposes, the Company would be subject to U.S. income tax or UK corporation tax, on all or a portion of its profits, as the case may be, which may negatively affect its financial and operating results. Further, if the Company is treated as being centrally managed and controlled in the United Kingdom for UK tax purposes, SDRT (as defined below) will be payable in respect of any agreement to transfer Depositary Interests.

Taxation of returns from assets located outside the BVI may reduce any net return to investors

Any return the Company receives from a subsidiary incorporated or resident for the purposes of taxation outside of the BVI may be reduced by irrecoverable withholding or other local taxes levied in such other jurisdiction and this may reduce any net return derived by investors from a shareholding in the Company.

Economic substance requirements

The BVI, in common with other low or zero tax jurisdictions, has enacted legislation that requires certain entities registered in the BVI engaged in "relevant activities" to maintain a substantial economic presence in the BVI and to satisfy economic substance requirements. The list of "relevant activities" includes carrying on as a business any one or more of: banking, insurance, fund management, financing and leasing, headquarters, shipping, distribution and service centre, intellectual property and pure equity holding entities. Following the Acquisition, the intention is for the Company to continue carrying out no relevant activity. However, there is a possibility that the Company may in the future conduct the "relevant activity" of a pure equity holding entity or another relevant activity. If that is the case the Company may be required to increase the Company's substance in the BVI to satisfy such requirements, which could result in additional costs that could adversely affect the Company's financial condition and results of operations. If the Company were required to satisfy economic substance requirements in the BVI but failed to do so, the Company could face spontaneous disclosure to competent authorities in the EU of the information filed by the entity with the BVI International Tax Authority and the BVI Financial Investigation Agency in connection with the economic substance requirements and beneficial and legal ownership of the Company and may also face financial penalties, restriction or regulation of its business activities and/or may be struck off or liquidated as a registered entity in British Virgin Islands.

INFORMATION INCORPORATED BY REFERENCE

The documents indicated in the cross-reference table below, being (1) the audited historical financial information of the Company as at and for the 18 months ended 31 December 2023 (the “**December 2023 Financials**”) and (2) the audited historical financial information of the Company from 22 June 2021 (its date of incorporation) to 30 June 2022 (the “**June 2022 Financials**”), are incorporated by reference herein. The December 2023 Financials and the June 2022 Financials have been filed with the FCA and will form a part of this Document.

Cross-reference table to the December 2023 Financials and the June 2022 Financials

<u>Material Incorporated</u>	<u>Document</u>	<u>Section Incorporated</u>	<u>Pages</u>
December 2023 Financials	Audited Financial Statements and accompanying Audit Report	Whole document	All
June 2022 Financials	IPO Prospectus containing Audited Financial Statements and accompanying Audit Report	IPO Prospectus, Part VI— <i>Historical Financial Information on the Company</i>	All

CONSEQUENCES OF A LISTING ON THE EQUITY SHARES (TRANSITION) CATEGORY

Applications will be made for the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the equity shares (transition) category of the Official List in accordance with Chapter 22 of the UKLR, which sets out the requirements for companies listed on the equity shares (transition) category. Applications will also be made for the Listed Warrants to be admitted or re-admitted (as applicable) to the warrants, options and other miscellaneous securities category of the Official List in accordance with Chapter 19 of the UKLR, which sets out the requirements for companies listed on the warrants, options and other miscellaneous securities category. The Listing Principles set out in Chapter 2 of the UKLR also apply to the Company.

A listing on the equity shares (transition) category will afford investors a lower level of regulatory protection than that afforded to investors in companies with equity shares (commercial companies) category (“ESCC”) listings on the Official List, which are subject to additional obligations under the UKLR. For example, while the Company has a listing on the equity shares (transition) category, it is not required to comply with the provisions of, inter alia:

- Chapter 4 of the UKLR regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the UKLR in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Re-Admission. Companies with a Standard Listing under the Previous Listing Rules are only required to appoint a sponsor if they wish to transfer their listing to the ESCC;
- Chapter 6 of the UKLR relating to the ongoing obligations for companies admitted to the ESCC, which therefore does not apply to the Company;
- Chapter 7 of the UKLR relating to significant transactions, which requires shareholder consent for certain acquisitions;
- Chapter 8 of the UKLR regarding related party transactions;
- Chapter 9 of the UKLR regarding purchases by the Company of its Class A Ordinary Shares; however, any dealings in the Company’s securities are subject to other general restrictions, including those set out in the UK Market Abuse Regulation;
- Chapter 10 of the UKLR regarding the form and content of circulars to be sent to shareholders; and
- the UK Corporate Governance Code.

Companies with a listing on the equity shares (transition) category are not required to obtain the approval of shareholders for the cancellation of the listing and are not eligible for inclusion in the UK series of FTSE indices.

There are, however, a number of continuing obligations set out in Chapter 22 of the UKLR that are applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with applicable listing rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;

- the making of Regulatory Information Service notifications in relation to a range of debt and equity capital issues; and
- at least 10% of the Class A Ordinary Shares being held by the public.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company is required to comply with UK Market Abuse Regulation and the Disclosure Guidance and Transparency Rules.

IMPORTANT INFORMATION

This Document has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Document. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities.

This Document does not constitute an offer of, or an invitation to any person by or on behalf of, the Company, the Directors or the Co-Sponsors to subscribe for or purchase any Class A Ordinary Share or Warrants. The distribution of this Document may be restricted by law. Persons into whose possession this Document comes are required by the Company, the Directors and the Co-Sponsors to inform themselves about and to observe any such restrictions.

Prospective investors should rely only on the information contained in this Document and any supplement to this Document within the meaning of Article 23 of the UK Prospectus Regulation. The Company does not undertake to update this Document, unless required pursuant to Article 23 of the UK Prospectus Regulation. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Co-Sponsors, the Placement Agent or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the FSMA, the UK Prospectus Regulation Rules, the UKLR, Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulation, the delivery of this Document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, the Co-Sponsors, the Placement Agent or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "*Summary*" should be read as an introduction to this Document. Any decision to invest in the Class A Ordinary Shares and the Warrants should be based on consideration of this Document as a whole by the investor. In particular, investors must read the sections headed "*Section B—Key Information on the Issuer—What are the key risks that are specific to the Enlarged Group?*" and "*Section C—Information on the Securities—What are the key risks that are specific to the securities?*" of the Summary together with the risks set out in the section headed "*Risk Factors*" beginning on page 15 of this Document.

Save for the responsibilities, if any, which may be imposed under FSMA to the extent the exclusion of responsibility would be illegal, void or unenforceable, neither the Placement Agent, nor the Seller accepts, any responsibility whatsoever for the contents of this Document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offering, and accordingly the Placement Agent and the Seller each disclaims, to the fullest extent permitted by law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Document. No representation or warranty, express or implied, is made by the Placement Agent, the Seller or any person acting on each of their behalf with respect to the completeness, accuracy, verification or fairness of the information in this Document, and nothing contained in this Document is, or shall be relied upon as, a promise or representation in this respect. The Seller accepts any responsibility whatsoever for the contents of this Document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Class A Ordinary Shares and the Warrants, the Placing or Re-Admission. The Placement Agent and the Seller accordingly disclaim any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Document or any such statement.

Neither the Placement Agent nor any person acting on each of its behalf accepts any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to its attention after the date of this Document, and the distribution of this Document shall not constitute a representation by the Placement Agent or any such person that this Document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof.

Each of the Placement Agent, and any affiliate of the Placement Agent acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell Class A Ordinary Shares and Warrants for its or their own account(s) and may offer or sell such securities otherwise than in connection with the Placing. The Placement Agent does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This Document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of the Class A Ordinary Shares and Warrants. Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Class A Ordinary Shares and Warrants offered hereby is prohibited. Each offeree of the Class A Ordinary Shares and Warrants, by accepting delivery of this Document, agrees to the foregoing.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Class A Ordinary Shares and Warrants, by any person in the United States or in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Class A Ordinary Shares and the Warrants in certain jurisdictions may be restricted. Accordingly, persons who obtain possession of this Document are required by the Company, the Directors and the Co-Sponsors to inform themselves about, and to observe any restrictions as to the offer or sale of the Class A Ordinary Shares and the Warrants, and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for the Class A Ordinary Shares and the Warrants, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company, the Directors or the Co-Sponsors that would permit a public offering of the Class A Ordinary Shares and the Warrants in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company, the Directors nor the Co-Sponsors accept any responsibility for any violation of any of these restrictions by any other person.

The Class A Ordinary Shares and the Warrants, including the New Shares and the Placing Warrants, have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Any sales or offers of the New Shares and Placing Warrants into Australia, Canada, Japan or the Republic of South Africa can only be made in accordance with applicable law and regulations.

This Document has been approved by the FCA as a prospectus for the purposes of section 87A of FSMA, and of the UK Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is subject of this Document or of the quality of the securities that are the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. No arrangement has been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in any EEA state (or in any other jurisdiction). Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below.

By participating in the Placing each prospective Placing Investor (and any person acting on such Placing Investor's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Placement Agent and the Company, that:

- (a) if it received any "inside information" as defined in the UK Market Abuse Regulation concerning the Company or its shares or other securities or related financial instruments in advance of the Placing, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person except as permitted by the UK Market Abuse Regulation, prior to the information being made publicly available;

- (b) it has complied with its obligations under the Criminal Justice Act 1993, the Market Abuse Regulation, the UK Market Abuse Regulation, any delegating acts, implementing acts, technical standards and guidelines thereunder, and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006, and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) (the “**Regulations**”) and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations. If within a reasonable time after a request for verification of identity, the Placement Agent has not received such satisfactory evidence, the Placement Agent may, at its absolute discretion, terminate the Placing Investor’s participation in the Placing in which event all funds delivered by the Placing Investor to the Placement Agent will be returned without interest to the account of the drawee bank or CREST account from which they were originally debited; and
- (c) that in making any decision to acquire the Placing Shares and Placing Warrants (i) it has such knowledge, sophistication and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for or acquiring the Placing Shares and Placing Warrants, (ii) it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of participating in, and is able to sustain a complete loss in connection with, the Placing, (iii) it has relied on its own examination, due diligence and analysis of the Company and its affiliates taken as a whole, including the markets in which the Company and its affiliates operate, and the terms of the Placing, including the merits and risks involved and not upon any view expressed or information provided by or on behalf of the Placement Agent, (iv) it has had sufficient time and access to information to consider and conduct its own investigation with respect to the offer and purchase of the Placing Shares and Placing Warrants, including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment and has so conducted its own investigation to the extent it deems necessary to enable it to make an informed and intelligent decision with respect to making an investment in the Placing Shares and Placing Warrants, (v) it is aware and understands that an investment in the Placing Shares and Placing Warrants involves a considerable degree of risk and (vi) it will not look to the Company, the Placement Agent, any of their respective affiliates, any of their respective Representatives or any person acting on their behalf for all or part of any such loss or losses it or they may suffer.

Presentation of Financial and Other Information

Historical Financial Information

This Document includes:

1. the audited financial statements of Polimetal as at and for the years ended 31 December 2021, 2022 and 2023, as prepared in accordance with IFRS; and
2. the audited financial statements of the Company as at and for the 18 months ended 31 December 2023 and the audited financial statements of the Company for the period from 22 June 2021 (its date of incorporation) to 30 June 2022, as prepared in accordance with IFRS.

(together, the “**Historical Financial Statements**”).

For descriptions on pro forma financial information, see “Part IX—*Pro Forma Financial Information*”.

Non-IFRS Financial Measures

This Document contains non-IFRS financial measures and related ratios, as all defined below, which are not recognised measures of financial performance, liquidity or financial position under IFRS. Polimetal uses these non-IFRS financial measures to manage and monitor the underlying performance of its business and operations and financial position. Although certain of this data has been extracted or derived from the Historical Financial Statements in this Document, neither this data, nor the assumptions underlying this data, have been audited or reviewed. Further, they may not be indicative of Polimetal’s historical operating results or historical financial position, nor are such measures meant to be predictive of the Enlarged Group’s future results or financial position. These non-IFRS measures

are presented in this Document because the Board considers them an important supplemental measure of Polimetal's performance and believes that they and similar measures are widely used in the industry in which Polimetal operates as a means of evaluating a company's operating performance, liquidity and financial position. By providing additional insight into non-IFRS based measures and non-financial operating data, the Company believes that the users of this information may be better able to understand Polimetal's operational performance and trend development.

The non-IFRS financial measures presented are not measures of financial performance or financial position under IFRS and accordingly have not been audited or otherwise reviewed by external auditors, consultants or experts. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Document and they should not be considered in isolation or as a substitute for operating profit, profit for the year, cash flow, loans and other borrowings or other financial measures computed in accordance with IFRS.

The non-IFRS financial measures have limitations as analytical tools. Investors are encouraged to evaluate any adjustments to IFRS measures and the reasons the management considers them appropriate for supplemental analysis. Because of these limitations, as well as further limitations discussed above, the non-IFRS financial measures presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. Each of the non-IFRS financial measures is described under "Part VIII—*Operating and Financial Review of Polimetal—Basis of Preparation of the Historical Financial Information—Non-IFRS Financials Measures*".

Non-Financial Operating Data

The key performance indicators and other non-financial operating data included in this Document are derived from Polimetal's management estimates, are not part of Polimetal's financial statements or financial accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts.

Polimetal's use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS. For a description of these terms, see "Part VIII—*Operating and Financial Review of Polimetal*".

Rounding and Negative Amounts

Certain figures in this Document, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals may not be an exact arithmetic aggregation of the figures which precede them. In tables, negative amounts are shown between brackets. Otherwise, negative amounts may also be shown by "-" or "negative" before the amount.

Presentation of Mineral Reserve and Mineral Resource Estimates

The Mineral Reserve and Mineral Resource estimates concerning material mineral properties are derived from the Competent Persons Report set out in Appendix I of this Document (the "**Competent Person's Report**").

Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this Document consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Company's own assessment of its sales and markets. Statements based on the Company's own proprietary information, insights, opinions or estimates contain words such as the Enlarged Group or the Company 'believes', 'expects', 'sees', 'considers', 'aims', 'estimates' and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

This Document contains statistics, data and other information relating to markets, market size, market shares, market positions and other industry data pertaining to the Enlarged Group's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources and information obtained from the Seller. Such information has been accurately reproduced with reference to these sources in the relevant paragraphs and, as

far as the Company is aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Industry publications generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Investors are, nevertheless, advised to consider these data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Document should not be considered as a recommendation by the relevant third parties to invest in, purchase or take any other action with respect to, shares or other financial instruments in the Company or the Enlarged Group.

This Document contains statements regarding the Enlarged Group's competitive and market position. The Company believes these statements to be true, based on market data and industry statistics, but has not independently verified the information. The Company cannot guarantee that a third-party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Enlarged Group and the Company's competitors may define their markets and their own relative positions in these markets differently than the Enlarged Group or the Company does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Enlarged Group's or the Company's.

Data Protection

The Enlarged Group may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Enlarged Group (or any third party, functionary or agent appointed by the Enlarged Group) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Enlarged Group and the administering of interests in the Enlarged Group;
- meeting the legal, regulatory, reporting and/or financial obligations of the Enlarged Group in the United Kingdom or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Enlarged Group to operate and/or administer the Enlarged Group.

Where appropriate it may be necessary for the Enlarged Group (or any third party, functionary or agent appointed by the Enlarged Group) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Enlarged Group to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Enlarged Group (or any third party, functionary or agent appointed by the Enlarged Group) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Investment Considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Re-Admission, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries (or that otherwise apply to them) for the purchase, holding, transfer or other disposal of the Class A Ordinary Shares and the Warrants;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Class A Ordinary Shares and the Warrants, which they might encounter; and
- the income and other tax consequences which may apply in their own countries (or that otherwise apply to them) as a result of the purchase, holding, transfer or other disposal of the Class A Ordinary Shares and the Warrants, or distributions by the Company, either on a liquidation and distribution or otherwise. Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

There can be no assurance that the Company's objective will be achieved. It should be remembered that the price of the Class A Ordinary Shares and the Warrants, and any income from such securities can go down as well as up. An investor could lose all or part of the invested capital.

This Document should be read in its entirety before making any investment in the Class A Ordinary Shares and the Warrants. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Company's Memorandum and Articles and the Restated Articles, which investors should review.

Forward-looking Statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's ability to obtain adequate information to evaluate Polimetal and the Target Asset, (ii) the Company's ability to successfully or timely complete the Acquisition, (iii) the Company's and Seller's expectations around the performance of Polimetal and the Target Asset, (iv) the Company's success in retaining or recruiting, or changes required in, the Enlarged Group's officers, key employees or directors following the Acquisition, (v) the Company's officers and directors allocating their time to other businesses and potentially having conflicts of interest with the Company's business or in approving the Acquisition, (vi) the Company's potential ability to obtain additional financing to complete the Acquisition, (vii) the Company's public securities' potential liquidity and trading, the lack of a market for the Company's securities, and (viii) the Enlarged Group's financial performance following the Acquisition. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's or the Enlarged Group's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Enlarged Group's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause such differences include, but are not limited to, the following risks:

- The Company's debt obligations could materially and adversely affect its business, financial condition, results of operations, and prospects.

- The Enlarged Group’s business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile;
- Changes in the demand for the metals the Enlarged Group produces could adversely affect the Enlarged Group’s sales volume and revenues;
- The mining industry is highly competitive and the Enlarged Group may be unable to compete successfully with other mining companies;
- The Enlarged Group’s business requires substantial capital expenditures and is subject to financing risks;
- The Enlarged Group’s estimates of Ore Reserves and Mineral Resource may be materially different from mineral quantities the Enlarged Group actually recovers, and market conditions and other operating factors may render certain part of Ore Reserves and Mineral Resource, including future exploration and development projects, uneconomical to mine;
- The Enlarged Group depends on its ability to replenish its Ore Reserve for the Enlarged Group’s long-term viability;
- Health and safety, mining and environmental laws, regulations and other legislation, including regulations pertaining to climate change, may increase the Enlarged Group’s costs of doing business, restrict the Enlarged Group’s operations or result in the imposition of fines, revocation of permits or shutdown of the Enlarged Group’s facilities;
- Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of Polimetal or the Target Asset, which could have a material adverse effect on the Enlarged Group’s financial condition or results of operations.
- Investors will experience a dilution of their percentage ownership of the Company if the Company issues Sponsor Loan Shares, Director Shares or EIP Shares, or if the Listed Warrants, Private Placement Warrants, Sponsor Warrants and/or any Sponsor Loan Warrants are exercised following the Acquisition;
- All outstanding Class B Shares issued by the Company will convert into Class A Ordinary Shares upon completion of the Acquisition, which will expose the Class A Ordinary Shareholders to immediate and substantial dilution as a result;
- Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the UK courts or other foreign courts may be limited, because the Company is incorporated under BVI law.

Each of the factors listed above may be affected by local and global economic, political or geopolitical events, such as the ongoing military conflict between Russia and Ukraine, related sanctions and potential escalations in Ukraine and elsewhere; and uncertainty and volatility in the face of rising interest rates, high inflation and lower economic growth across the globe.

Prospective investors should carefully review the “*Risk Factors*” section of this Document for a discussion of additional factors that could cause the Company’s or the Enlarged Group’s actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 12 of “Part XV—*Additional Information*”.

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the UKLR, the Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Supplements

If a significant new factor, material mistake or material inaccuracy relating to the information included in this Document which is capable of affecting the assessment of the Class A Ordinary Shares and/or the Warrants arises or is noted between the date of this Document and Re-Admission, a supplement to this Document will be published in accordance with the relevant provisions under the UK Prospectus Regulation. Such a supplement will be subject to approval by the FCA in accordance with Article 23 of the UK Prospectus Regulation, and will be published in accordance with the relevant provisions under the UK Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Document (or contained in any document incorporated by reference in this Document). Any supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Document.

Currency Presentation

Unless otherwise indicated, in this Document all references to “U.S. dollars” or “US\$” are to the lawful currency of the United States of America and all references to “Turkish lira” are to the lawful currency of Turkey.

No Incorporation of Website

The contents of any website of the Company or any other person do not form part of this Document.

Availability of Documents

For so long as any of the Class A Ordinary Shares or Warrants will be listed on the LSE, corporate documents relating to the Company or the Enlarged Group that are required to be made available to Class A Ordinary Shareholders pursuant to BVI law (including a copy of the up-to-date Memorandum and Articles or Restated Articles of the Company) may be inspected at the registered office of the Company, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands during usual business hours on any day (except Saturdays, Sundays and public holidays) and will be published on the Company’s website (acgcorp.co).

Selling and Transfer Restrictions

Prospective investors should consider (to the extent relevant to them) the notices to residents of various countries set out in “Part XVI—*Notices to Investors*”.

Information to Distributors

Solely for the purposes of the product governance requirements contained within (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures (the “**EEA Product Governance Requirements**”) and (d) of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**” and together with the EEA Product Governance Requirements, the “**Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Shares and Placing Warrants have been subject to a product approval process, which has determined that such the New Shares and Placing Warrants are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares and Placing Warrants may decline and investors could lose all or part of their investment; the New Shares and Placing Warrants offer no guaranteed income and no capital protection; and an investment in the New Shares and Placing Warrants is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are

capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Re-Admission. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Placement Agent will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares and Placing Warrants.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and Placing Warrants and determining appropriate distribution channels.

Definitions

A list of certain defined terms used in this Document is set out in “Part XVII—*Definitions*”, beginning at page 221.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

FCA approval and publication of this Document, launch of the Placing and notice of Acquisition EGM	7 August 2024
Book building period relating to the Placing	8 – 19 August 2024
Announcement of Placing results and updated equity funding composition for Acquisition	20 August 2024
Acquisition EGM	20 August 2024
Results of Acquisition Announcement	20 August 2024
Redemption cut-off	21 August 2024 ⁽¹⁾
Completion of the Acquisition	by 8.00 a.m. on 23 August 2024 ⁽²⁾
Re-Admission	by 8.00 a.m. on 23 August 2024 ⁽²⁾
Redemption payment date	on or around the completion date of the Acquisition ⁽³⁾
CREST members' accounts credited in respect of New Shares and Placing Warrants (as applicable)	as soon as is reasonably practical after Re-Admission

All references to time in this Document are to London time unless otherwise stated. Each of the times and dates in the timetable is subject to change without further notice.

⁽¹⁾ On 26 July 2024, the Company announced an extension of the redemption period following the Third Extension (as defined herein) from 30 July 2024 until at least 1:00 pm London time on 13 August 2024. As of the date hereof, the redemption period has been further extended to the date indicated above in connection with the Acquisition EGM (as defined herein).

⁽²⁾ Completion of the Acquisition and Re-Admission are to be effectively simultaneous.

⁽³⁾ In any event no later than the second Trading Day after the completion date of the Acquisition.

The Company, in its sole discretion, may adjust the dates, times and periods given in the timetable and throughout this Document. If the Company should decide to do so, it will make this public through a press release, which will also be posted on the Company's website (acgcorp.co). Any other material alterations will be published through a press release that will also be posted on the Company's website and (if required) in a supplement to this Document that is subject to the approval of the FCA. Any extension of the timetable for Re-Admission will be published in a press release at least the day before Re-Admission, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the Re-Admission will be published in a press release at least the day before the accelerated Re-Admission date.

PLACING AND RE-ADMISSION STATISTICS

Number of Existing Class A Shares in issue at the date of this Document ⁽¹⁾	4,112
Number of Funding Shares to be issued pursuant to the Funding Agreements	up to 11,250,000
Number of ACG Sale Shares to be issued pursuant to the Seller Subscription Agreement	7,233,905
Number of Placing Shares to be issued pursuant to the Placing	up to 4,166,667
Total number of Class A Ordinary Shares to be issued following the Placing and Re-Admission	up to 25,779,684
Number of Existing Warrants in issue at the date of this Document	6,250,000
Number of Private Placement Warrants to be issued pursuant to the Funding Agreements and the Seller Subscription Agreement	up to 18,483,905
Number of Placing Warrants to be issued pursuant to the Placing	up to 4,166,667
Total number of Combined Warrants to be issued pursuant to the Placing and Re-Admission.....	up to 42,249,322
New Shares as a percentage of the Enlarged Ordinary Share Capital.....	99.98%
Price per Placing Share	US\$6.00
Estimated Gross Proceeds from the Placing	up to US\$25,000,000
Estimated Transaction Costs	US\$5.8 million
Expected Market Capitalisation of the Company on Re-Admission ⁽²⁾	up to US\$154,678,104

(1) Assumes holders do not exercise rights to redeem their Existing Class A Shares as described in this Document.

(2) Assumes a share price of US\$6.00.

DEALING CODES

Upon Re-Admission, the dealing codes for the Class A Ordinary Shares and Warrants will be as follows:

	Class A Ordinary Shares	Warrants
ISIN	VGG0056A1030	VGG0056A1113
SEDOL	BKZ72R6	BKZ72S7

DIRECTORS, AGENTS AND ADVISERS

Directors and Director Nominees	Artem Volynets Fiona Paulus Hendrik Johannes Faul Mark Cutis Mustafa Aksoy
Registered Office.....	Craigmuir Chambers, PO Box 71 Road Town Tortola VG1110 British Virgin Islands
Registered Agent	Harneys Corporate Services Limited Craigmuir Chambers, PO Box 71 Road Town Tortola VG1110 British Virgin Islands
Stifel	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
Auditors to the Company.....	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB United Kingdom
Reporting Accountants with respect to pro forma financial information	RSM UK Corporate Finance LLP 25 Farringdon Street London EC4A 4AB United Kingdom
Registrar	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH Channel Islands
Legal advisers to the Company as to English and U.S. law	Cleary Gottlieb Steen & Hamilton LLP 2 London Wall Place London EC2Y 5AU, England

Legal advisers to the Company as to BVI law.....	Harney Westwood & Riegels LP Craigmuir Chambers, PO Box 71 Road Town Tortola VG1110 British Virgin Islands
Legal advisers to the Company as to Turkish law	Paksoy Ortak Avukat Bürosu Orjin Maslak, Eski Büyükdere Caddesi No:27 K:11 Maslak 34485 Istanbul Turkey
Legal advisers to the Placement Agent as to English and U.S. law	Davis Polk & Wardwell London LLP 5 Aldermanbury Square London EC2V 7HR United Kingdom
Legal advisers to the Seller.....	Esin Attorney Partners Akat, Gül Sk. No 2 34335 Beşiktaş/İstanbul Turkey
Depository	Link Market Services Trustees Limited Central Square 29 Wellington Street Leeds LS1 4DL England
Competent Persons in respect of the Gediktepe mine	AMC Consultants Pty Ltd Level 1, 110 Hay Street West Perth WA 6005 Australia

PART I - THE ACQUISITION AND THE COMPANY'S SHARE CAPITAL

General

On 17 July 2024, the Company and the Seller entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Company agreed, subject to certain conditions, to acquire a 100% interest in the issued and to-be-issued share capital of Polimetal, which holds 100% interest in the Gediktepe Mine. For more information about the transactions contemplated in the Acquisition Agreement, please see “Part II—*Terms of the Acquisition*”.

The Acquisition, if completed, will constitute a Reverse Takeover under the UKLR since, *inter alia*, in substance it will result in a fundamental change in the business of the Company. Therefore, it is expected that the FCA will cancel the listing of the Existing Class A Shares and Existing Warrants upon completion of the Acquisition. The Company will apply for the Enlarged Ordinary Share Capital and the Listed Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE's Main Market following the publication of this Document. The Acquisition, if completed, will result in the Company becoming an operating company instead of a special purpose acquisition company. The Acquisition was approved by the Board on 22 July 2024. The Acquisition is expected to complete on or about 23 August 2024, which is also the date of anticipated Re-Admission.

Share Capital Structure and Related Aspects

The Company was incorporated on 22 June 2021 as a BVI business company limited by shares.

Class A Ordinary Shares

On 12 October 2022 (the “**IPO Closing Date**”), the Company completed an offering of 12,500,000 Class A Ordinary Shares together with ½ of a redeemable warrant per Class A Ordinary Share, at an offer price of US\$10.00 per Class A Ordinary Share. The Class A Ordinary Shares have traded on the LSE under the symbol “ACG”. The Warrants have traded on the LSE under the symbol “ACGW”.

Previous Redemptions

At an extraordinary general meeting (“**EGM**”) of the Company held on 25 October 2023, shareholders approved the extension of the deadline by which the Company must complete an acquisition from 12 October 2023 to 25 January 2024 (the “**First Extension**”). At an EGM of the Company held on 16 January 2024, shareholders approved a further extension of the deadline by which the Company must complete an acquisition from 25 January 2024 to 30 June 2024 (the “**Second Extension**”). On 28 June 2024, the Company announced a further extension of the deadline by which it must complete an acquisition, from 30 June 2024 to 12 October 2024 (the “**Third Extension**”, and together with the First Extension and the Second Extension, the “**Approved Extensions**”) through written resolutions approved by 73.1% of the Company's shareholders entitled to vote thereon. Pursuant to the terms of the Company's Memorandum and Articles, and as further described in the EGM Circulars dated 17 October 2023 and 8 January 2024 relating to the First Extension and the Second Extension, respectively, and the announcement of the Company dated 28 June 2024 relating to the Third Extension, the Company provided Class A Ordinary Shareholders with the right to redeem their Class A Ordinary Shares. The total number of Class A Ordinary Shares redeemed by Class A Ordinary Shareholders following the completion of the Second Extension was as follows:

Class A Ordinary Shares redeemed		Class A Ordinary Shares not redeemed	
Amount	%*	Amount	%*
12,495,888	99.97	4,112	0.03

* Percentage of the total amount of outstanding Class A Ordinary Shares prior to the publication of the First Extension (*i.e.*, 12,500,000 Class A Ordinary Shares), rounded to two decimal places.

On 26 July 2024, the Company announced an extension of the redemption period following the Third Extension, due to the Acquisition, from 30 July 2024 until at least 1:00 pm London time on 13 August 2024. As of the date hereof, the redemption period has been further extended to 21 August 2024 in connection with the Acquisition EGM.

Class B Shares

On 5 October 2022, the Company issued 3,125,000 Class B Shares to the Co-Sponsors in the following amounts:

Shareholder	Number of Class B Shares
ACG Sponsor	602,578
ACP Sponsor	1,261,211
De Heerd Sponsor	1,261,211

On the IPO Closing Date, the Co-Sponsors surrendered to the Company, in proportion to their existing holdings, such number of Class B Shares as was equal to the number of Class B Shares subscribed for by the IPO Anchor Investors and the IPO Cornerstone Investor. As at the IPO Closing Date, the 3,125,000 Class B Shares were reallocated as follows:

Shareholder	Number of Class B Shares (Aggregate)
Co-Sponsors	1,926,562
IPO Anchor Investors	832,813
IPO Cornerstone Investor	365,625

As described in the EGM Circular dated 17 October 2023, the Co-Sponsors agreed to further subscribe for an aggregate amount of 1,333,333 Class B Shares at a price of US\$1.50 per Class B Share (the “**Additional Sponsor Class B Shares**”). Pursuant to an amended and restated Subscription Agreement dated 1 December 2023 between the Co-Sponsors and certain of their affiliates (Pembroke Heritage Fund Limited (“**PHF**”) and Symonds Securities Limited (“**Symonds**”)) and the Company, the 1,333,333 Additional Sponsor Class B Shares were reallocated as follows:

Shareholder	Number of Additional Sponsor Class B Shares as at 1 December 2023	Total Number of Class B Shares Held as at the date of this Document
ACG Sponsor	0	371,490
ACP Sponsor	430,003	1,207,539
De Heerd Sponsor	430,004	1,207,540
PHF	263,337	263,337
Symonds	209,989	209,989
Total	1,333,333	3,259,895⁽¹⁾

⁽¹⁾ Being the 1,926,562 Class B Shares held by the Co-Sponsors at the IPO Closing Date together with the 1,333,333 Additional Class B Shares.

Upon issuance of the Additional Sponsor Class B Shares, holders of Class B Shares other than the Co-Sponsors were diluted accordingly. The Co-Sponsors have further agreed to convert any or all of their Class B Shares, including the Additional Sponsor Class B Shares, into Class A Ordinary Shares at the Company’s request. However, the number of Class A Ordinary Shares issuable upon automatic conversion of all Class B Shares at the time of an Acquisition will not change and remains equal to 3,125,000. The Additional Sponsor Class B Shares (and any Class A Ordinary Shares issuable upon conversion of such Additional Sponsor Class B Shares) are not subject to any lock-up arrangements.

The total number of Class B Shares as of the date hereof is 4,458,333 (being the 3,259,895 Class B Shares held by the Co-Sponsors and their affiliates and the 1,198,438 Class B Shares held by the IPO Anchor Investors and the IPO Cornerstone Investor).

Combined Warrants

In total, upon Re-Admission, the Company will have in issue the following warrants (together the “**Combined Warrants**”):

Type of warrant	Number
Sponsor Warrants	13,348,750

Private Placement Warrants	18,483,905
Placing Warrants	2,500,000
Existing Warrants	6,250,000
Total	40,582,655

(1) Assumes issuance of only 2,500,000 Placing Warrants pursuant to the Placing.

Upon Re-Admission, the following will hold more than 5% of the Combined Warrants⁽¹⁾:

Holder	Percentage Holding
ACP	26.6%
Inti SE	14.9%
De Heerd ⁽²⁾	8.8%
Lidya	17.8%
Public Shareholders	21.6%

(1) Assumes issuance of only 2,500,000 Placing Warrants pursuant to the Placing.

(2) Includes Frederick Kwok

Sponsor Warrants

On 7 October 2022, the Co-Sponsors subscribed for 9,286,250 Sponsor Warrants at a price of US\$1.00 per Sponsor Warrant. In addition, the Co-Sponsors committed additional funds to the Company through subscription for an aggregate of 4,062,500 Sponsor Warrants at a price of US\$1.00 per Sponsor Warrant. Pursuant to a seventh amended and restated side deed to the Sponsor Funding Agreement dated 22 December 2023, the Sponsor Warrants were reallocated amongst the Co-Sponsors and the ACG Sponsor Shareholders.

Re-Allocation

Upon Re-Admission the Sponsor Warrant Holders and the Funding Partners, including the Co-Sponsors, have agreed to effect all such transfers as are necessary to effect a re-allocation of 40% of the existing Sponsor Warrants (after allocation of 5% of the existing Sponsor Warrants to the incentive pool), such that these will be held by the Funding Partners, including the Co-Sponsors, pro rata to the sum of their actual or deemed equity subscriptions (the “**Re-Allocation**”). The Re-Allocation will be adjusted to the extent necessary to reflect the conversion of any Sponsor Loans into Sponsor Loan Shares taking place after Re-Admission (treating any such converted Sponsor Loans as if they were equity subscriptions for this purpose).

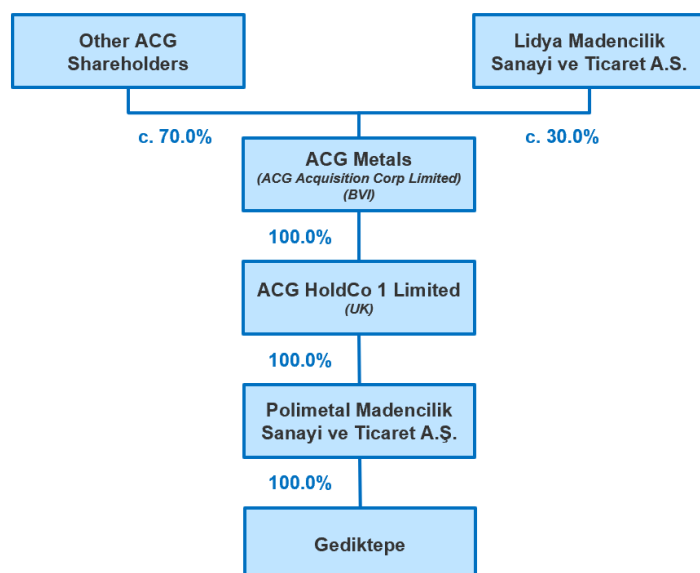
The current sponsor warrant holders have agreed to effect all such transfers as are necessary to effect the Re-Allocation. To the extent such transfers are subject to lock-up restrictions pursuant the IPO Underwriting Agreement and the IPO Sponsor Insider Letter, the lock-up restrictions have been duly waived pursuant to the terms thereof.

Private Placement Warrants

Pursuant to their respective Funding Agreements and the Seller Subscription Agreement, as applicable, upon Re-Admission the Funding Partners and the Seller are expected to hold an aggregate of up to 18,483,905 unlisted warrants of the Company (the “**Private Placement Warrants**”), on the basis of one Private Placement Warrant per Funding Share or ACG Sale Share, as the case may be. The Private Placement Warrants will be on the same terms as the Sponsor Warrants (as may be amended from time to time in accordance with their terms) save that they are not subject to any lock-up arrangements.

The Enlarged Group's Structure

Subject to the completion of the Acquisition, Placing and Re-Admission, the Company will be the parent company of the Enlarged Group, indicatively structured as follows (assuming for purposes of illustration that only the Base Placing Amount is raised pursuant to the Placing):



Share Capital Structure of the Enlarged Group

Upon Re-Admission there will be up to 25,779,684 Class A Ordinary Shares in issue, comprising: (i) 4,112 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document); (ii) up to 11,250,000 Funding Shares; (iii) 3,125,000 Converted Shares; (iv) 7,233,905 ACG Sale Shares; and (v) up to 4,166,667 Placing Shares. There will also be up to 10,416,667 Listed Warrants in issue comprising 6,250,000 Existing Warrants that exist as at the date of this Document and an aggregate of up to 4,166,667 Placing Warrants which will be issued to Placing Investors. The Enlarged Ordinary Share Capital does not include any Director Shares or EIP Shares, which are expected to be issued within the three months following the Acquisition closing. Upon Re-Admission there will also be 13,348,750 Sponsor Warrants and 18,483,905 Private Placement Warrants in issue (as defined herein). The Sponsor Warrants and Private Placement Warrants have not been and will not be listed or admitted to trading.

Funding Agreements

Pursuant to certain commitments and term sheets entered into by the Company with each of the Anchor Investor, Traxys, Inti SE, the ACP Sponsor, PHF and Frederick Kwok (together, the “**Funding Partners**”), and the subscription agreements related thereto, upon Re-Admission the Company shall issue an aggregate of up to 11,250,000 Funding Shares for an aggregate amount of US\$67.5 million. Not all funding is subject to binding agreements as of the date hereof. For details of the commitments and agreements in respect of these sources of funding, see “Part XV—Additional Information—Material contracts”. The funding commitments and term sheets with the Funding Partners, and the subscription agreements related thereto, together, are referred to as the “**Funding Agreements**”.

Director Shares

For a description of the Director Shares, see “PART X—The Company, Its Board and Corporate Governance—Directors—Directors’ remuneration and Notice Periods prior to Re-Admission”.

EIP Shares

For a description of the EIP, see “PART X—*The Company, Its Board and Corporate Governance— Remuneration Policy—Overview of the key features of the Executive Director and other Key Personnel Remuneration Policy—Equity Incentive Plan*”.

Placing Agreement

The Company and the Placement Agent have entered on the date of this Document into a placing agreement (the “**Placing Agreement**”) under which, subject to the terms and conditions set out therein, the Placement Agent has agreed to use its reasonable endeavours to procure Placing Investors for the Placing Shares at the Placing Price, with the number of Placing Shares to be determined following completion of the bookbuild process in respect of the Placing, and to the extent any Placing Investor defaults in paying the Placing Price in respect of any Placing Shares allocated to it, the Placement Agent has agreed, subject to certain conditions, to subscribe for such Placing Shares at the Placing Price. In the Placing Agreement, the Company has made various representations and warranties and given various undertakings to the Placement Agent. In addition, the Company has agreed to indemnify the Placement Agent and its affiliates against certain liabilities in connection with the matters the subject of this document, and to pay the Placement Agent certain fees and commissions. The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The Company will issue Placing Shares on the basis of this Document for an aggregate amount of up to US\$20 million. The recipient of each Placing Share will receive, in addition, one Listed Warrant per Placing Share for no additional consideration. A description of the terms and conditions of the Placing is included under “Part XI—*The Placing, Re-Admission and Dilution—Terms and Conditions of the Placing*”. For a description of the Placing Agreement, see “Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Share Capital—Placing Agreement*” and “Part XV—*Additional Information—Material contracts*”.

Major Shareholders and Other Interests

The following are expected to hold more than 5% of the Enlarged Ordinary Share Capital and/or are expected to hold more than 5% of the voting rights in the Company (assuming no exercise of the Combined Warrants) upon Re-Admission⁽²⁾:

<u>Shareholder</u>	<u>Subscription Undertaking (number of Class A Ordinary Shares on Re- Admission)</u>	<u>Percentage of issued Enlarged Ordinary Share Capital on Re- Admission⁽¹⁾</u>	<u>Percentage of Total Voting Rights⁽¹⁾</u>
ACP Sponsor	6,137,419	25.5	25.5
Lidya	7,233,905	30.0	30.0
Inti SE.....	4,166,667	17.3	17.3

1. Includes any holdings of Class B Shares to be converted into Class A Ordinary Shares upon completion of the Acquisition.
2. Assumes issuance of only 2,500,000 Placing Shares (with one Placing Warrant per Placing Share) pursuant to the Placing.

Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public.

The Company, the Directors and the Co-Sponsors are not aware of any persons, who, as at 6 August 2024 (being the latest practicable date prior to publication of this Document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or the Enlarged Group nor are they aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company or the Enlarged Group.

Background to the Acquisition

The Initial Public Offering

The Company, a special purpose acquisition company, was incorporated as a BVI business company limited by shares on 22 June 2021 with limited liability under the laws of the British Virgin Islands under the BVI Companies Act. The Company raised US\$125,000,000 before expenses and commissions through the IPO, and was admitted to listing on

the FCA's Official List by way of a Standard Listing under Chapters 14 and 20 of the Previous Listing Rules, with trading in the Existing Class A Shares and Existing Warrants becoming effective on the LSE's Main Market on the IPO Closing Date.

On 12 June 2023, the Company announced that it had agreed the acquisition of the Atlantic Nickel nickel sulphide mine in Santa Rita and the Mineração Vale Verde copper mine in Serrote, both in Brazil, from funds advised by Appian Capital Advisory LLP (the "**Appian Acquisition**"). An acquisition agreement was signed accordingly. On 28 September 2023, the Company announced that, despite its best efforts, the Appian Acquisition had not closed and the acquisition agreement had been terminated.

Pursuant to the Approved Extensions, the Company has until 15 October 2024 to complete an acquisition (the "**Acquisition Deadline**") subject to any further extensions as may be approved by a resolution of shareholders entitled to vote thereon. If the Company is unable to complete an Acquisition before the Acquisition Deadline (as extended), it will either (i) seek Public Shareholder approval for a further extension of 6 months to the Acquisition Deadline, in accordance with Chapter 5 of the Previous Listing Rules or (ii) liquidate, in each case pursuant to the terms of the Memorandum and Articles.

Concurrent with the IPO, the Company adopted an acquisition strategy to evaluate opportunities in the metals and mining sector globally (excluding Russia), with a particular focus on emerging markets. The Acquisition is the result of an extensive search for potential transactions utilising the global network of the Company's management team. The terms of the Acquisition are the result of significant negotiations among the respective representatives of the Company and the Seller. The Company and the Seller entered into the Acquisition Agreement on 17 July 2024. For more information about the transactions contemplated in the Acquisition Agreement, please see "Part II—*Terms of the Acquisition*".

To complete the Acquisition, the Company must convene a general meeting and propose the Acquisition to be considered by the Public Shareholders (the "**Acquisition EGM**"). On 22 July 2024, the Board passed a resolution to propose the Acquisition to the Acquisition EGM. The resolution to effect the Acquisition shall require the prior approval by at least a simple majority of the votes cast at the Acquisition EGM, and only Public Shareholders (including the IPO Institutional Investors) will be permitted to participate in such vote. The Acquisition Agreement is conditional upon approval by the required majority of Public Shareholders at the Acquisition EGM.

If the Acquisition is not approved at a quorate Acquisition EGM, the Company may (i) with not less than seven days' notice, convene a subsequent general meeting and submit the same proposed Acquisition for approval and (ii) until the expiration of the Acquisition Deadline, continue to seek other potential target businesses, provided that the Acquisition must always be completed prior to the Acquisition Deadline.

The Company's Reasons for the Acquisition

In evaluating the Acquisition, the board of directors of the Company consulted with its legal counsel, financial and accounting advisors and other advisors. The Board considered a number of factors pertaining to the Acquisition as generally supporting its decision to enter into the Acquisition Agreement and the transactions contemplated thereby, including but not limited to, the following factors and strategic aims:

- *Attractive market fundamentals.* The Mine's key commodities, copper and zinc, have attractive market fundamentals and a supportive price outlook.
- *Long-life, producing asset.* The Mine is an existing producing asset with significant growth prospectivity. Significant organic upside potential has been identified to continue to extend the Mine's life and production capacity.
- *Strong fit with the Company's leadership and strategy.* The Enlarged Group combines the experienced executive leadership of the Company, Lidya's operating expertise and a shared strategic goal. The Enlarged Group will also benefit from a long-term partnership with the highly-experienced Çalık Holding
- *Platform for Company's growth strategy.* The Company's vision is to establish itself as an integral part of the western electric vehicle ("**EV**") value chain, with support from blue-chip partners. The proposed LSE-listed

combined business would provide a platform for further value-enhancing acquisitions and allow the Enlarged Group to capitalise on the scarcity value of pureplay electric metals companies on the LSE.

For more information about the business of the Enlarged Group and its strengths and strategies, please see “Part III—*Information on the Enlarged Group’s Business—Key Strengths*”.

In addition to considering the factors described above, the Board also considered that the Co-Sponsors have interests in the Acquisition as individuals that are in addition to, and that may be different from, the interests of the Company’s shareholders (see “—*Interests of Certain Persons in the Acquisition*”, below). As a result of such considerations, the Board determined that the Acquisition Agreement and the Acquisition were advisable, fair to and would materially benefit and be in the best corporate interest of the Company and its shareholders.

Interests of Certain Persons in the Acquisition

The Co-Sponsors, the IPO Institutional Investors, the Seller, the Funding Partners and the Board have interests in the Acquisition that are different from, or in addition to, those of the Company’s Public Shareholders. The Board was aware of and considered these interests, among other matters, in evaluating and negotiating the Acquisition, and will consider these issues in recommending to the Public Shareholders that they approve the Acquisition proposal at the Acquisition EGM.

For example, the Co-Sponsors, the IPO Institutional Investors, the Seller and the Funding Partners have subscribed for or will receive certain Class B Shares, Sponsor Warrants and Private Placement Warrants. Each Class B Share will automatically convert into Class A Ordinary Shares at the time of the Acquisition, or earlier at the option of the holder thereof (or, for Additional Sponsor Class B Shares, at the discretion of the Company). Accordingly, the Co-Sponsors, the IPO Institutional Investors and the Funding Partners will each exert a substantial influence on actions requiring a shareholder vote, potentially in a manner that other shareholders do not support. These interests and other such interests may influence the members of the Board in making their recommendation that the Public Shareholders should vote in favour of the approval of the Acquisition.

Sources and Uses for the Acquisition

The following table summarises the sources and uses for funding the Acquisition (assuming redemptions, as described in Part XIII of this Document, at 100%, for purposes of illustration):

Cash Sources (US\$ m)⁽¹⁾⁽³⁾		Cash Uses (US\$ m)	
Senior Debt	110.0	Cash Payment for the Acquisition to Lidya ⁽²⁾	100.0
Mezzanine Debt Finance	22.5	Capex Funding for Sulphide Expansion Project	145.0
Gold Prepayment Agreement	25.0	Transaction Costs and Working Capital	<u>7.5</u>
Equity (Funding Partners)	67.5		
Equity (Placing)	15.0		
Oxide Operations Cash Flows	<u>12.5</u>		
Total Sources	<u>252.5</u>	Total Uses	<u>252.5</u>

(1) The Company may use any Placing proceeds above the Base Placing Amount to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding number of Private Placement Warrants) issued to the Funding Partners.

(2) Upon the completion of the Acquisition, Lidya will also receive the ACG Sale Shares as consideration.

(3) Not all funding is subject to binding agreements as of the date hereof. For details of the commitments and agreements in respect of these sources of funding, see “Part XV—*Additional Information—Material contracts*”.

Use of Proceeds

The Company expects to raise gross proceeds of up to approximately US\$92,500,000 through the issue of the New Shares. The net proceeds (being 94% of the gross proceeds) will be applied towards the payment of consideration in relation to the Acquisition. The Company may use any Placing proceeds above the Base Placing Amount to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding

number of Private Placement Warrants) issued to the Funding Partners. The total expenses incurred by the Company in connection with Re-Admission are approximately US\$5.8 million.

Dividend Policy

The Company's strategy is to build a diversified copper producer, and the Company views the introduction of a dividend policy, once the balance sheet has been appropriately de-levered, as a key part of its strategy. The Company's dividend policy going forward is intended to be sustainable alongside the Company's inorganic growth strategy such that a two-pronged approach of offering investors exposure to growth and income is achieved.

Further Information

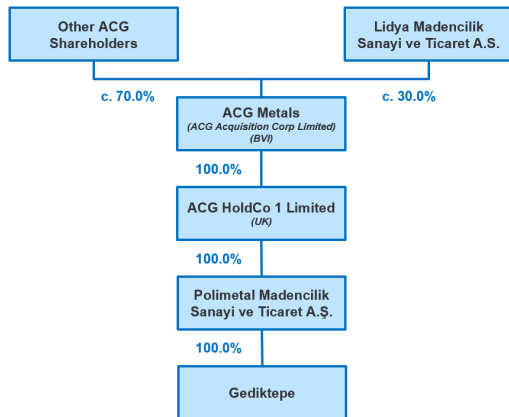
The attention of prospective investors is also drawn to the remainder of this Document, which contains further information on the Enlarged Group.

PART II - TERMS OF THE ACQUISITION

General Description of the Acquisition Agreement and Scope of the Acquisition

On 17 July 2024, the Company entered into the Acquisition Agreement with the Seller. Pursuant to the Acquisition Agreement, the Company will directly acquire a 100% interest in the issued and to-be-issued share capital of Polimetal, which holds a 100% interest in the Gediktepe Mine.

The Company and the Seller expect to enter into a side letter to the Acquisition Agreement, on or before Re-Admission, to change the acquiring entity from ACG Acquisition Company Limited to ACG HoldCo 1 Limited. As such, upon Re-Admission, the Company will be the parent company of the Enlarged Group, indicatively structured as follows (assuming for purposes of illustration that only the Base Placing Amount is raised pursuant to the Placing):



Consideration

The parties to the Acquisition Agreement have agreed to a consideration for the Acquisition of US\$100 million (subject to a working capital adjustment), plus such number of Class A Ordinary Shares of the Company representing 30% of the Enlarged Ordinary Share Capital on Re-Admission (the ACG Sale Shares).

Transfer of the ACG Sale Shares

The Seller and the Company expect to enter into a subscription agreement on or prior to Re-Admission for the issue of the ACG Sale Shares on the Acquisition Date (the “**Seller Subscription Agreement**”). The ACG Sale Shares will rank *pari passu* in all respects with the Existing Class A Shares. For each ACG Sale Share the Seller will receive one Private Placement Warrant. The Private Placement Warrants will be on the same terms as the Sponsor Warrants (as may be amended from time to time in accordance with their terms) save that they are not subject to any lock-up arrangements.

Nomination Rights

The Acquisition Agreement provides the Seller with the right from time to time to appoint or remove one director to or from the Board, for so long as the Seller holds at least 20% of the total outstanding amount of Class A Ordinary Shares. This condition will be fulfilled upon closing of the Acquisition, and the Seller will exercise this right to appoint Mustafa Aksoy to the Board.

Copper Price Bonuses

The Company will pay the Seller bonus payments (i) after 12 months from the date of commencement of commercial production of the Sulphide Expansion Project (which is the date that is 15 months after the commissioning) (“**First Copper Price Bonus**”) and (ii) after 24 months from the commencement of commercial production of the Sulphide Expansion Project (which is the date that is 15 months after the commissioning) (the “**Second Copper Price Bonus**”) and together with the First Copper Price Bonus, the “**Copper Price Bonuses**”), which will be one of the following:

- a. If the daily average closing price of copper on the London Metals Exchange over the 12-month period preceding the relevant date (“**Copper Price**”) is greater than US\$9,000 per tonne, 10% of the EBITDA of Polimetal of the previous 12-month period (subject to a cap of US\$10 million);
- b. If the Copper Price is greater than US\$11,000 per tonne, 15% of the EBITDA of Polimetal of the previous 12-month period (subject to a cap of US\$ 25 million); and
- c. If the Copper Price is greater than US\$13,000 per tonne, 30% of the EBITDA of Polimetal of the previous 12-month period (subject to a cap of US\$ 50 million).

Copper Price Bonuses will be paid by the Company within 3 months following the date on which the relevant Copper Price Bonus becomes due. If the Company is not in a position to pay the Copper Price Bonuses due to ongoing care and maintenance at the Gediktepe Mine, the Company would have the right to postpone the Copper Price Bonuses payment date for an additional period of 2 months.

Copper Discovery Bonus

In case new ore reserves of at least 100,000 copper equivalent tonnes are identified, the Company will pay the Seller a total of US\$50 million in 4 instalments within a 24-month period (starting no earlier than the fourth anniversary of the date of commencement of commercial production (which is the date that is 15 months after the commissioning)), each instalment every 6 months, corresponding to 20%, 30%, 30% and 20% of the US\$50 million bonus payment, respectively (the “**Copper Discovery Bonus**”).

Liability Cap for Bonuses

The aggregate liability of the Company under the Copper Price Bonuses and Copper Discovery Bonus will be capped at US\$100 million (except for any interest that may arise due to delay in payment).

Conditions Precedent

The obligations of each party to consummate the Acquisition under the Acquisition Agreement are in all respects subject to the satisfaction or (where permissible) written waiver of, among others, the following conditions:

- a. the clearance of the Acquisition by the Turkish antitrust authority (Rekabet Kurumu) (the “**Antitrust Condition**”);
- b. the approval by the GDMA of the Acquisition (the “**GDMA Condition**”);
- c. the approval by the Company’s Public Shareholders of the Acquisition and any other proposals as the FCA indicates are necessary to consummate the Acquisition as described in this Document and/or are otherwise required to be approved by the Company’s Public Shareholders in order for the completion to occur;
- d. the FCA having confirmed to the Company that it intends to admit (or re-admit) the Class A Ordinary Shares and Warrants issued by the Company as at the Acquisition Date to the Official List, and the London Stock Exchange having confirmed to the Company that it intends to admit (or re-admit) such securities to trading on the London Stock Exchange’s Main Market for listed securities, in each case subject to the issuance of such Company securities;
- e. no law or order having been instituted or no proceeding having been instituted or threatened that has or seek to have the result of restraining, prohibiting or declaring illegal the consummation of the Acquisition;
- f. the obligations of the Placement Agent in the placing agreements having become unconditional and the placing agreement not having otherwise been terminated;
- g. the Türkiye Vakıflar Bankası (“**Vakifbank**”) loan dated 8 March 2021 is either fully repaid or assumed by the Seller and the securities provided to Vakifbank under the Vakifbank loan is released;

- h. EMX Royalty Corporation waives its rights of first refusal under the Alacer Gold Madencilik Anonim Şirketi SPA in writing and a copy of the written waiver is provided to the Company;
- i. a copy of the resolution of the directors of Polimetal regarding the cancellation of the existing share certificates is delivered to the Company and new share certificates representing shares of the Seller are duly issued to the satisfaction of the Company;
- j. no material adverse effect having occurred;
- k. the Seller having obtained the forestry permit for the commencement of the construction of the Sulphide Expansion Project and provided a written confirmation to the Company; and
- l. the minimum Cash portion of the Target Working Capital as applicable according to the Completion Date and as stated in Schedule 6 of the Acquisition Agreement have been satisfied (as defined in the Acquisition Agreement).

Pre-completion Covenants

Conduct of business of Polimetal

Under the Acquisition Agreement, the Seller has agreed to customary interim covenants to procure that, during the period from the date of the Acquisition Agreement until the completion, Polimetal (i) is managed in the ordinary and usual course of business in accordance with past practice, (ii) takes all reasonable steps to preserve and protect its business and assets, (iii) maintains in force or renews its licenses and grants, and policies of insurance, and (iv) promptly notifies the Company in writing of any material change in its business, financial position or assets.

Completion Actions

There are various receivables and payables between Polimetal and the Seller, as detailed in the accounts of Polimetal (see “—*Description of Related Party Loans and Other Liabilities and Commitments*” below). According to the Acquisition Agreement, Polimetal will assign such receivables from the Seller to the Company. Therefore, upon completion of the Acquisition, the Company, among other actions, must execute and deliver to the Seller a copy of the assignment agreements with Polimetal for the assignment of the amounts owing by the Seller or its related parties to Polimetal (except any amounts owing under the Acquisition documents) to the Company. For the avoidance of doubt, the inter-company receivables, which arise from the transactions prior to the completion of the Acquisition and identified after the completion of the Acquisition, shall also be transferred to the Company.

Termination

At any time prior to completion, the Acquisition Agreement may be terminated as follows:

- a. by mutual written consent of the parties; or
- b. in writing by either the Company or the Seller, if the completion of the Acquisition has not occurred on or before 31 August 2024 (such date, the “**Long Stop Date**”), with immediate effect by notice in writing to the other party.

Warranties

Under the Acquisition Agreement, the Seller has made customary warranties to the Company relating to, among other things, accuracy of disclosure, authority and capacity of the Seller, title over the shares of Polimetal, constitution and share capital of Polimetal, absence of conflicts, accounts, absence of material developments from the latest accounts, financing, grants, compliance with law, litigation, anti-bribery, permits, insolvency, related-party transactions, environmental matters, mining matters, assets, insurance, employment, and taxation.

The Company, on the other hand, has made customary warranties to the Seller relating to authority and capacity of the Company, insolvency, absence of conflicts and sufficiency of funds.

Limitations of Liability

The Seller's liability under the Acquisition Agreement is subject to various limitations (except for any claim that is attributable to fraud, wilful misconduct or gross negligence of the Seller), including (without limitation) the following:

Quantum limitations

- a. Caps:
 - o The maximum aggregate liability of the Seller in respect of all claims under warranties in relation to the constitution and capitalisation of Polimetal, capacity and absence of conflicts and title over shares of Polimetal (the "**Fundamental Warranties**") is US\$133 million;
 - o The maximum aggregate liability of the Seller in respect of all claims (other than under Fundamental Warranties) is US\$15 million;
- b. US\$230,000 *de minimis* applicable to each claim (or each set of claims of a similar nature); and
- c. US\$1,660,000 aggregate threshold for claims (once exceeded, the Seller is required to pay the entire aggregate amount and not just the excess).

Time Limitations

- a. In case of claims under the warranties (other than the Fundamental Warranties and tax warranties), the second anniversary of the Acquisition Date;
- b. In case of claims under the tax warranties, the applicable time period under Turkish tax law, and at the latest, the sixth anniversary of the Acquisition Date in any case;
- c. In the case of claims under the Fundamental Warranties, the tenth anniversary of the Acquisition Date; and
- d. In the case of any other claims, the second anniversary of the Acquisition Date.

Transitional support arrangements

The Acquisition Agreement includes the agreed form of a transitional support agreement ("**TSA**") to be entered into at the Acquisition Date under which, for 12 months after the Acquisition Date, the Seller acting as supporter will provide or support the provision of certain transition services (which include, among others, human resources services, finance and accounting services, public relations services, mining rights services, geological services) or integration services (which include, among others, transfer of expertise and knowledge and making available its employees for that purpose) to the Company on the terms set forth therein, to assist the Company in its integration into Polimetal, during such transition period.

Escrow account waiver

The Seller, including on behalf of its affiliates, has agreed in the Acquisition Agreement to waive any rights, title, interest or claim of any kind in or to any monies in the Escrow Account (including any distributions therefrom) and has agreed not to seek any recourse against such Escrow Account (including any distributions therefrom), provided that such waiver shall not preclude or limit: (i) any action, claim, suit or proceeding of any kind by the Seller against the Company (except to the extent seeking recourse against the Escrow Account) seeking recourse against or recovery from any assets or monies outside the Escrow Account; or (ii) any action, claim, suit or proceeding by the Seller for specific performance or other equitable relief for failure to complete the Acquisition Agreement, in each case so long as it does not affect the Company's ability to fulfil its redemption obligations as described in the prospectus relating to the admission to the Official List of all Class A Ordinary Shares and Warrants of the Company, dated 7 October 2022 (the "**IPO Prospectus**").

Governing law and Arbitration

The Acquisition Agreement is governed by English law and any dispute arising therefrom is to be resolved by arbitration administered by the International Court of Arbitration of the International Chamber of Commerce under the Rules of the Arbitration of the International Chamber of Commerce.

PART III - INFORMATION ON THE ENLARGED GROUP'S BUSINESS

Overview of the Company

The Company's vision is to become a premium supplier of critical metals to the western EV value chain, actualised through the support of strategic partnerships. Supported by these partnerships, the Company intends to create a platform that will offer critical metal consumers supply chain security, with control over:

- *Where metals are produced:* The Gediktepe Mine is located in Turkey, an established, mining-friendly jurisdiction in close proximity to Europe with a stable legal framework that can support a reliable and ethically-sourced supply chain.
- *How metals are produced:* Operation of the Gediktepe Mine will remain with the local management team, who are experienced, ESG-driven, with a strong health and safety track record and focus on operational stability.
- *Mining practices:* The Gediktepe Mine benefits from high health, safety and ESG standards and efforts to build strong support from local communities, all contributing to a demonstrated track record of operational excellence.

The Company believes that this supply chain security positions it to meet the demands of three key global trends:

1. *Clean energy revolution:* The global transition to clean energy has significantly increased demand for green metals such as those produced at the Gediktepe Mine.
2. *Supply chain polarisation:* By securing critical supply chains amid geopolitical challenges, the Company can position itself as a cornerstone of the Western EV value chain.
3. *Responsible mining:* By maintaining strong standards and utilising relationships with its globally pre-eminent partners, the Company can ensure that best-in-class sustainability and ESG practices have been adopted across the value chain, responding to a strong consumer and manufacturer push for high ESG standards.

This platform also establishes a strategy for the Company's further growth. The Company intends to strengthen its premium supply chain through future acquisition targets, which will support its strategic focus on (i) well-established mining jurisdictions that can support the Western EV value chain; (ii) critical mineral producers; (iii) assets that are producing or near-production with a low-cost/long-life emphasis; and (iv) low carbon footprint with best-in-class ESG practices (see "*—Strategy*" below).

Key Strengths

The Company's vision is to establish itself as an integral part of the western EV value chain, with support from blue-chip partners

The Company intends to create a platform that will offer consumers of critical metals complete, end-to-end supply chain visibility. This begins with the location of the assets. Gediktepe is located in Turkey, which is an established, mining-friendly jurisdiction in close proximity to Europe with a stable legal framework whose regulations are intended to harmonise with EU legislation (see "*Part IV—Regulation in Turkey*"). Advantages include supportive local communities and a skilled mining workforce to enable the smooth functioning of mining operations. Further, against the backdrop of heightened geopolitical tensions which have led to efforts in securing supply chains for critical materials, Turkey benefits from being strategically located immediately adjacent to Europe's battery and EV markets, and the broader western EV value chain. This, coupled with relatively low-cost energy supply in-country, means Turkey can support a reliable and ethically-sourced supply chain, making it an attractive critical metals source for Western manufacturers.

The Company expects that its strategic partnerships will provide valuable support in enabling the Company to become a cornerstone of the critical metals supply chain. From this end-to-end visibility, end-users can be confident that best-in-class mining, sustainability and ESG practices have been utilised across the value chain.

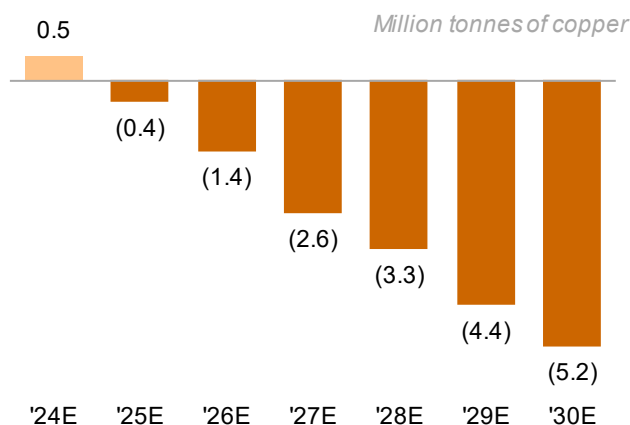
The Mine's key commodities, copper and zinc, have attractive market fundamentals and a supportive price outlook

Forward forecasts indicate future prices for copper that are well above average prices over 2015-2023 (Source: CPR; CME Group). Demand is expected to increase in line with global electrification initiatives, including the adoption of EV batteries instead of internal combustion engines as well as the transition to renewable energy sources, whilst supply is expected to decline due to under-investment in exploration and recent geopolitical tensions (Source: S&P Global). Specifically, copper is expected to enter into a significant deficit market exacerbated by recent supply shocks with the demand / supply gap expected to increase to 4.7 million tonnes by 2030 (Source: Bloomberg, 2021). This is particularly apparent in the copper concentrate market, which remains tight as most of the supply cuts have occurred on mines producing concentrates (Source: S&P Global). This is expected to push treatment charges down to multi-year lows, which is favourable for miners.

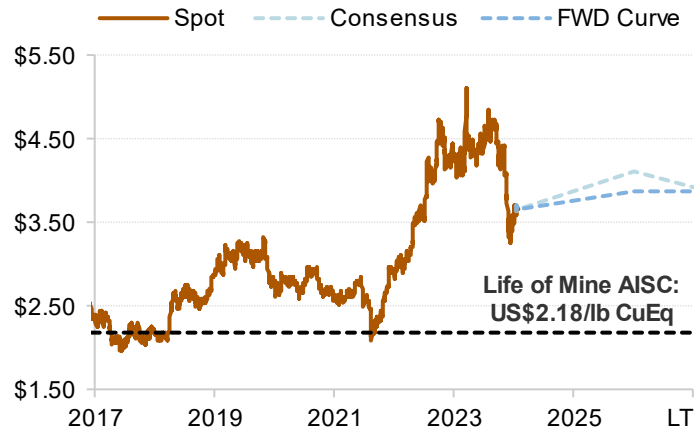
The zinc market is also turning to a favourable position, with the current modest supply surplus expected to gradually reduce and reach a deficit by 2030 (Source: Teck Resources). Zinc has a critical role in enabling green technologies such as solar and wind power, with these technologies forecasted to be the largest source of zinc demand in clean energy technologies by 2030 (Source: CRU Group, 2021). Zinc intensity in renewable energy is orders of magnitude higher than traditional energy generations, with wind and solar power requiring 20 to 30 times more zinc per gigawatt than thermal coal generated power (Source: Trafigura). Zinc is also positively correlated with Chinese fiscal and monetary stimulus, especially within homebuilding and infrastructure (Source: Fitch Ratings), and therefore any recovery in this space is also expected to support zinc fundamentals.

The following graphs evidence this global supply-demand gap, demonstrating the expected deficits and resulting anticipated increases in copper and zinc prices.

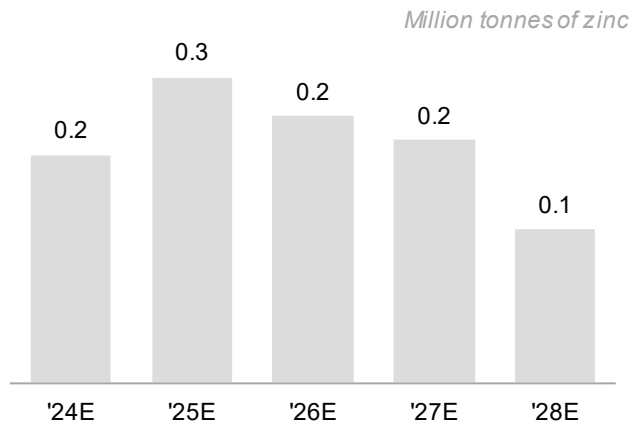
Copper Global Supply Demand Gap (Source: Bloomberg)



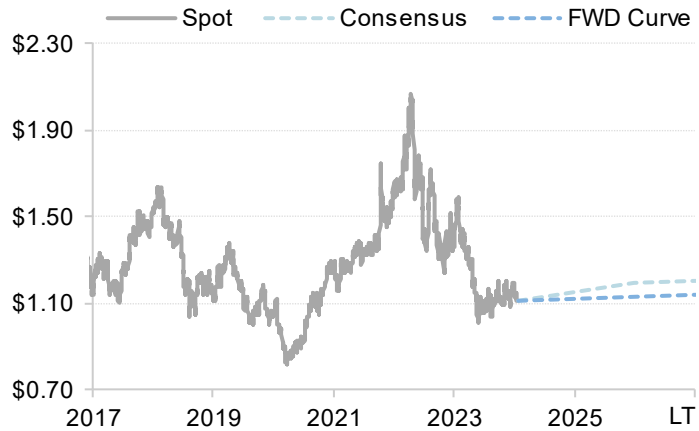
Copper Price Forecast (Source: Bloomberg)



Zinc Global Supply Demand Gap (Source: S&P)



Zinc Price Forecast (Source: Bloomberg)



The Mine is an existing producing asset with significant growth prospectivity

Gediktepe was discovered in 2013 and fast-tracked to first production of gold and silver doré in November 2021. Since then, the Mine has rapidly ramped up, producing 34 koz gold and 361 koz silver in 2023. This established, existing production base demonstrates the viability of operations at the Mine and generates organic cash flows that provide a stable platform upon which to build via to the upcoming Sulphide Expansion Project. Based on operating forecasts in the CPR, adjusted for current market prices for gold and silver, the Company believes that over 2024 and 2025, Gediktepe would generate strong operating cash flows that, if prices remain elevated for gold and silver, can cover the majority of the capital expenditure for the sulphide development project.

The Company expects that the Sulphide Expansion Project will not only establish copper and zinc production at the Mine, but will also represent a material increase in cash generation potential of the operations. The Sulphide Expansion Project is expected to extend the mine life of the Mine to 2034 and to increase annual production from approximately 9 to 20-25 kt copper equivalent at an attractive life-of-mine average all-in sustaining cost of US\$2.18 per pound. This enlarged production at attractive cost levels is expected to underpin an uplift in annual profitability at the Mine and help generate cash for the Company's future growth initiatives.

Partnership with a highly experienced operating partner

Established over 40 years ago, Çalık Holding is a leading Turkish conglomerate that operates in the fields of energy, construction, mining, textiles, and finance. With over 16,000 employees operating across 34 countries, and more than 200 successfully completed construction projects (Source: Çalık), the Company views a long-term partnership with Çalık Holding as a critical step in demonstrating a best-in-class operational skill set, globally. Çalık Holding's wholly owned subsidiary, Lidya, currently owns stakes in 6 operating mines in Turkey and brings substantial local knowledge to help the Company establish a strong footprint in-country.

On completion of the Acquisition, the Company will enter into a fixed price turn-key engineering, procurement, and construction contract, capped at US\$145 million, with Çalık Holding's construction subsidiary, GAP iNSAAT. GAP iNSAAT will undertake the construction works for the Sulphide Expansion Project, and will be responsible for delivering the Sulphide Expansion Project on time and will cover any capex overruns under the agreed terms. ACG is also forming a long-term strategic partnership with GAP iNSAAT, whereby it will have the opportunity to submit tenders for capital expenditure and operational contracts.

The Company believes that its partnership with the Lidya and Çalık Holding will enable it to also consider further acquisitions and opportunities within Turkey. Turkey has seen a steady increase in mining exploration expenditure which, according to S&P Global Commodity Insights, has increased from US\$39 million in 2018 to over US\$73 million in 2023, indicating a growth in mining project pipeline development which could increase the probability of new significant copper discoveries. The Company believes that the Enlarged Group will be well placed to capitalise on this through its partnership with Lidya.

Çalık Holding has also provided a guarantee to cover any capital cost overruns above the initial capital cost estimate for the Sulphide Expansion Project, plus reasonable contingency, through the EPC contract. On completion of the Acquisition, the Company will enter into a fixed price turn-key EPC contract, capped at US\$145 million, with Çalık Holding's construction subsidiary, GAP iNSAAT. GAP iNSAAT will undertake the construction works for the Sulphide Expansion Project, and will be responsible for delivering the Sulphide Expansion Project on time and will cover any capex overruns under the agreed terms thereof. The Company views this as strong evidence of Lidya's confidence in its capabilities as a mine builder and operator.

The Enlarged Group combines the experienced executive leadership of the Company, Lidya's operating expertise, and a shared strategic goal

Following completion of the Acquisition, responsibility for the operation of the Mine will remain with Lidya's local management team, with oversight from the Company's executive management, thus combining the operational excellence of Lidya's management team with the extensive leadership experience of the Company's Board. The management team is safety-focused, ESG-driven and aligned with the Enlarged Group's broader growth strategy to become a globally diversified critical metals company focused on supplying the western EV value chain.

In particular, the acquisition of Gediktepe will provide the Company with a cornerstone position in the prospective Tethyan Mineral Belt, which extends for over 10,000km from Asia to the Balkans. The Belt hosts numerous major mines

and has attracted investment from world-class mining companies including Rio Tinto, Vale, Barrick and Zijin Mining. The Company's partnership with Lidya will provide it with the opportunity to pursue further acquisitions in the broader region, leveraging Lidya's operating expertise and knowledge base.

Significant organic upside potential has been identified to continue to extend the Mine's life and production capacity

The Company and Lidya believe that there continues to be strong potential to grow the resource and reserve base of the Mine through ongoing exploration activities and thus extend both the oxide and sulphide mine lives. There is significant known copper and zinc mineralisation that falls outside of the pit shell to the north, which will be a key focus for future exploration and evaluation activities. These areas could ultimately be brought into a revised mine plan and could significantly lengthen the current mine life of the project.

In addition, Lidya has identified four locations (satellite deposits) within a few kilometres of the current pit which it believes have potential for additional oxide resources that could feed the existing plant. Geotechnical drilling has recently been conducted on the potential satellites with promising initial results. The Company intends to fully evaluate these satellite deposits in due course to assess the potential to extend gold and silver doré production beyond 2026.

Strong ESG fundamentals and local engagement

The Mine, under the management of the local operating team, has demonstrated a good track record of operational excellence combined with high health, safety and ESG standards. Underpinning this are Lidya's efforts to build strong support from local communities during the Mine's development, construction and operational stages. Through involvement in social projects, employments, donations, aid, scholarships, and environmental stewardship, Lidya has laid strong foundations for the Mine's future contribution to the local economy. Approximately 87% of the mine site employees are from the local area.

The Company plans to build on Lidya's existing legacy by aligning its social and environmental reporting with recognised global standards from reputable ratings agencies. In particular, the Company aims to report the Mine's carbon emissions in line with international reporting standards and to set a benchmark that it will look to reduce over time. These initiatives are viewed by the Company as critical to the broader strategy of becoming a core part of the western EV supply chain.

The Enlarged Group can capitalise on the scarcity value of pureplay electric metals companies on the LSE

There is currently an identified gap in the London market for a copper-focused electric metals intermediate company. The Company believes that its planned roll up strategy (see "*Recent Developments*" below), starting with the acquisition of the Mine as the first transaction, can establish a new diversified copper-focused investment story on the LSE with stand-out sustainability and ESG credentials. The Company aims to develop the Enlarged Group into a multi-asset copper producer, diversified across key global copper-producing jurisdictions, with a focus on cash-flowing assets. This, coupled with a strict ESG filter, will create a differentiated approach for the UK market. Other copper-focused producers currently listed in London include Antofagasta plc, Atalaya Mining plc, Taseko Mines Limited and Central Asia Metals plc.

Strategy

Strategy relating to targeted further expansion

The Enlarged Group intends to pursue the acquisition and consolidation of high quality, critical minerals and mining assets into a single London-listed platform, with a focus on copper. The Enlarged Group intends to evaluate and prioritise opportunities based on objective, disciplined acquisition criteria including the following:

1. assets with a focus on metals and mining materials critical to the global green energy transition, characterised by constrained supply and the expectation of rising long-term demand;
2. assets in production, close to production, or in advanced development stages with the potential to generate cash flows in the near term;

3. assets with attractive investment qualities such as, *inter alia*, a compelling valuation relative to the expected risk-adjusted return profile, a competitive cost curve position and significant upside potential; and
4. assets with strong ESG standards in place or for which an ESG action plan can be developed and implemented in a timely manner.

The Enlarged Group will target global expansion and intends to consider geographically diversified acquisition opportunities, prioritising assets located in mining-friendly jurisdictions. The Enlarged Group will also prioritise acquisition opportunities with an experienced operating management team that can remain with the asset(s) after the relevant transaction is complete, allowing the Enlarged Group's corporate leadership to focus on executing its strategy with greater speed and stability.

Many assets, globally, that satisfy the above criteria are held privately or by single-asset companies. The Enlarged Group will seek to maximise such assets' value by providing strategic and additional operational expertise as well as access to funding through a strong capital markets presence. By rolling up multiple assets under one publicly listed platform, the Enlarged Group will seek to unlock the re-rate potential from scale that is characteristic of the metals and mining industry.

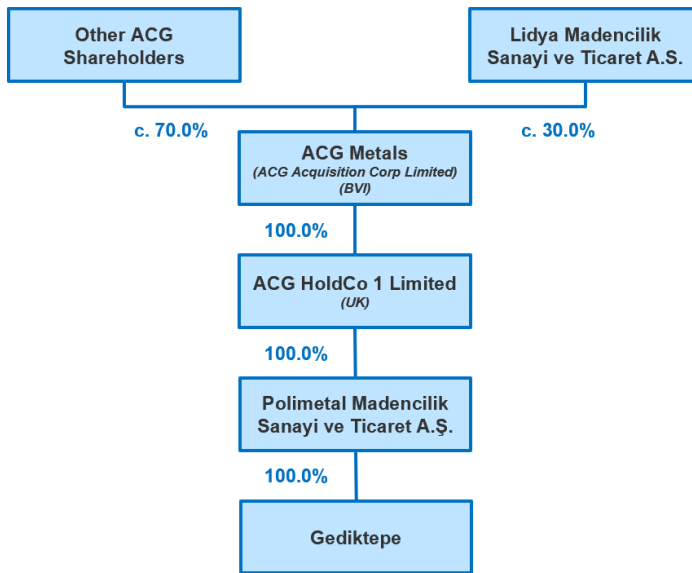
By focusing on privately held or single-asset companies, the Company believes that it will be able to take advantage of lower valuations of targets that can continue to drive the Enlarged Group's re-rating potential. For example, based on net-asset-value and EBITDA-based valuation multiples derived from the CPR figures at consensus commodity prices (0.43x P/NAV and US\$2.0 x EV / 2026E EBITDA), the Company believes the Acquisition is being conducted at attractive levels versus traded comparable companies, bolstered by the after-tax NPV 10% US\$318 million of the Sulphide Expansion Project (using analyst consensus commodity price forecasts).

Recent Developments

The Company is seeking to rapidly deliver on its strategy of building a sizeable, low-cost copper producer and continues to work diligently on identifying suitable targets for potential acquisitions. Discussions with respect to several potential targets are ongoing at various stages, although no binding agreements have been entered into as of the date hereof.

In respect of one such opportunity, the Company has signed a non-binding term sheet for the acquisition of a controlling stake in an operating mine in an emerging market within the EMEA region with an estimated copper equivalent production of 75-100 ktpa, which is in the second quartile on the cost curve and has a life of mine excess of 10 years. The Company has been granted exclusivity for a limited period during which it is conducting due diligence and if due diligence and discussions proceed satisfactorily would expect to enter into definitive agreements by the end of 2024. The acquisition would constitute a reverse takeover of the Company under the UKLR and would require funding in excess of US\$500 million through a combination of debt and equity financing at the Company or asset level to pay the consideration. At this stage, there can be no certainty that a binding agreement in respect of this opportunity will be reached nor as to the terms of any potential financing necessary to complete the acquisition and to fund the enlarged group.

Corporate Structure



Description of the Gediktepe Project

Capitalised terms in this section not otherwise defined have the meanings given to them in the Competent Persons Report set out in Appendix I of this Document, including Table 2.2 of the CPR “*Commonly used abbreviations and definitions*”.

Project Overview

Polimetal owns and operates the Gediktepe open pit mine and 0.864 Mtpa heap leach and Merrill Crowe oxide ore processing plant (“**Oxide Project**”) located in the Balıkesir Province of Western Turkey, approximately 90 km by road south-east of Balıkesir, the provincial capital. This processing plant currently treats gold and silver ore contained in the oxidized zone and, as a stand-alone Oxide Project, has a remaining mine life of approximately 2 years (end of 2025). When the oxide ore is depleted by the end of 2025, the heap leach pregnant solution will continue to be processed in the Merrill Crowe plant in 2026.

Polimetal plans to invest in mining and processing the sulphide ore underlying the oxidized cap currently being mined and processed with a mine life of approximately 10 years, which might be extended further with market conditions and technical updates on reserve (“**Sulphide Expansion Project**”). This sulphide zone contains copper, zinc, gold, and silver minerals and Polimetal plans to produce copper and zinc concentrates with gold and silver credits. The Sulphide Expansion Project is expected to have an expanded and deeper open pit mine, a sulphide ore processing plant and supporting infrastructure, and expanded CWP, waste dump, and TSF. Initial work on the Sulphide Expansion Project has already commenced and is expected to fully ramp up in Q3 2024. Completion is expected by Q4 2025.

Gediktepe is currently a low-cost gold operation with 2022 and 2023 all-in sustaining costs of US\$776 and US\$975 per ounce of gold produced, respectively. According to S&P Global Commodity insights, Gediktepe is in the middle of the first quartile of the global gold all-in sustaining cost curve for 2023. As it transitions to principally a copper and zinc operation, Gediktepe is expected to remain a relatively lower cost operation with S&P forecasting 2027 all-in sustaining costs in the middle of the second quartile of the copper all-in sustaining cost curve. This relative positioning of Gediktepe underpins its cash generation potential.

Project Setting

The Gediktepe mine site (“**Gediktepe Project**”) is located in the Balıkesir Province of Western Turkey, approximately 90 km south-east of the city centre of Balıkesir by road, approximately 510 km west of Ankara by road, and

approximately 38 km east – south-east of the nearest town of Bigadiç by road (see Figure 1.1 – Gediktepe Project location (Source: Google Earth)).

Figure 1.1 – Gediktepe Project location (Source: Google Earth)



The Gediktepe Project is situated at a centrally located site and it is possible to access the following ports by road via Balıkesir, with the following approximate road distances:

- Bandırma port is 194 km to the north;
- Dikili port is 207 km to the west;
- Aliağa port is 224 km to the west;
- Izmir port is 225 km to the south-west.

The closest settlements to the Gediktepe Project site are:

- Hacıömerderesi neighbourhood;
- Aşıderesi neighbourhood, connected to Hacıömerderesi neighbourhood;
- Meyvalı neighbourhood.

The Gediktepe Project can be accessed by approximately 102 km of paved road from the city centre of Balıkesir via Highway D555, through the town of Bigadiç by road.

Figure 1.2 – Gediktepe Project access roads from Balıkesir (Source: Google Earth)



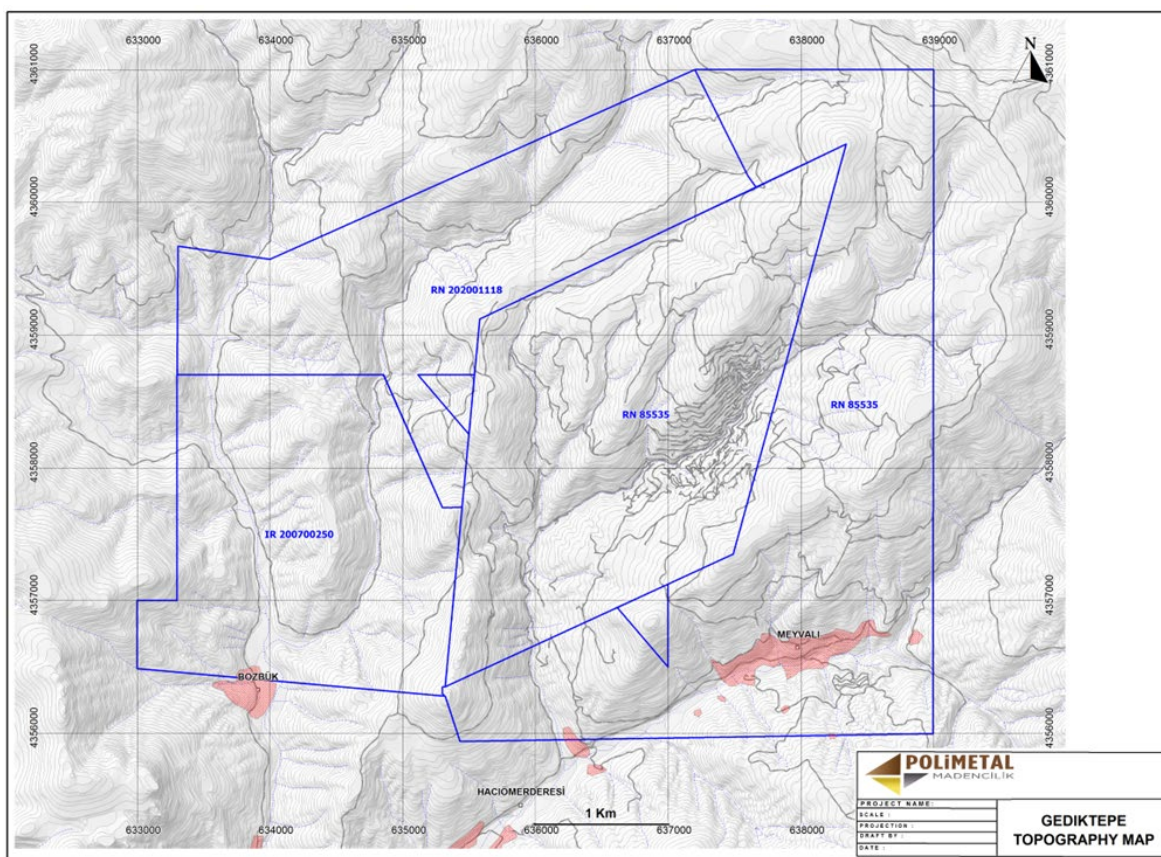
The nearest airport, Balıkesir Koca Seyit Airport serving Balıkesir and Edremit, is approximately 185 km by road from the site where the Gediktepe Project is located. There are also air services to the city of Izmir, which is approximately 290 km from the site by road.

Three climates are dominant in Balıkesir Province. The predominant climate for the Aegean coast is the Mediterranean climate, whereas for the north of the province it is the Marmara climate. Also, a continental climate is predominant in the inner regions of the province. The air temperature difference between summer and winter is minimal on the coastline; whereas, this difference is larger in the interior parts of the province. In the mountainous eastern region, winters are harsh, and summers are cool.

The topography at the Gediktepe Project site is mountainous with steep erosional valleys. Elevations in the Gediktepe Project area range from 974 – 1,482 m above mean sea level. Coniferous trees cover most of the Gediktepe Project site, with occasional open meadows in areas of less-steep terrain.

Figure 1.3 – Gediktepe Project topography shows the topography of the area. The contour interval is 10 m, illustrating the steep nature of the terrain.

Figure 1.3 – Gediktepe Project topography (Source: CPR)



History, Including Exploration History

Alacer Gold Corp was granted with an operation licence numbered 85535 (“**OL 85535**”) for the Gediktepe Project in 2005, and completed geochemical stream sampling.

The project development activity related to the Gediktepe Project is summarised below:

- A Phase 1 drilling EIA permit was obtained in August 2012 for 21 drill locations and a forestry permit granted for 11 drill locations in March 2013. An EIA permit for drilling at 234 drill locations was obtained in March 2012 and June 2013 and a forestry permit in October 2013.
- A Phase 2 drilling EIA permit was obtained in December 2013 and February 2014 and a forestry permit in September 2014 for 139 drill locations.
- A Phase 3 drilling EIA permit was obtained in April 2014 and a forestry permit in September 2014 for 264 drill locations.
- A Phase 4 drilling EIA permit for 344 drill locations was obtained in June 2014, 175 of which received subsequent forestry approval.
- A Phase 5 drilling EIA Permit was obtained in June 2014 for 242 drill and trench locations and a forestry permit for 17 drill and trench locations was obtained in November 2015. Forestry permit approval of another 61 drill and trench locations planned for Stage 2 geotechnical investigations followed.
- An EIA application for oxide and sulphide mining and processing was submitted in July 2015 and a public participation meeting was held in August 2015. The EIA report was submitted to the MEU in December 2015.

Pre-feasibility Studies

Polimetal commissioned a pre-feasibility study on the Gediktepe Project during 2015. Using drilling to August 2015, the results of that pre-feasibility study were published in June 2016 and estimated a significant increase in combined oxide and sulphide Measured Mineral Resource and Indicated Mineral Resource of 36 Mt and a combined oxide and sulphide Mineral Reserve of 25 Mt, reported under Canadian Nation Instrument NI 43-101 (“NI 43-101”), and a potential mining and processing operation with a 12-year mine life.

Polimetal commissioned another pre-feasibility study under NI 43-101 during 2019 (the “2019 PFS”) using drilling to January 2018, at which point 616 drillholes had been completed totalling 68,822 m of drilling. The 2019 PFS estimated a combined oxide and sulphide Measured Mineral Resource and Indicated Mineral Resource of 30 Mt and a combined oxide and sulphide Mineral Reserve of 19 Mt, reported under NI 43-101, and a potential mining and processing operation with an 11-year mine life.

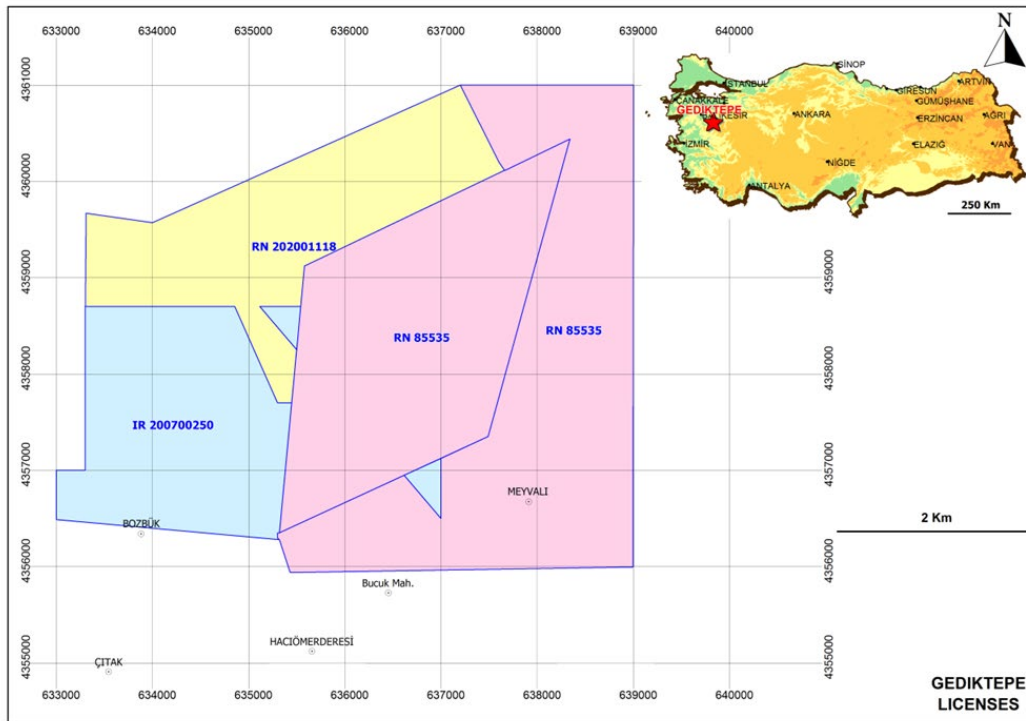
Polimetal commissioned the current Oxide Project in 2021 and started to produce gold and silver dore as of 6 November 2021.

In July 2022 (effective date), Polimetal undertook a feasibility study (the “2022 FS”) for a stand-alone sulphide mining and ore processing operation of the sulphide mineralisation underlying the oxide cap currently being mined by the Oxide Project, that assumes oxide ore will continue to be mined and processed from 2024 – 2025 while a sulphide plant is constructed and commissioned. The sulphide plant is due to be commissioned in Q4 of 2025 and is then expected to start processing sulphide ore.

Mineral Tenure, Surface Rights, Water Rights and Agreements

The Gediktepe Project operates under two operational licences and an exploration licence.

Figure 1.4 – Gediktepe Project mining licence location (Source: CPR)



Operation Licence – 85535

The Gediktepe Project is in possession of an exploration license numbered 20054077 (“**EL 20054077**”) covering the central area (diamond shaped in Figure 1.4) of the Gediktepe Project, which was obtained from the GDMA by tender in July 2005 on behalf of Yeni Anadolu Mineral Madencilik San. Tic. Ltd. Sti. (“**YAMAS**”). EL 20054077 covers an area of 657.87 ha.

EL 20054077 was changed into an operation license numbered 20054077 (“**OL 20054077**”) in June 2011 and was valid for ten years. OL 20054077 was transferred to Polimetal from YAMAS in July 2011.

An EIA permit application was submitted, and the EIA Permit was granted in March 2012. A forestry permit was granted in October 2013 and a workplace opening and working permit was granted in October 2013.

After obtaining all of the necessary permits, the operation permit was granted in January 2014 for OL 20054077.

EL 201400291, for the site located on the east side of OL 20054077, was acquired by Polimetal from GDMA in September 2014 by auction tender. EL 201400291 covers an area of 829.12 ha.

OL 20054077 was subsequently merged with EL 201400291 in July 2016. GDMA approved the merging of OL 20054077 and EL 201400291 in July 2016 under OL 85535. Currently, the merged OL 85535 is valid until 23 June 2036 and covers an area of 1,268.27 ha, approximately 76% of which is forest area.

GDMA approved Polimetal’s application for a production permit for clay and aggregate for three locations within RN 85535 operating license in February 2018.

Operation Licence – 200700250

Polimetal purchased OL 200700250 from Hakki Musa Nogay in June 2014. Transfer of the OL 200700250 to Polimetal was completed in November 2015. The OL 200700250 covers an area of 492.16 ha. and valid until 16 January 2034.

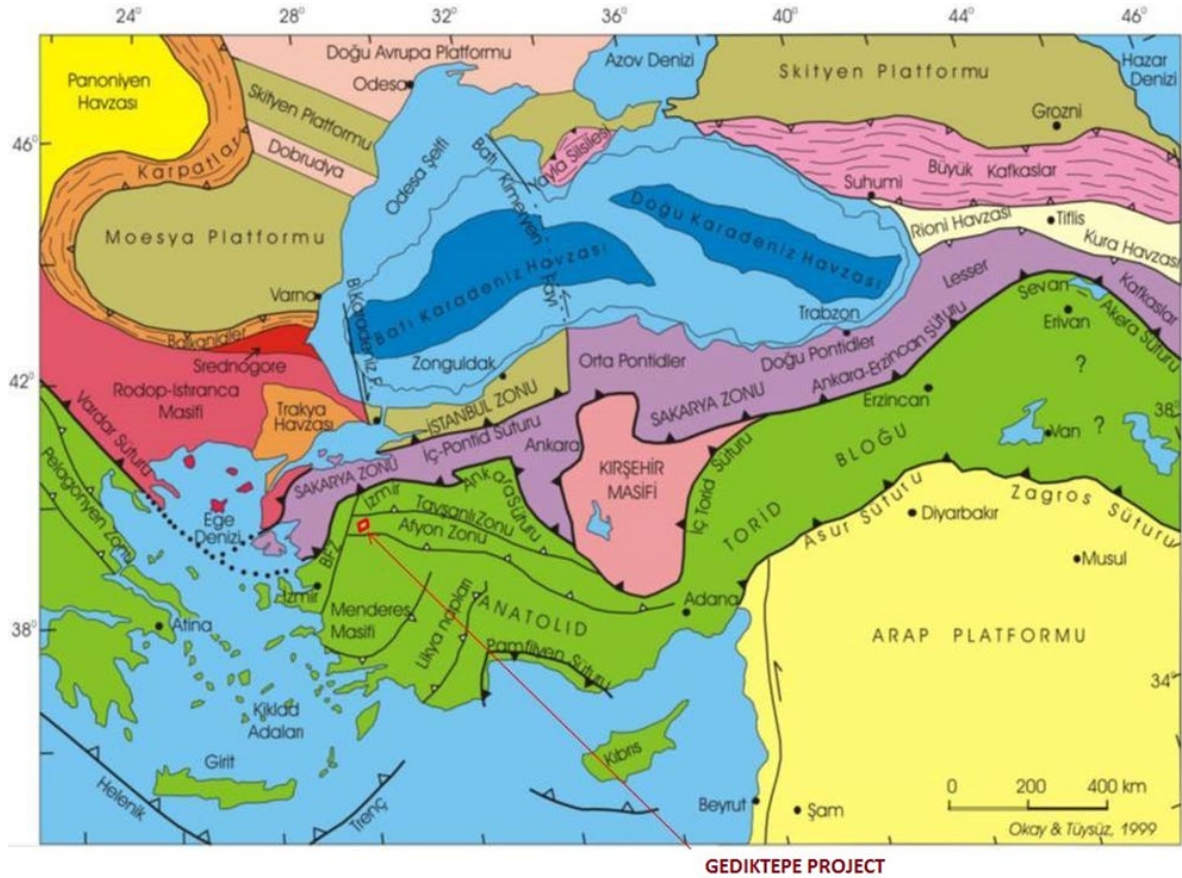
Exploration Licence – 202001118

EL 202001118 was acquired by Polimetal from GDMA in September 2020 by auction tender. EL 202001118 covers an area of 496.73 ha. and valid until 24 September 2027.

Geology and Mineralisation

The Gediktepe Project is located in Oren-Afyon zone, which is one of the main tectonic units of Turkey. Oren-Afyon zone is a belt consisting of generally low-grade weathered metamorphic rocks, and is located between Menderes Massive to the west, and north of the city of Denizli.

Figure 1.5 – Tectonic map of Turkey (Source: Okay and Tüysüz (1999))



The Gediktepe Project’s regional geology consists of Paleozoic and Upper Palaeozoic metamorphics, and Lower-Middle Miocene intrusives and volcanics. The metamorphics are generally composed of gneiss, schist, mica schist, chlorite schist, phyllite, amphibolite, marble and quartzite, with varying grades of metamorphism.

Magmatic rock intrusions (Alaçam granites) developed later during the period Oligocene-Lower Miocene, in response to extensional features in western Anatolia. These intrusions became established in the region after cutting through the Palaeozoic metamorphics and Upper Cretaceous ophiolitic units.

1:1000 scale geological and structural mapping was conducted in the deposit area and followed up by 1:5000 scale general mapping to outline the possible structures and alteration features (see Figure 1.6).

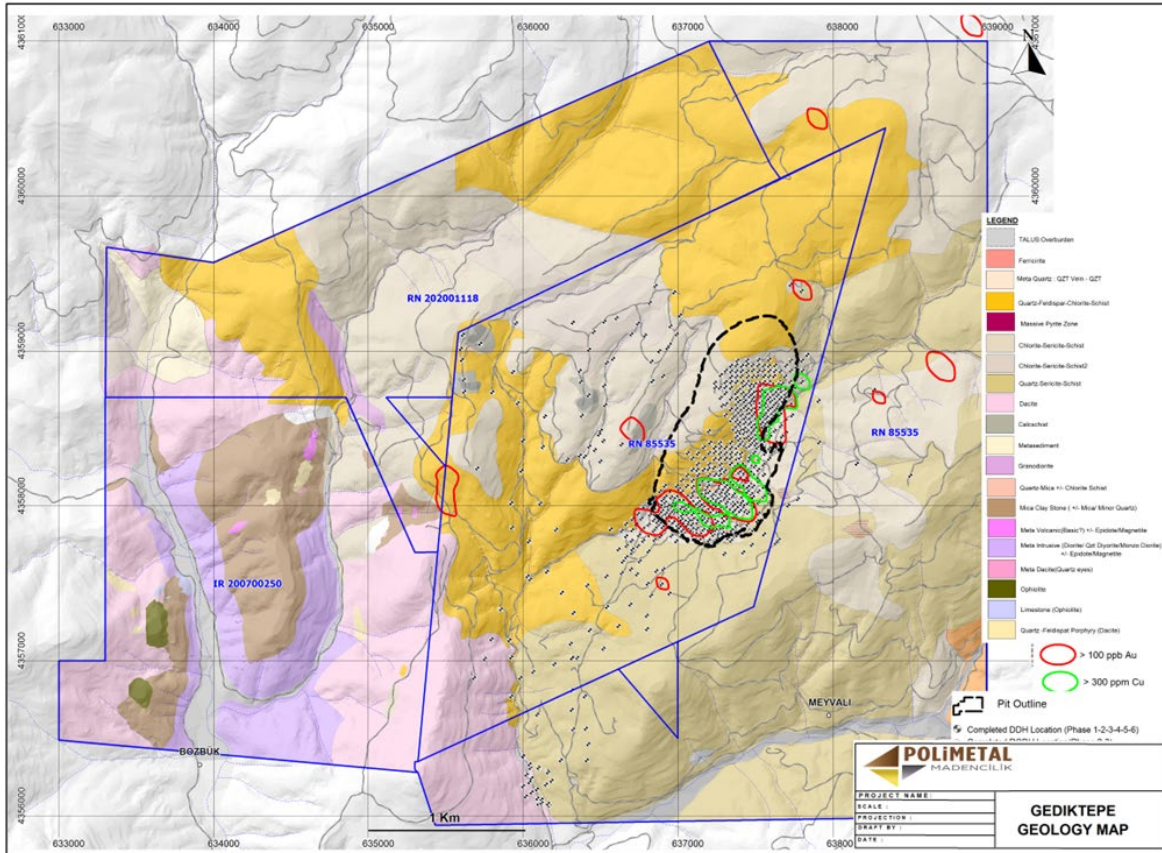
Upper Palaeozoic metamorphics are the most common units at the Gediktepe Project, with a stratigraphic sequence, from top to bottom being:

- Dacite and pyroclastic;
- Calcschist;
- Feldspar-quartz schist;
- Chlorite-sericite schist;
- Quartz schist.

The second most common rocks are the Lower-Middle Miocene volcanics, observable around Karadikmen hill, to the southwest of the Gediktepe Project, comprising altered dacites-rhyodacites, characterised by lava flows and pyroclastics.

The youngest units at the Gediktepe Project are mineralised gossan and ferricrete, along with talus, colluvium and alluvium, being weathering products of the host rock.

Figure 1.6 – Geological map of the Gediktepe Project area (Source: 2022 FS)



Drilling and Sampling

A strong gold and copper geochemical anomaly prompted the first phase of drilling by Polimetal in May 2013, which culminated in the discovery of the Gediktepe (Dursunbey) polymetallic deposit. The discovery drillhole DRD-002, targeting a high-grade gold soil anomaly is located in what is now defined as the South Zone, while on the same section line drillhole DRD-008 returned encouraging results of copper mineralisation. The identified mineralisation is associated with a greenschist facies chlorite-sericite schist unit, in which the mineralisation is thought to have been deposited syngenetically in sedimentary units within an elongated NE-SW aligned structural zone. Oxide (gossan) and sulphide categories of mineralisation have been defined within SW-NE-striking lenticular bodies of varying sizes, dipping 20° to 40° to the northwest. The sulphide bodies are characterised by pyrite, sphalerite, tetrahedrite, tennantite, chalcocopyrite, galena and magnetite, and have been categorised into four groups: massive pyrite, massive pyrite magnetite, enriched zone, and disseminated mineralisation.

A subsequent series of drilling programmes (Phases 2 to 5), and associated exploration, have been undertaken by the joint venture with Alacer Gold Madencilik Anonim Şirketi, totalling approximately over 616 holes for 68,822 m of mostly diamond core drilling, with subordinate reverse circulation drilling. Holes are generally on 25 m sections, aligned towards 045°, with 25 m spacing along the lines. The majority of holes are drilled vertically.

Drilling phases and corresponding number of holes and meterage for the different drilling methods are summarised in Table 1.1.

Table 1.1 – Summary of drilling programme (Source: CPR)

Drilling Phase	Period	Diamond Drilling		Reverse Circulation Drilling	
		No. Of Holes	Metres Drilled	No. Of Holes	Metres Drilled
1	2013	11	1,529	–	–
2	2013/2014	143	17,114	81	6,790
3	2015	152	26,528	103	6,026
4	2017	93	5,189	–	–
5	2017/2018	33	5,646	–	–
Total		432	56,006	184	12,816

The southern portion of the deposit area has been interpreted as shallow and mostly represented by oxide type mineralisation. Intersection thicknesses in this area range from 1 m to 25 m, with the mineralised package thickening to the north-west and reaching approximately in excess of 65 m. The mineralisation remains open to the north-west and north-east.

Data Verification

Drill core is logged and photographed over the full hole length and measured for bulk density at regular intervals. Sampling for assay is nominally at 1.0 m to 2.0 m intervals, selected on a geological basis, but may be reduced to as little as 0.40 m in mineralised zones, with the identified mineralised zones largely represented by 1.0 m drilling intervals. Routine quality control and assurance (“QAQC”) procedures are undertaken, using certified reference material, blanks and duplicates, as well as third-party check assays. Assaying for the major elements of Au, Ag, Cu and Zn is undertaken at the certified ALS laboratory Izmir (Phases 2 to 5), as well as for a comprehensive suite of minor elements. AMC Consultants Pty Ltd (“AMC”) undertook an independent analysis of QAQC results, as well as a number of procedural and data validation steps.

The Gediktepe Project drilling data is managed in the DataShed database application, and approximately a total of 629 drill holes were accepted for resource estimation, including a small number of holes from programs not directly associated exploration or resource definition.

Metallurgical Testwork

The test work used master composites that reflected the proportion of ore types determined by the resource model at the time of each phase of the Gediktepe Project and therefore the distribution of ore types changed as understanding of the deposit developed. The test conditions established for the master composite were then applied to variability samples in each phase of work.

Rdi (2014) prepared composites from drill core reject samples that represented the three main sulphide ore types identified at that time – massive pyrite, massive pyrite – magnetite and disseminated sulphide. A master sulphide composite was then prepared from these in the proportions outlined in Table 1.2, and flotation test work was conducted on the master composite.

Table 1.2 – Summary of composite sample make-up assay (Source: CPR)

Ore Type	Rdi (2014)	HMT (Aug 2015)	SGS (2016)	HMT (Mar 2016)	WAI (Aug 2018)	HMT Met Drill (2018)	ALS (2021)
	MCS	MCS	MCS	MCS	MCS	MCS	MCS
- Mpy.....	30%	30%	34%	34%	48%	48%	47
- MpyMag.....	30%	30%	26%	26%	36%	36%	32
- Dissem.....	38%	38%	39%	39%	15%	15%	21
- Enr.....	2%	2%	1%	1%	1%	1%	0
Assay							
- %Cu.....	0.85	0.82	0.81	0.75	0.74	0.70	0.87
- %Pb.....	0.18	0.27	0.29	0.23	0.3	0.16	0.35

	Rdi (2014)	HMT (Aug 2015)	SGS (2016)	HMT (Mar 2016)	WAI (Aug 2018)	HMT Met Drill (2018)	ALS (2021)
- %Zn.....	1.36	1.56	1.76	1.90	2.01	1.64	1.99
- %Fe.....	28.3	25.5	18.5	28.9	37.8	35.6	36.9
- %S.....	26.5		30.3		40.1		36.8
- %As.....	0.055					0.046	0.056
- g/t Au.....	0.57		0.62	0.69			1.05
- g/t Ag.....	24		28.8	23.8		23	30
- %CnsolCu.....						0.34	0.58

Notes:

1. Rdi 2014 and HMT 2015 master composite lithologies were re-defined and updated 28 November 2017. Previously the sample was classified as 33% Mpy, 10% MpyMag, 57% Dissem with 0% Enriched.
2. Split from WAI sample Aug 2018 was also tested at HMT.

A master composite sample (the “MCS”) comprising the same blend as Rdi was used by Hacettepe Mineral Technologies (“HMT”) to develop a sequential copper and zinc flotation flowsheet (January 2015).

The subsequent optimisation test work by HMT (August 2015) and SGS (2015 to 2016) used different MCSs that represented an updated model of the mine and included 1% of “enriched” material. An analysis of the mine geology and elemental distributions by SGS Canada (report “*Sample Selection Report for Gediktepe Deposit, Türkiye*”, undated) identified nine variability samples – disseminated, enriched, massive pyrite, massive pyrite-magnetite, Hi-Zn, Lo-Zn, Hi-Au, Hi Pb, and Hi-Au-Ag – for variability testing in 2016.

Samples for the 2021 – 2022 variability test programme were determined from a geometallurgical assessment completed by Acar Metallurgical Consulting (“*Gediktepe Variability Sample Selection for Feasibility Study*” revised 28 September 2018 and “*Gediktepe Variability Samples Update: Twin Hole Drilling*”, 14 April 2021). The selection was based on lithology, ore type, location (north, middle, south), section through the deposit, copper grade (>2.5% Cu, 1.5% - 2.5% Cu, <1.5% Cu), lead grade (for disseminated > or <0.3% Pb, or > and < 0.15% Pb for other ore types), and mining schedule (as understood at the time). The cyanide soluble copper content was used to indicate enriched material (>1% CnsolCu).

A total of 78 samples from 40 drillholes were tested in the 2021 – 2022 variability programme. Comminution tests were conducted on eight of the samples. A master composite (47% MPY, 32% MPY-Mag and 21% DISS) and composites of each of the four ore types were prepared to conduct preliminary testing to confirm conditions prior to testing of the 78 variability samples. 38 samples were deemed to represent ‘pure’ lithologies (33 massive pyrite, 13 massive pyrite – magnetite, 14 disseminated and 18 enriched) while 40 were blends of adjacent lithologies in the core sections. 34 samples came from the north, fifteen from the middle and 29 from the south mining areas. Mineralogy (QemScan), rougher tests and open-circuit cleaner tests were completed on all samples. Locked cycle tests were done on 12 samples.

Drill core was cut in half, air dried for a maximum of two days then vacuum sealed in bags and stored in a freezer until used.

Mineral Resource Estimate/Statement

Mineralisation currently defined at Gediktepe Project displays complex interplays of lithologies, mineralogy, metal grade distributions and structural effects.

The Gediktepe Project Sulphide Mineral Resource estimate as at 31 March 2024 that was prepared by AMC by classification in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves (the “JORC Code”), is presented in Table 1.3.

Table 1.3 – Gediktepe Project sulphide Mineral Resource estimate at 31 March 2024

Resource Classification	Tonnes (Mt)	Grade					Contained Metal			
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Au (koz)	Ag (Moz)	Cu (kt)	Zn (kt)
Measured Sulphide	3.8	0.68	26	0.99	1.9	0.35	83	3.2	38	73
Indicated Sulphide	21.0	0.76	28	0.79	1.7	0.35	511	19	166	367
Measured + Indicated...	24.8	0.74	28	0.82	1.8	0.35	594	22.2	204	440
Inferred Sulphide	3.1	0.53	21	0.77	1.2	0.28	54	2.1	24	37

(Source: Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.)

Notes:

1. Mineral Resource is inclusive of Ore Reserve.
2. Effective Date of Mineral Resource is 31 March 2024.
3. Mineral Resources are estimated at NSR cut-offs of US\$23.90/t for sulphide.
4. Mineral Resources constrained using optimised pit shell to reflect reasonable prospects of economic extraction.
5. Mineral Resource that is not Ore Reserve do not have demonstrated economic viability.
6. Totals may not match due to rounding.

Mineral Reserve Estimate/ Statement

The Gediktepe Project open pit sulphide Ore Reserve estimate as at 31 March 2024 that was prepared by AMC by classification in accordance with the guidelines of the JORC Code, is presented in Table 1.4. This is the first open pit Sulphide Ore Reserve estimate for the Gediktepe Project. Oxide ore and weathered waste are excluded from this calculation. Sulphide ore mined before the sulphide processing plant is commissioned is treated as waste and removed from the Ore Reserve. Enriched and buffer ore not included in the processing schedule is included in the fresh waste.

Table 1.4 – Gediktepe Project open-pit Sulphide Ore Reserve estimate at 31 March 2024

Ore Reserve classification	Ore tonnes (Mt)	Copper grade (%)	Zinc grade (%)	Gold grade (g/t)	Silver grade (g/t)	Contained metal			
						Copper (Mlb)	Zinc (Mlb)	Gold (koz)	Silver (Moz)
Proved	3.4	0.92	1.9	0.67	25	70	140	70	3
Probable.....	13.7	0.72	1.9	0.85	32	220	590	380	14
Total.....	17.1	0.76	1.9	0.82	30	290	730	450	17

(Source: Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.)

Notes:

1. Oxide ore excluded.
2. Totals may not equal the sum of the component parts due to rounding adjustments.
3. Ore tonnes are rounded to 0.1 Mt and grade and contained metal to two significant figures.
4. Probable ore includes buffer ore from boundary with enriched material.
5. Estimates use forecast metal prices of US\$3.63/lb Cu, US\$1.27/lb Zn, US\$1,500/oz Au and US\$20/oz Ag.
6. Estimates are based on an expected value calculation to report tonnages above a zero US\$/t net expected value.

Mining Methods

Mining for the Oxide Project is being undertaken by a local Turkish mining contractor, using conventional mining methods and typical open pit mining equipment. All mining and support equipment is provided by the mining contractor to meet the required ramp-up schedule for Gediktepe.

The mining methodology proposed for the Sulphide Expansion Project is the same as for the Oxide Project. Ore and waste mining will be undertaken using drill-and-blast on 5 m benches, with excavators and rear-dump haul trucks operating on 2.5 m benches. Process plant feed will be hauled to a ROM pad adjacent to the sulphide ore process plant and sized by front-end-loader feed into a primary crusher located at the ROM pad. Waste rock will be hauled to the waste dump located to the west of the open pit.

Support equipment will comprise graders, dozers, water carts, front end loaders, service trucks, an ANFO truck and lighting plants.

The life-of-mine plan for Gediktepe was developed by AMC using industry standard resource planning software, Whittle Four-X (W4X) pit optimisation, and Minemax strategic scheduler, and an industry standard approach to cut-off grade determination, pit optimisation, pit design, production scheduling and economic assessment.

Based on the mining plan, the results of the dilution analysis show an overall average dilution of the deposit of 14.4% in tonnes and an ore loss of 8.8% in tonnes. The resulting effect on contained metal shows that the diluted model contains from 94%-96% of the original undiluted resource model.

Polimetal engaged Golder Associates (Turkey) Ltd. STI (“**Golder**”) to undertake geotechnical and hydrogeological assessment for Gediktepe. Golder developed a geotechnical model and a groundwater model for the Gediktepe deposit, which was used to provide recommendations for pit slopes to be used for pit optimisation and mine design. The pit will be mined in multiple stages affording the opportunity to expose walls and refine the designs as the pit develops.

Recovery Methods

Metallurgical test work and flowsheet development was undertaken by GR Engineering Services Ltd in partnership with HMT.

The metallurgical test work completed on samples from the sulphide zones of the Gediktepe Project deposit has used sequential flotation to recover separate copper and zinc concentrates. The test work identified variable performance due to mineralogical and head grade variations, material type blends, surface oxidation (aging effects) and pulp chemistry conditions. The test work has focussed on understanding the complexity of the mineralogy and development of methodologies to control the metallurgical performance.

Pyrite (FeS₂) is the main gangue mineral. Grinding in mild steel media to provide reducing pulp conditions (-400 mV (Ag/AgCl)) has been applied to assist depression of sphalerite ((Zn,Fe)S) in copper flotation. A pre-float stage has been included to increase the pulp potential and remove natural floating talc prior to copper flotation. Treatment of recycled process water to remove residual organic reagents, was found to reduce the loss of copper, zinc and gold into the talc concentrate which is discarded to tailing.

The Gediktepe sulphide ore processing flowsheet shown in the Competent Person’s Report (see Appendix I—*Competent Person’s Report—17.3 Sulphide Project Processing Plant Description—Figure 17.4*) includes primary crushing, two stage grinding, separate flotation of talc/silicate minerals, copper, and zinc concentrates, regrind and concentrate thickening and filtration circuits.

Features of the flowsheet developed in the 2022 FS are:

- A single crushing stage with a semi-autogenous primary grinding (“**SAG**”) mill followed by a secondary grinding ball mill to generate a flotation feed P80 size of 38 µm. The grinding circuit will include a pebble crusher to handle slow grinding, coarse material from the SAG mill and a sizing screen to control the transfer size to the ball mill, both operating in closed circuit with the SAG mill.
- A crushed ore storage bin has been included to minimise long-term storage of plant feed in ‘dead’ stockpile to minimise oxidation and aging effects in flotation.
- A prefloat stage has been included to remove naturally floating gangue and provide aeration for pulp chemistry control in the upper rougher flotation stage.
- Stirred bead mills (IsaMills) are utilised in the regrind duties to achieve a product D80 size of 15 µm for the copper circuit, and for the zinc regrind a D80 size of 20 µm.
- Both copper and zinc flotation circuits feature a cleaner and cleaner scavenger arrangement with the cleaner scavenger tailing open circuited to zinc flotation feed for the copper, and final tail for the zinc cleaner scavenger tail.
- Treatment of process water using activated carbon has been included to reduce the residual reagent content of the recycled water and thereby prevent inadvertent recovery of copper and zinc into the pre-float circuit concentrate.

Project Infrastructure

The Gediktepe Project is situated at a centrally located site, and it is possible to access the following ports by road via Balıkesir, with the following approximate road distances:

- Bandırma port is 194 km to the north.
- Dikili port is 207 km to the west.
- Aliğa port is 224 km to the west.
- Izmir port is 225 km to the south-west.

There is an open pit borax mine in Bidagiç, operated by the State Enterprise, and an open pit gold mine in Sındırgı, operated by a private company. Regionally; gold, silver, lead, copper, zinc, molybdenum, and chromite mines have operated for many years. The other main economic income sources in the area are forestry, agriculture, and animal husbandry.

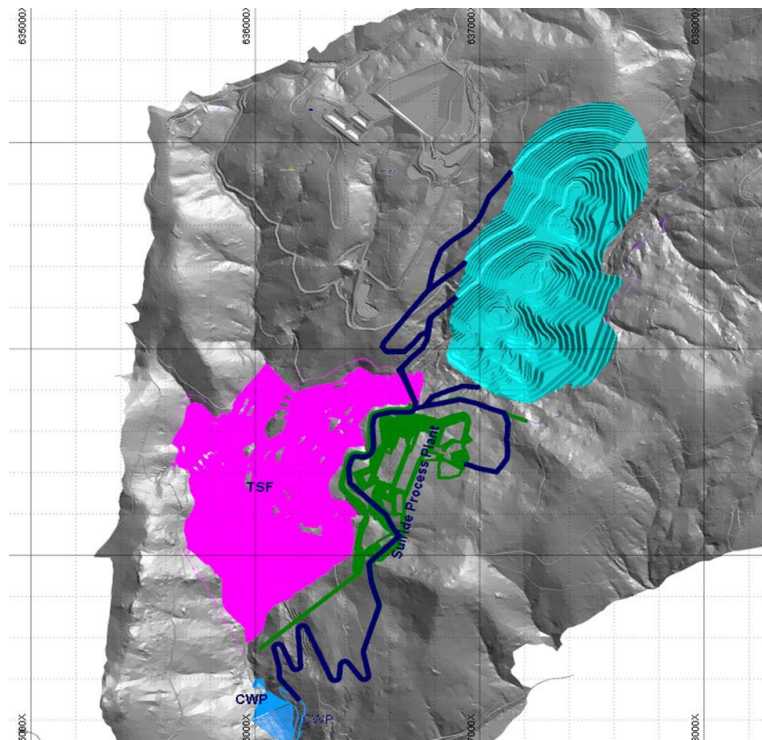
A 39.6 km-long 34.5 kV power transmission line (the “PTL”) was constructed by Polimetal between Dursunbey substation and Kürendere to provide power to the Gediktepe Project. The PTL is permitted for 20 MW capacity. In addition to this, an additional 420 m power transmission line will be constructed to supply power to the sulphide plant, the design of which has been completed by EDS Engineering and approved by the local power distribution authority.

Access to site for the Oxide Project and transport and logistics to supply the operation are well established. The current Oxide Project has access to the open pit, heap leach area, and other facilities all year round.

The Sulphide Expansion Project will require some new infrastructure, including:

- A new access road, which will be constructed passing over the top of the CWP and climbing up to the sulphide plant area. Approximately 6.4 km of new road will be constructed with cut and fill methods and is planned for sealing with cold asphalt or concrete. The road will be constructed by the mining contractor.

Figure 1.7 – Sulphide plant road access schematic (Source: CPR)



- Construction of the second phase of a potentially acid-generating (“PAG”) waste rock dump area, which is located in the south of heap leach area, between the mining contractor’s facilities and the non-acid-generating (“NAG”) waste dump area. It is already constructed and in use for the Oxide Project and has 7 Mm3 of capacity. The base of this dump area is covered with clay. The design was approved by the MEU.
 - The PAG waste dump area will be used for the waste rock having high sulphur (“S”) values. Waste rock with moderate or lower S values will be blended with NAG waste rock.
 - The NAG waste rock dump area is located in the west side of the mining licence and at the upstream of the TSF. It is currently used for the Oxide Project mining. The current design has 75.7 Mm3 of capacity, but it can be increased to 121.8 Mm3. The surrounding topography is suitable for possible extensions.
- The CWP will provide water to the Sulphide Expansion Project. It has 680,000 m3 active water holding capacity, which is the required storage capacity to meet the annual water balance requirements of the mine.
- The TSF will occupy an area of approximately 60 ha and will have a storage volume of approximately 11.1 Mm3 to RL1142 m. Geotechnical investigations were conducted which included boreholes, test pits and sampling and laboratory testing of both borrow and foundation materials. Seismic assessments were also carried out including a detailed site seismic assessment.

Environmental, Permitting and Social Considerations

The Gediktepe Project was granted with an operation licence (Licence number: 85535) obtained from the General Directorate of Mining and Petroleum Affairs. This licence is a merged version of the operation licence 20054077 (Access number: 2060132) and an exploration licence (Licence number: 201400291, Access number: 3316107).

An “EIA is not required” decision was granted for the site with Licence No: 20054077 by Balıkesir Provincial Directorate of Environment and Urbanisation on 14 March 2012. EIA permitting is the first step in the Turkish environmental permitting system. EIA studies for the Oxide Project were carried out by SRK Danışmanlık ve Mühendislik A.Ş. The prepared EIA Report was granted an “EIA Positive” decision by the MEU on 1 July 2016. The MEU further confirmed through its official letter dated 24 August 2016 that the “EIA Positive” decision is still valid for the mining site under mining licence numbered 85535, as a result of the merger of mining sites under mining licences numbered 20054077 and 201400291.

Gediktepe Project is composed of 1,052.38 ha (90.78%) of forest land, 82.04 ha (7.08%) of agricultural land, and the remaining land belongs to the Treasury and municipality. The necessary permitting process for Gediktepe Project has been completed and operational activities started in 2022.

Royalties

Royalties are based on a sliding scale which is based on sale price. A State Area Royalty is also applicable, discounted by 50% for gold and silver and 40% for copper and zinc to account for the value added to run-of-mine ore by processing. At the metal price used for the Gediktepe Project, the royalty is calculated as per the calculation in the table below. See also the EMX Royalty as described in “*Risk Factors– The Company’s debt obligations could materially and adversely affect its business, financial condition, results of operations, and prospects*”.

Royalty Rate (%)	GOLD \$/oz	SILVER \$/oz	PLATINUM \$/oz	COPPER \$/t	LEAD \$/t	ZINC \$/t	CHROME \$/t	ALIMINUM \$/t	URANIUM OXIDE \$/lb
1	<800	<10	<500	<5000	<1000	<1000	<100	<1000	<20
2	801-900	11-12	501-600	5001-5300	1001-1175	1001-1250	101-170	1001-1150	21-30
3	901-1000	13-14	601-700	5301-5600	1176-1350	1251-1500	171-240	1151-1300	31-40

4	1001-1100	15-16	701-800	5601-5900	1351-1525	1501-1750	241-310	1301-1450	41-50
5	1101-1200	17-18	801-900	5901-6200	1526-1700	1751-2000	311-380	1451-1600	51-60
6	1201-1300	19-20	901-1000	6201-6500	1701-1875	2001-2250	381-450	1601-1750	61-70
7	1301-1400	21-22	1001-1100	6501-6800	1876-2050	2251-2500	451-520	1751-1900	71-80
8	1401-1500	23-24	1101-1200	6801-7100	2051-2225	2501-2750	521-590	1901-2050	81-90
9	1501-1600	25-26	1201-1300	7101-7400	2226-2400	2751-3000	591-660	2051-2200	91-100
10	1601-1700	27-28	1301-1400	7401-7700	2401-2575	3001-3250	661-730	2201-2350	101-110
11	1701-1800	29-30	1401-1500	7701-8000	2576-2750	3251-3500	731-800	2351-2500	111-120
12	1801-1900	31-32	1501-1600	8001-8300	2751-2925	3501-3750	801-870	2501-2650	121-130
13	1901-2000	33-34	1601-1700	8301-8600	2926-3100	3751-4000	871-940	2651-2800	131-140
14	2001-2100	35-36	1701-1800	8601-8900	3101-3275	4001-4250	941-1010	2801-2950	141-150
15	>2101	>37	>1801	>8901	>3276	>4251	>1011	>2951	>151

Markets and Contracts

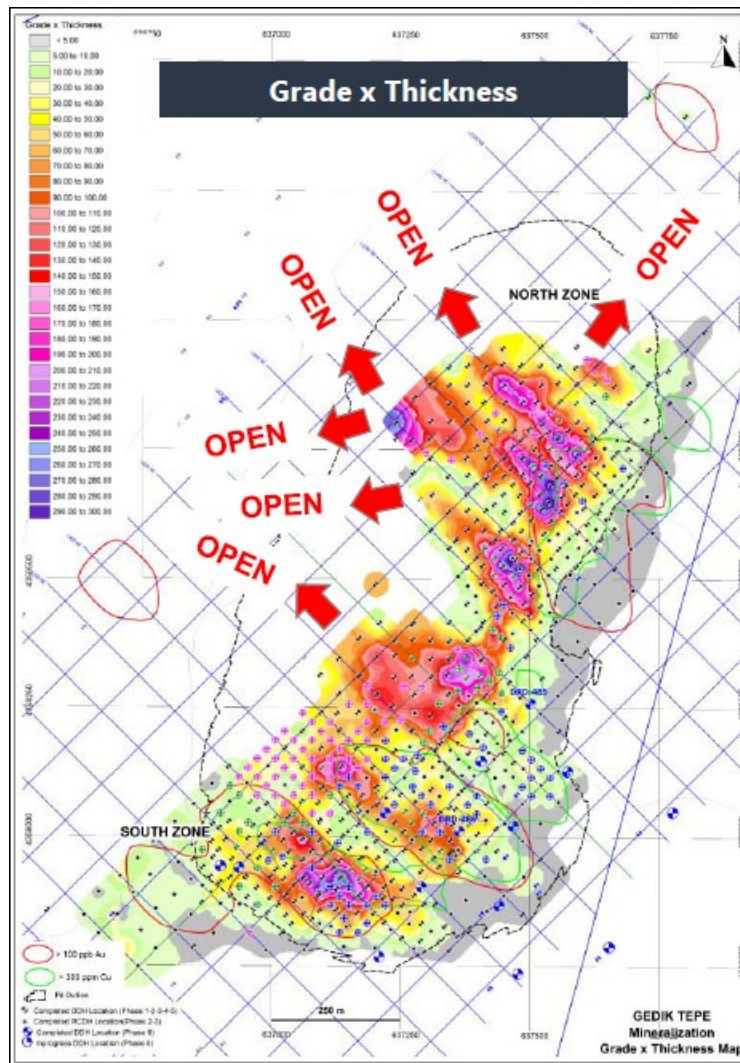
Polimetal requested Link Investment and Consulting UK to assess the value and the marketability of the copper and zinc concentrates to be produced from the Project Gediktepe, including payability, deductions, forecasts of smelting charges and metal prices.

Link Investment and Consulting UK states that continued urbanisation and industrialisation and the growth in demand for electrical vehicles will continue to be the major drivers of copper demand and pricing, and that construction and transportation, ongoing urbanisation and industrialisation of the developing world will continue to be the major drivers of zinc demand and pricing.

Identified Mine Plan Optimisation Opportunities

Polimetal has identified several opportunities to extend mine life, increase production, or improve operational performance. Based on a drilling and resource model, sulphide ore body is still open in the north, northwest, and west parts. With the progress of the open pit, more drilling will be done to attempt to increase the reserve amount and extend the mine life. In addition, the underground mining option will also be evaluated to overcome waste rock stripping costs.

Figure 1.8 – Grade x Thickness Map (Source: Polimetal)



For the Sulphide Expansion Project, it is expected that larger excavators will be evaluated for waste rock removal rather than the smaller excavators used for the Oxide Project. This optimisation may reduce the unit mining cost. In addition, any increase in metal prices will reduce cut-off, which could allow greater production of sulphide ore than originally planned.

During the basic engineering of the sulphide plant, the Company expects that appropriate adjustments will be discussed with the engineering company. These adjustments and their potential benefits and improvement points are as follows:

- The possibility of removing the pebble crusher from the SAG mill circuit will be evaluated for energy and cost efficiency, ease of operation, and reducing initial investment amount.
- Alternatives to the regrind mill selected in the 2022 FS (IsaMill) such as HigMill & SMD will be evaluated for energy efficiency, ease of operation, maintenance and spare part cost savings and power efficiency.
- Compare conventional flotation cells with Jameson cell and column flotation to improve the recovery and/or concentrate grade, possibly reducing initial investment amount and improving energy efficiency.
- Compare the high rate thickener selected in the 2022 FS with the paste thickener option for tailings to increase the TSF life, and water circulation operational costs.

Enriched ore contains high grades of copper and zinc and, currently, it is not included in the economic evaluation of the Sulphide Expansion Project. As indicated in the metallurgical testworks, up to 10% of enriched ore can be blended with other sulphide ore to add enriched ore's metal value to the Sulphide Expansion Project's economics.

Moreover, the process is open for improvements after commissioning and ramp-up such as; trying new reagents for improved recovery and concentrate grades, optimisation opportunities for cost saving (spare parts, liners, reagents, consumables, etc.) and the possibility of selling plant tailings as pyrite.

Exploration Portfolio; Expansion Project

Gediktepe Oxide Potential

In addition to gold there is a significant amount of silver in the oxide ore at the Gediktepe mine site. Given the life-of-mine, Polimetal expects to continue mining the remaining oxide for a further 1 - 2 years, before switching to sulphide mining. Sulphide ore mainly includes copper and zinc, with some gold and silver, and it comprises almost 90% of the Gediktepe massive sulphide mineralised body. The Lidya exploration team is continuing to look for more oxide around the Gediktepe Project area in order to extend the life-of-mine for oxide ore.

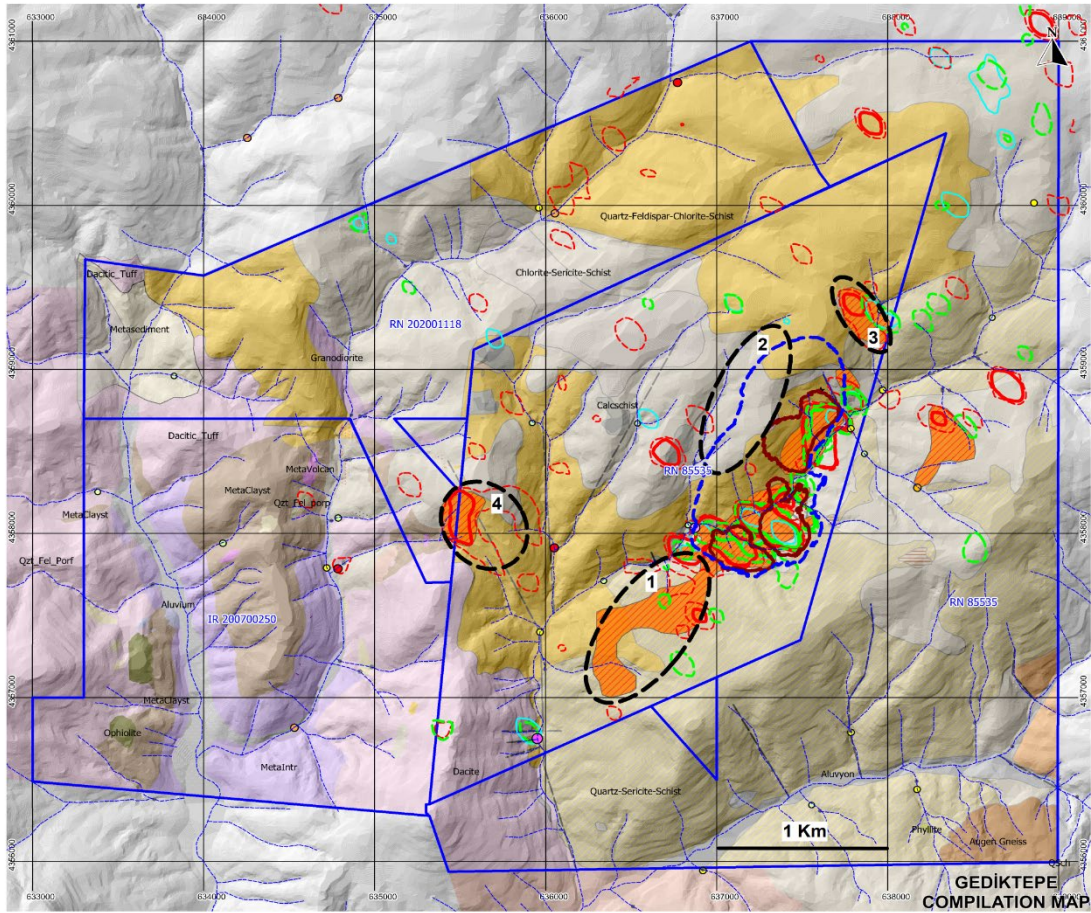
Additional Local Oxide Potential

Additional exploration targets have been identified beyond the current Mineral Resource. Polimetal has identified four near-mine target areas with oxide potential. These are situated around the existing open pit and comprise:

- Target 1: situated immediately south west of the open pit.
- Target 2: situated on the north west flank of the open pit.
- Target 3: situated north east of the open pit.
- Target 4: located approximately 1.3km west of the open pit.

Please see Figure 1.9, below.

Figure 1.9 – Gediktepe Deposit – Oxide Potential Areas (Source: Lidya)



Employees

Polimetal has a conventional mining organisation structure, with the workforce predominantly unionized. As of 28 February 2024, the workforce number of Polimetal is 236, full time employees. In addition to this workforce, 259 personnel work for mining contractor, security service supply firm, catering firm and site drilling and construction contractors. Mining contractor is responsible for all ore and waste mining (including drill & blast, load, haul, dump, repair haulage roads, cut & fill excavations if required and all other earthworks).

The entire Polimetal workforce is located at the mine site. 155 out of 236 employees are local workforce, employed from nearest villages and towns.

The below table indicates breakdown of employees of Polimetal and employees of subcontractors working at the mine, as at 28 February 2024.

	<u>White Collar</u>	<u>Blue Collar</u>	<u>Total</u>
POLİMETAL	91	145	236
AMBAR			2
BİAS ÇEVRE DAN.			1
BİGADIÇ SEYEHAT			13
HİDROGRUP			2
ORTADOĞU SONDAJ			36
PROFİTABLE İNVENSTMENT			15

	White Collar	Blue Collar	Total
SEVGİ OSGB.....			2
SİTEPLUS.....			25
SİTEPLUS ANKARA.....			2
TAYFUN TURSUN İNŞ.			13
ULUOVA.....			151
TOPLAM	91	145	498

The Oxide Project has the departmental areas of mining, process, maintenance, health, safety and the environment, administration, purchasing, warehouse, public relations, information technology and communications, finance and accounting, and human resources departments. The same departmental structure will be used for managing the Sulphide Expansion Project. In addition to the current departments, a marketing department will be included in the organisation. The mining team has been and is currently managing all open pit and waste rock mining planning and operations and they will be in charge of all open pit and waste rock mining for the Sulphide Expansion Project.

The current Oxide Project process team will be strengthened with flotation experienced engineers and operators. Turkey has a significant amount of flotation plants and has enough experienced engineers and operators with flotation experience and training. Other departments will continue to manage the Sulphide Expansion Project by recruiting additional personnel. The marketing department will be in charge of off take agreements, selling concentrates and organising ports. Each functional department will have managers, superintendents, chiefs, engineers and other specialised personnel and workforce number will increase to 285.

As was done for the Oxide Project, Polimetal intends to increase the size of the workforce during sulphide construction and operation from local villages, Bigadiç and Balıkesir, the Simav district, the Sındırgı district and the Kütahya province.

Environment, Social and Governance (ESG)

Polimetal's Environmental, Quality, Occupational Health and Safety, Social Sustainability, and Human Rights policies are actively implemented. The policies are actively implemented, and adherence to these policies is embraced as a company duty. Polimetal actively monitors and implements procedures, plans, and instructions related to environmental matters, including (but not limited to) the following:

- Safety Management System Communication Procedure
- Chemical Management Procedure
- Environmental Aspect Impact Assessment Procedure
- Environmental Management Procedure
- Waste Management Procedure
- Mine Waste Management Procedure
- Polimetal Vegetable Soil Management Procedure
- Biodiversity Management Procedure
- Hazardous Material Response Card
- Environmental Monitoring and Measurement Plan
- Waste Storage Disposal and Shipment Instruction
- Spill Leak Instruction
- Drilling Activities Environmental Management Instruction
- Domestic Biological Treatment Facility Instructions
- Polimetal Zero Waste System Handbook
- Biodiversity Management handbook

In terms of social issues, the procedures, plans, and instructions actively monitored and implemented by Polimetal are listed below:

- External Stakeholder Suggestion and Complaint Procedure
- Donation and Aid Procedure

- Scholarship Procedure
- Media Relations Management Procedure
- Polimetal Customer Relationship Management Procedure
- Employee Suggestions Management Procedure
- Employee Complaints Management Procedure
- Local Purchasing Procedure
- Local Employment Procedure

Polimetal is committed to operating in a socially responsible manner and developing a shared understanding of how responsible mining operations can contribute to local communities, their people and their development and well-being. To this end, Polimetal has put in place a community relations department, a stakeholder engagement register and grievance mechanism.

Further, as part of Polimetal's conducted activities:

- An active Safety Management System and Change Management System have been established, actively implemented onsite, and recorded;
- Forest rehabilitation projects, gradual closure plans, and soil conservation projects have been prepared and approved by relevant authorities;
- Closure plans for implementation projects of the heap leach area, PAG waste rock dump, and TSF have been submitted and approved by the MEU;
- All closure activities have been addressed in an approved EIA report;
- Climate change risk assessment studies have commenced and, upon completion of the relevant assessment, an effective action plan will be initiated for the identified risks to minimise potential climate change risks;
- Environmental impact dimensions are assessed and recorded in all activities conducted through the Environmental Aspect Impact Assessment Procedure; and
- Carbon footprint and water footprint calculations have been performed, and the impacts will be monitored on an ongoing basis.

PART IV - REGULATION IN TURKEY

The Turkish Mining Regulation

Main Applicable Legislation

The main mining laws and regulations applicable to Polimetal and the Target Asset are as follows:

- The Mining Law;
- Mining Regulation dated 21 September 2017 (the “**Mining Regulation**”); and
- Mining Activities Permits Regulation dated 21 June 2005.

Other laws and regulations relevant to Polimetal and the Target Asset are as follows:

- The Regulation on the Authorized Legal Entities dated 3 June 2016;
- The Mining Waste Regulation dated 15 July 2015 (the “**Mining Waste Regulation**”);
- The Regulation on Regeneration of the Lands Destroyed by Mining Activities dated 23 January 2010 (“**Mining Lands Regeneration Regulation**”);
- The Regulation on Occupational Health and Safety in Mining Workplaces dated 19 September 2013;
- The Environmental Law No. 2872 (the “**Environmental Law**”);
- The Environmental Permit and License Regulation dated 16 October 2021 (the “**Environmental Permit and License Regulation**”);
- The Occupational Health and Safety Law number 6331; and
- The Workplace Opening and Operation Licenses Regulation dated 10 August 2005.

The mining rights are classified into five different groups as per the Mining Law with licencing requirements varying depending on these groups. These groups are as follows:

- Group I: sand, clay, gravel etc;
- Group II: marble, granite, calcite etc;
- Group III: salt, carbon dioxide (except for in areas with geothermal, natural gas and petroleum);
- Group IV: industrial minerals such as boron, sodium, and energy source minerals such as lignite, anthracite; metallic materials such as gold, silver, copper, zinc and; radioactive minerals such as uranium, radium.
- Group V: jewellery mines, such as diamond, sapphire, opal etc.

Competent Authorities

The GDMA is the main body of the Ministry of Energy and Natural Resources of the Republic of Turkey (the “**MENR**”) authorised for the administration and regulation of mining activities such as issuance of mining licenses, registrations to the Turkish mine registry, and determination of policies and measures for mining activities. With that said, the MENR is also authorised to take decisions under the Mining Law including but not limited to matters concerning the transfer of mining licenses and right of discovery, restriction of mining activities and public interest requirement within the framework of expropriation.

The Mining Law also authorises special provincial administrations and the MENR to grant mining licenses and permits for some mine groups. However, the GDMA is the sole authorised body for the issuance of both exploration and operation licenses for Group IV Mines (copper, zinc, gold and silver are listed under Group IV Mines). The Mining Law provides that the MENR may also provide some level of authorisation to governorships in relation to mining activities.

The Mining Law grants to the MENR and the GDMA the power to issue regulations. In practice, all the regulations are issued by the MENR.

Lastly, the President of the Republic of Turkey is the competent authority for providing a time extension for some mine groups if the total duration of a license period (with the extensions) reaches up to fifty years. The President is also the competent authority in relation to the determination of incentives and discounts on some payment obligations such as royalty payments.

Licenses and Permits

As per Article 168 of the Constitution and Article 4 of the Mining Law, minerals/mines are under the control and at the disposal of the state. Article 4 of the Mining Law also states that mines are not legally bound to the ownership of the land. Therefore, minerals in the ground are not owned by the landlord and cannot be subject to private ownership. Such minerals may only be privately owned by the license holder once they are extracted from the ground.

The license holder does not necessarily need to own the land on which it conducts mining activities; however, it shall be entitled to use the land and conduct mining activities thereon. If the land is subject to private property, such land may be used through usufruct, other easement rights or expropriation. The license holder shall compensate the landlord in case of any damage to the land and shall leave the land in a proper condition upon expiry of the license. The lands owned by public institutions may be rented by the relevant institutions to the license holder. Treasury lands and state-owned lands do not require any lease agreements.

The licenses and certificates issued under the Mining Law are the exploration license, the operation license, the operation permit, the exploration certificate and the operation certificate. Each license/permit and its terms are different for each group of mine. Exploration certificates and operation certificates are only issued for Group V mines.

Apart from the mining exploration and operation licenses and the operation permit, Article 7 of the Mining Law regulates the permits and authorisations which shall be obtained from other public entities necessary to conduct mining activities such as environmental permits, business licenses and permits in relation to the lands subject to different regulations. In particular, discharging waste water or emission may be subject to environmental permits under the Environmental Law, Environmental Permit and License Regulation and other relevant regulations.

Exploration licenses, operation licenses and operation permits for Group IV mines are obtained through application to the GDMA and upon GDMA's approval of such application. The license holders shall also obtain relevant permits regulated under Article 7 of the Mining Law from other competent state authorities to the extent applicable.

Licenses are registered by the GDMA at the mine registry. As per Article 38 of the Mining Law, the mine registry is open to the public and can be examined with the presence of a GDMA official by any concerned party.

Exploration licence

It provides the holder with the right to perform exploration activities, including geological prospecting, mapping, sampling, geophysical research, geochemistry, hydrogeological and geotechnical surveys, and exploration drilling within a specified area and timeframe. This licence is granted upon submission of the necessary documents including but not limited to a preliminary investigation report, a mining exploration project and financial ability documents (*i.e.* determined based on the group of mine) and payment of the licence fee to the GDMA upon registration of the licence on the mine registry according to Article 14 of the Mining Regulation.

Mining exploration activities do not require any additional permit except for the permits to the extent applicable specified under the Mining Law such as (i) special permits from relevant public institutions in case the mine field subject to the license is within the scope of fields which requires such permits such as specially protected environment

areas, first degree military forbidden zone, organised industrial zones, state-owned forests and special investment areas, (ii) environmental permits, (iii) reconstruction permits if the relevant license field is within the construction plan and (iv) permission of the Ministry or private property owners whose lands or buildings are within specific distances to the relevant license field.

As stated above, exploration licenses for the Group IV Mines provide for a primary exploration period of one year, a general exploration period of two years and a detailed exploration period of four years. For the Group IV Mines listed under Article 2 subparagraph (b), (c) and (ç) of the Mining Law, an extra two years defined as a feasibility period may be granted by the GDMA to the license holder following the detailed exploration period. Exploration licenses are not subject to time extension or renewal.

Operation licence

It provides the holder with the right to carry out operation activities and mine production within a specified area and timeframe. The licence is granted upon submission of the necessary documents to the GDMA and the financial capability of the applicant should be equal to at least 20% of the total investment price according to Article 21 of the Mining Regulation. The holder also possesses ownership rights to the minerals extracted from the mine. In addition to operation, the holder of this licence has also the right to carry out exploration activities within the designated area.

Operation licenses shall be granted for a period of time being not less than 10 years and up to 50 years under the Mining Law. With that said, if an operation license is issued under the previous mining law number 5995, the maximum term of such operation license shall be 60 years. The period of time of operation licenses may be extended up to 50 years by the GDMA.

Time extension requests for operation licenses of Group IV Mines shall be submitted to the GDMA before the end of the operation period along with a project relating to the requested extension which shall, in order to substantiate the extension request, include probable and proven reserves estimations and environmental conformity plan and other documents listed under Article 39 (1) a) of the Mining Regulation. Once the time extension request is filed, the GDMA shall determine whether the application file is complete. The application file shall, if needed, be completed within three months, failing which the license holder may be subject to an administrative fine. The GDMA shall grant an additional three months' period to the license holder to allow it to complete the time extension application file. If the license holder fails to complete the documents within the second three months period, its request shall be rejected.

The GDMA shall assess the request for the time extension based on the criteria set forth under Article 39 of the Mining Regulation which are as follows:

- completion of the necessary investments to be made for the satisfactory and rational operation of the mine reserve as well as the construction of the facilities,
- the project to be deemed appropriate,
- compliant operations during previous license periods,
- environmental impact of the operations already conducted,
- compliance with environmental conformity plan, location, operations and productions of the previous license periods,
- production reserves,
- current installations and facilities on the site.

The operation license period shall be extended by the GDMA for a period from five years to thirty years considering:

- whether the license holder uses the mine produced at its own facility or the license holder does not have such a facility to use its production;

- whether the proven reserve and production status is satisfactory for the requested extension; and
- the average production of the last five years is:
 - above 50% of the production declaration of the project (in which case the extension may be granted for a period of ten to thirty years),
 - between 25-50% of the production declaration (in which case the extension may be granted for a period of ten to twenty years), or
 - less than 25% of the production declaration (in which case the extension may be granted for a period of ten years).

If the license holder does not have a facility to use its mine production, the maximum time extension for such a license could be twenty years based on the criteria explained above. With that said, in case the environmental compliance works are not completed, the license term can only be extended for five years.

In addition to the above, for the licenses the expiry term of which is less than ten years, license holders can submit a project for an integrated facility investment project (as per Article 38 of the Mining Regulation), in which case the license term may be extended for fifteen years by the GDMA.

If the total duration of a license period (with the extensions) reaches up to fifty years, the competent authority for providing any extension is the President of the Republic of Turkey.

Please note that time extension requests for licenses that have more than three years left before their expiry date are not accepted, unless the production of the last five years is 50% or more of the total of the five year production declaration of the project and provided that the annual production is expected to be above the existing project.

Operation permit

The holder of an operational licence is also required to obtain an operation permit from the GDMA, which is essential for mining operations. The operation permit proves that all other permits and licences are procured for the mines within the operation licence area, and there is no legal obstacle to the production activities. This permit is inseparably linked to the operation licence and cannot be transferred independently.

A mining operation license, together with the operation permit, grants the license holder the right to conduct operation activities including production from the mine within the field and for the period specified under the relevant license and the permit. With that said, the operation activities shall be in compliance with the operation project and therefore are limited to the activities specified under the operation project. The operation license holder is also entitled to the ownership of the minerals produced from the mine. Apart from the operation activities, the operation license holder is entitled to conduct exploration activities within the operation license field. However if the reserves qualified as possible cannot reach a level of probable or proven reserve within five years from the issuance date of the related operation license, the sections of the operation license area that do not qualify as either probable or proven reserve shall be relinquished.

Additionally, the license owner shall be deemed to be the discoverer of the mines declared as proven reserve in the technical reports prepared during the term of the exploration and/or operation licenses. A discovery certificate shall be issued to the license holder requesting this right. In the event the mines that are subject to the discovery are non-operated by the discoverer, the discoverer rights accrued over the produced minerals shall be paid to the discoverer at a rate of 1% of the annual ex-mine sales price.

Other Obligations of the License Owner

License holders are required to prepare and submit reports and information to the extent required by state authorities including the GDMA, comply with the project documents and technical and administrative regulations of the Mining Law and other secondary legislation, comply with occupational health and safety rules, pay the annual fees of licenses and royalty, municipality interest (for license fields within municipality borders and urban areas), employ permanent supervisor and technical personnel to the extent applicable.

An operation permit includes the statement of annual minimum production quantity which the operation license holder is liable for under the relevant provisions of the Mining Law and the Mining Regulation. In case the total production of three years with the lowest level production within a five-year period is less than 30% of the annual production quantity declared under the project, other than due to force majeure or unforeseen events, an administrative fine shall be imposed by the GDMA on the license holder. In case the total production of three subsequent years before the issuance of the aforementioned administrative fine is less than 30% of the annual production quantity declared under the project, other than due to force majeure or unforeseen events, an administrative fine shall be imposed by the GDMA. The GDMA shall cancel the operation license if it issues two administrative fines within five years.

The license holders are also under various obligations under relevant laws such as Environmental Law, Occupational Health and Safety Law, regulations on explosive materials, Mining Lands Regeneration Regulation.

Overlap of Mining Fields with Other Investments

If mining activities and certain other investment activities (such as national highways, roads, railways, airports, energy facilities, natural gas and oil pipelines) interfere with each other to the extent that the mining activities cannot be performed, in the absence of any alternative ways for such other investment activities to be carried out, decisions regarding the priority and importance between the activities shall be decided by the Committee formed by Ministers MENR and other relevant Ministries. In such a case, the areas of the mining license may be relinquished in favour of the other investment activities.

License Transfer

The license holder and the transferee must apply to the GDMA together for the transfer of a license. A transferee must be a legal or real person that is entitled to obtain mining rights as per Article 6 of the Mining Law and must prove its relevant financial capability. Legal persons may transfer their exploration or operation license with the condition of obtaining the approval of the MENR. A transfer becomes effective when registered at the mine registry. A transfer fee equal to double the amount of the license fee shall be paid to the GDMA before the completion of the transfer. Since the licenses cannot be divided into shares, the license can only be transferred as a whole. Operation permits cannot be transferred without transferring the relevant operation license.

Transfer of licenses is also possible through sale by enforcement and bankruptcy offices as a result of enforcement and bankruptcy procedure.

Forfeiture of Licenses

Under the Mining Law, grounds for forfeiture are regulated slightly differently for exploration and operation periods. Grounds for forfeiture are generally the same for exploration and operation periods and there are only specific differences due to the feature of licenses and related permits.

Grounds for forfeiture of exploration licenses (for companies) are as follows:

- Expiration of exploration license period.
- Failure to apply for an operation license before the expiration date of the exploration license period.
- Termination by the GDMA. Exploration licenses may be terminated unilaterally by the GDMA based on the following termination grounds set forth under the Mining Law: (i) failure to pay the annual license fee within the time specified under the Mining Law, (ii) failure to submit the exploration reports and the relevant documents on time, (iii) inadmissibility of reports and documents submitted to the GDMA, (iv) provision of missing or inaccurate information to the GDMA which resulted in undue granting of mining rights, (v) a decision of the Committee formed by Ministers of MENR and other relevant Ministries in favour of other investments in case of overlapping areas of such investment and the relevant license, and (vi) failure to comply with any provision of the Mining Law and related secondary legislation. Further, failure to comply with the exploration documents may be deemed as a breach of providing missing or inaccurate information by the license holder.

- Abandonment. A license holder may apply to the GDMA for the abandonment of the license field provided that it takes necessary precautions and submits necessary documents before the expiration date of the license.

Grounds for forfeiture of operation licenses (of legal persons) are as follows:

- Expiration of the operation license period.
- Termination of the operation license by the GDMA. Operation licenses may be terminated unilaterally by the GDMA based on various termination grounds set forth under the Mining Law such as (i) failure to pay the annual license fee within the time specified under the Mining Law, (ii) failure to submit the operation reports and the relevant documents on time and failure to comply with such documents, (iii) inadmissibility of reports and documents submitted to the GDMA, (iv) provision of missing or inaccurate information to the GDMA which resulted in undue granting of mining rights, (v) a decision of the Committee formed by Ministers of MENR and other relevant Ministries (vi) conducting operational activities in the absence of necessary permits three times or more within a three years period and (vii) recurrence of actions which are subject to administrative fines as specified under the Mining Law. Further, failure to comply with the operation project documents may be deemed as a breach of providing missing or inaccurate information by the license holder.
- Abandonment. A license holder may apply to the GDMA for the abandonment of the license field provided that it takes necessary precautions and submits necessary documents before the expiration date of the license.
- Depletion of the reserve.

In addition to the grounds for forfeiture explained above, the infringement by the license holder of permits or rules may result in the notification of such infringement by the relevant state authority to the GDMA. In such case, the GDMA may order the suspension of mining activities until the license holder takes the necessary precautions. A license can be forfeited by the GDMA in case the license holder recurrently causes the GDMA to suspend its mining activities or if the license holder fails to take the necessary precautions to remedy the infringement.

Royalty

As the exploration and exploitation rights of the mineral resources belongs to the State and these rights are temporarily granted to persons or legal entities by means of licences and permits issued by the State, in return of granting these rights, the licensee make royalty payments to the Treasury contributing a portion of the revenue from mineral production under the name of “State Right”. Pursuant to the Mining Law, a royalty payment ranging from 1% to 15% (depending on the group of mine) of the total annual sales of the mine must be paid to the Treasury each year.

The royalty payment is neither revenue-based nor profit-based; instead it is determined based on the applicable sales price. The applicable sales price per mine is determined for each mine separately and for the respective year depending on the regions and announced by the GDMA. Further, in case the mine is operated by someone other than the explorer of the mine, a payment is made to the right holder under the name of “finder’s right” at the rate of 1% of the annual sales price per mine every year by the producers.

As the relevant payments are based on the annual applicable sales price of the mine, the relevant legislation does not make distinction between national and foreign investors in terms of royalty payment.

As the main payment for the mining activities is the royalty payment, there are no other special taxation requirements in the Mining Law. However, general tax provisions are also applicable, such as corporate income tax for mining companies and taxes regulated in other laws for the import and export of minerals.

The Environmental Regulations

Mining activities in Turkey are governed by environmental laws and regulations issued at the national level by the MEU, as well as by regional and local bodies. The principal legislation relating to environmental matters in Turkey is the Environmental Law, and several separate regulations promulgated under the Environmental Law, primarily the Environmental Impact Assessment Regulation (the “**EIA Regulation**”) and the Environmental Permit and License

Regulation. Mining companies are required to comply with the Environmental Law and its secondary regulations, including the EIA Regulation.

The Environmental Law sets out the general framework for environmental protection requirements and the consequences of non-compliance with these requirements. The key requirement under the Environmental Law is the completion of the environmental impact process for a new project. According to the Environmental Law and the EIA Regulation, in order to initiate a mining project in Turkey, the owner of mining project must obtain from the MEU a decision that a positive EIA has been completed or that no such assessment is necessary. It should be noted that such decisions are frequently challenged in courts by non-governmental organisations and/or local populations and, therefore, this process can be time-consuming and unpredictable. According to the EIA Regulation, projects listed under Annex I (e.g. refineries, metal industry plants, nuclear fuel plants) require EIA approval in order to conduct its operations. On the other hand, for the projects listed under Annex II (e.g. 500 tonnes/day hard coal and bituminous materials gasification and liquefaction projects, metal industry of 1000 tonnes/year and above with the specified qualifications), an application for assessment is made to determine whether the project require EIA report; if decided otherwise, the “EIA Not Required Certificate” is obtained. Therefore, either EIA Approval or EIA Not Required Certificate should be obtained for the mining project to start operation depending on its qualification, capacity and size. EIA Approval or EIA Not Required Certificate is given for an indefinite period unless the main features (e.g. capacity, production) of the project changes. Moreover, the investment for the project that acquired EIA Approval or EIA Not Required Certificate should initiate within 5 years following the issuance of the relevant approval; otherwise, it shall be deemed invalid. As for the consequence of non-compliance, activities conducted without EIA shall be also suspended immediately.

As per the Environmental Permit and License Regulation, mining activities are considered among the operations that may have adverse effects on the environment. Therefore, environmental permit certificate, or a Ministerial confirmation of no-need for such certificate, must be obtained for such projects to start operating. Environmental permit certificate covers at least one of the air emission, noise, wastewater discharge and deep sea discharge issues depending on the case that must be fulfilled in accordance with the Environmental Law. The environmental permits remain valid for five years. The renewal process should be initiated at least 180 days prior to the expiration of the environmental permit and the new environmental permit must be obtained before the expiration of the former permit. As for the consequence of non-compliance, activities conducted without an environmental permit or a licence are suspended immediately.

An EIA procedure requires a prior consultation to the public opinion. In order to inform the public about the investment, and to attract their opinions and recommendations regarding the project, as per provisions of the EIA Regulation, a meeting so-call the “the Public Participation Meeting” is held at a place and time accessible to the concerned public and set by the Governorship, on the date set by the MEU, in which the investor as well as the MEU accredited entities/organisations are also attend. The MEU accredited entities/organisations have an advertisement announcing the date, time, venue and subject matter of the meeting published in a local periodical published in the area where the project is to be carried out, as well as in a newspaper considered mass-circulation periodical, at least ten (10) calendar days in advance of the meeting.

In the meeting, it is ensured that the public is informed about the project and their opinions, questions, and recommendations are taken. Public opinions and recommendations are then submitted to the EIA commission accordingly.

Following the public opinion, the MEU prepares the EIA Report Special Format in line with the opinions and recommendations received from the public, as well as the opinions and recommendations of the agencies/institutions which are members of the EIA commission. The commission examines and assesses the EIA report, among other things, whether the opinions and recommendations received through the Public Participation Meeting and within the process were addressed or not.

Criminal Liability arising from Environmental Noncompliance

The Turkish Environmental Law sets forth general principles and procedures for the protection of the environment. The administrative liability in terms of environmental legislation is mainly regulated for the environmental and/or operational license/approval/permit holders, who are generally project owners/operators and/or the contractors individually carrying out the relevant activities on the site. The environmental legislation provides broad range of

sanctions for certain actions, such as (i) violation of undertakings given during the EIA process, (ii) disposal of waste to the soil in violation of the prohibitions or standards stipulated in the law and the regulation, and (iii) violation of protection of the environment, e.g. destroy of biodiversity in violation of general principles of environmental protection, violation of principles and procedures for the protection and use of wetlands determined by regulation. The violation of the Turkish environmental legislation results in an administrative fine between 193,522 Turkish lira (appx. US\$6,000) to 19,360,712 Turkish lira (appx. US\$600,000) based on the nature and importance of the violation. In case of repetitive breaches, the applicable amount would be multiplied. The authorised public authority may grant a grace period of up to one year for rectification of the non-compliance. In case where the violation is not remedied within that period, the activity may be ceased completely or partially, permanently or temporarily.

Turkish environmental legislation provides criminal liability provisions in case of violation of certain obligations arising from the Environmental Law. On the other hand, the criminal liability is mainly regulated in the Turkish Penal Code (the “TPC”); and actions which harm the environment and fall under the description in the TPC, such as causing environmental pollution wilfully or by negligence or causing noise, may lead to criminal liability. Pursuant to Article 181 of the TPC, anyone who intentionally discharges waste or refuse into the soil, water or air in violation of the technical procedures as defined in the laws and in such a way to cause damage to the environment shall be sentenced to an imprisonment for a term of six months to two years. Moreover, anyone who discharges waste or residue into the soil, water or air by negligence shall be sentenced to a penalty of judicial fine. If the wastes or residue have a permanent effect on soil, water or air, the penalty shall be an imprisonment from two months to one year as per Article 182 of the TPC. Under Turkish law, the principle of individual criminal liability is applicable, therefore the criminal liability is on the persons committing the relevant crime, but not directly over the executives of the company. However, the members of the board of directors who are responsible for the activity/action that causes environmental pollution may also be criminally liable.

Under the Turkish environmental legislation, the general principle of environmental liability is that the polluter or whoever has a negative impact on the environment, regardless of whether or not it has fault, is strictly liable for the damages sustained due to such pollution or disturbance, along with the general tort liability. The limitation period of claims for environmental damages is five years starting from the time when the injured party has actual knowledge of (i) the environmental damage, and (ii) the identity of the polluter. Under the Environmental Law, the polluter is defined as the real person or legal entity that directly or indirectly causes environmental pollution, deterioration of ecological balance and environment during or after their activities.

For information on how environmental regulations may impact the Enlarged Group, see “*Risk Factors—Environmental regulations in Turkey to which the Enlarged Group is subject, as well as potential liabilities related to these regulations, may have a material adverse effect on the Enlarged Group’s operations*”.

The Water Usage Regulations

Water usage, including extraction, containment, and recycling requires appropriate permits, which are granted by the State Hydraulic Works (*Devlet Su İşleri*) and the MEU.

Turkish law establishes that water rights must be used efficiently without adversely affecting its quality, its availability or the environment. In addition, when granting water usage permits, the relevant water authority takes into account the actual usage of water resources. Priority order for the water rights is as follows: (i) drinking and utility needs, (ii) environmental needs, (iii) agricultural irrigation and aquaculture needs, (iv) energy production and industrial needs and (v) commercial, tourism, recreation, mining, transportation, transportation and other needs. The available water supply may be adversely affected by shortages or changes in governmental regulations.

Moreover, ground water is classified as public water, and therefore, is under the control and protection of the government. The applicable Turkish legislation sets forth certain conditions and obligations for the usage of ground water. Accordingly, a well permit for drilling a well and a groundwater utilisation certificate for usage of groundwater are required in Turkish legislation.

For information on how water usage regulations may impact the Enlarged Group, see “*Risk Factors—Shortages of water supply, explosives, critical spare parts, maintenance service and new equipment and machinery may materially and adversely affect the Enlarged Group’s operations and development projects*”.

PART V - HISTORICAL FINANCIAL INFORMATION

SECTION A: THE COMPANY

The audited historical financial information of the Company i) as at and for the 18 months ended 31 December 2023 and ii) from 22 June 2021 (its date of incorporation) to 30 June 2022 is incorporated by reference herein, and is available on the Company's website and on the National Storage Mechanism.

SECTION B: POLIMETAL

For the historical financial information of Polimetal for the year ended 31 December 2023 and for the accompanying Independent Auditor's Report, please refer to "*Appendix II—Section A*".

For the historical financial information of Polimetal for the year ended 31 December 2022 and for the accompanying Independent Auditor's Report, please refer to "*Appendix II—Section B*".

For the historical financial information of Polimetal for the year ended 31 December 2021 and for the accompanying Independent Auditor's Report, please refer to "*Appendix II—Section C*".

PART VI - CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

Capitalisation

The following table sets out the Company's capitalisation as at 30 June 2024 and has been extracted without material adjustment from the unaudited management accounts of the Company as at that date.

	30 June 2024 (US\$)
Total Current Debt	
Guaranteed.....	-
Secured.....	44,293
Unguaranteed/Unsecured.....	-
Total Non-Current Debt	-
Guaranteed.....	-
Secured.....	-
Unguaranteed/Unsecured.....	-
Total Debt	44,293
Shareholder Equity	
Share Capital.....	2,031,250
Share Premium.....	-
Other Reserves.....	(2,642,076)
Total	(610,826)

As at 6 August 2024, being the latest practicable date prior to the publication of this Document, there has been no material change in the capitalisation of the Company since 30 June 2024.

Indebtedness

The following table sets out the Company's indebtedness as 30 June 2024 and has been extracted without material adjustment from the unaudited management accounts of the Company as at that date:

	30 June 2024 (US\$)
A Cash (see note 1).....	749,617
B Cash equivalents.....	-
C Other current financial assets.....	-
D Liquidity (A) + (B) + (C).....	749,617
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt).....	44,293
F Current portion of non-current financial debt.....	-
G Current financial indebtedness (E) + (F).....	44,293
H Net current financial indebtedness (D) – (G).....	705,324
I Non-current financial debt (excluding current portion and debt instruments)...	-
J Debt instruments.....	-
K Non-current trade and other payables.....	-
L Non-current financial indebtedness (I) + (J) + (K).....	-
M Total financial indebtedness (H) + (L).....	705,324

Notes

1. The cash balance excludes restricted cash held in escrow.

As at 30 June 2024, the Company had no indirect or contingent indebtedness.

As at 6 August 2024, being the latest practicable date prior to the publication of this Document, there has been no material change in the indebtedness of the Company since 30 June 2024.

PART VII - CAPITALISATION AND INDEBTEDNESS OF POLIMETAL

Capitalisation

The following table sets out Polimetal's capitalisation as at 30 June 2024 and has been extracted without material adjustment from the unaudited interim financial information of Polimetal as at that date.

	30 June 2024 (US\$ thousands)
Total Current Debt	12,583
Guaranteed.....	12,583
Secured.....	-
Unguaranteed/Unsecured.....	-
Total Non-Current Debt	-
Guaranteed.....	-
Secured.....	-
Unguaranteed/Unsecured.....	-
Total Debt	12,583
Shareholder Equity	
Share Capital.....	65,882
Share Premium.....	-
Other Reserves.....	7,709
Total	73,591

As at 6 August 2024, being the latest practicable date prior to the publication of this Document, there has been no material change in the capitalisation of Polimetal since 30 June 2024.

Indebtedness

The following table sets out Polimetal's indebtedness as at 30 June 2024 and has been extracted without material adjustment from the unaudited interim financial information of Polimetal as at that date.

	30 June 2024 (US\$ thousands)
A Cash.....	4,490
B Cash equivalents.....	-
C Other current financial assets.....	-
D Liquidity (A) + (B) + (C)	4,490
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt).....	12,583
F Current portion of non-current financial debt.....	-
G Current financial indebtedness (E) + (F)	12,583
H Net current financial indebtedness (D) – (G)	(8,093)
I Non-current financial debt (excluding current portion and debt instruments)...	-
J Debt instruments.....	-
K Non-current trade and other payables.....	-
L Non-current financial indebtedness (I) + (J) + (K)	-
M Total financial indebtedness (H) + (L)	(8,093)

As at 30 June 2024, Polimetal had no indirect or contingent indebtedness.

As at 6 August 2024, being the latest practicable date prior to the publication of this Document, there has been no material change in the indebtedness of Polimetal since 30 June 2024.

PART VIII - OPERATING AND FINANCIAL REVIEW OF POLIMETAL

Overview

Polimetal owns and operates the Gediktepe open pit mine and 0.864 Mtpa heap leach and Merrill Crowe oxide ore processing plant (“**Oxide Project**”) located in the Balıkesir Province of Western Turkey, approximately 90 km by road south-east of Balıkesir, the provincial capital. This processing plant currently treats gold and silver ore contained in the oxidised zone and, as a stand-alone Oxide Project, has a remaining mine life of approximately 2 years (end of 2025). When the oxide ore is depleted by the end of 2025, the heap leach pregnant solution will continue to be processed in the Merrill Crowe plant in 2026.

Polimetal plans to invest in mining and processing the sulphide ore underlying the oxidised cap currently being mined and processed with a mine life of approximately 10 years, which might be extended further with market conditions and technical updates on reserve (“**Sulphide Expansion Project**”). This sulphide zone contains copper, zinc, gold, and silver minerals and Polimetal plans to produce copper and zinc concentrates with gold and silver credits. The Sulphide Expansion Project is expected to have an expanded and deeper open pit mine, a sulphide ore processing plant and supporting infrastructure, and expanded CWP, waste dump, and TSF.

The Gediktepe mine site is located in the Balıkesir Province of Western Turkey, approximately 90 km south-east of the city centre of Balıkesir by road, approximately 510 km west of Ankara by road, and approximately 38 km east – south-east of the nearest town of Bigadiç by road. Initial work on the Sulphide Expansion Project has already commenced and is expected to fully ramp up in Q3 2024. Completion is expected by Q4 2025.

Basis for Preparation of the Historical Financial Information

Polimetal’s historical financial information for the three-year period ended 31 December 2023 (the “**Historical Financial Information**”) has been prepared in accordance with the IFRS.

Polimetal’s Historical Financial Information represents the financial position, financial performance and cash flows for the three-year period ended 31 December 2023. The Historical Financial Information has been prepared from the accounting records of Polimetal and reflects its cash flows, revenues, expenses, assets, and liabilities for the three-year period ended 31 December 2023.

The accounting policies and measurement principles that have been applied in preparing the Historical Financial Information are those that reflect the operational business of Polimetal most appropriately and have been consistently applied for all periods presented, except for the adoption of new and amended IFRS and IFRS Interpretations Committee interpretations which became effective in each of the periods, details of these can be found within the audited financial statements for each respective period.

Functional and Presentation Currency

Polimetal operates in the gold and silver mining sector, and revenue consists of gold and silver sales, billing of which is in U.S. dollars. Costs are generally denominated in U.S. dollars or Turkish lira; however, the prices of the equipment and other construction work are determined by the international prices of commodities such as iron and steel, oil prices and the U.S. dollar exchange rate. Therefore, the functional currency in the primary economic environment in which Polimetal operates is deemed to be the U.S. dollar and the Historical Financial Information is measured using the functional currency. For the year ended 31 December 2021, the functional currency was determined as Turkish lira. During the year ended 31 December 2022, management evaluated that the functional currency, in line with the explanation above, should be U.S. dollars and restated the comparative financial statements to U.S. dollars for the year ended 31 December 2022. For further detail on the restatement, see note 2.2 within the financial statements for the year ended 31 December 2022.

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the relevant transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates as at the relevant balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies are accounted for under ‘net other operating income/expenses’ whereas foreign exchange gains and losses resulting from the translation of other monetary assets

and liabilities denominated in foreign currencies have been accounted for under ‘net financial income/expenses’ in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchanges rates at the date when the fair value was determined.

The Historical Financial Information is presented in U.S. dollars.

Non-IFRS Financial Measures

This Document contains non-IFRS financial measures and related ratios, as defined below, which are not recognised measures of financial performance, liquidity or financial position under IFRS. Polimetal uses these non-IFRS financial measures to manage and monitor the underlying performance of its business and operations and financial position. Although certain of this data has been extracted or derived from the Historical Financial Information in this Document, neither this data, nor the assumptions underlying this data, have been audited or reviewed. Further, they may not be indicative of Polimetal’s historical operating results or historical financial position, nor are such measures meant to be predictive of the Enlarged Group’s future results or financial position. These non-IFRS measures are presented in this Document because the Board considers them an important supplemental measure of Polimetal’s performance and believes that they and similar measures are widely used in the industry in which Polimetal operates as a means of evaluating a company’s operating performance, liquidity and financial position. By providing additional insight into non-IFRS based measures and non-financial operating data, the Company believes that the users of this information may be better able to understand Polimetal’s operational performance and trend development.

The non-IFRS financial measures presented are not measures of financial performance or financial position under IFRS and accordingly have not been audited or otherwise reviewed by external auditors, consultants or experts. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Document and they should not be considered in isolation or as a substitute for other financial measures computed in accordance with IFRS.

The non-IFRS financial measures have limitations as analytical tools. Investors are encouraged to evaluate any adjustments to IFRS measures and the reasons that management considers them appropriate for supplemental analysis. Because of these limitations, as well as the further limitations discussed above, the non-IFRS financial measures presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. Each of the non-IFRS financial measures is described below.

- Average realised gold price;
- Average realised silver price;
- C1 costs;
- All in sustainable costs (AISC);
- Adjusted EBITDA; and
- Net profit margin.

Average realised gold price

Average realised gold price is a non-IFRS financial measure that is calculated as revenue from gold sales divided by the amount of gold sold in the same period.

The following table demonstrates a reconciliation from revenue from gold sales to average realised gold price for Polimetal for the years ended 31 December 2021, 2022, and 2023:

	31 December 2021	31 December 2022	31 December 2023
Revenue from sale of gold (<i>in US\$</i>)	1,052,000	51,461,290	63,442,000
Divide by:			

Gold sold (in ounces)	576	28,824	33,098
Average realised gold price (US\$ per oz)	1,825.94	1,785.38	1,916.78

Average realised silver price

Average realised silver price is a non-IFRS financial measure that is calculated as revenue from silver sales divided by the amount of silver sold in the same period.

The following table demonstrates a reconciliation from revenue from silver sales to average realised silver price for Polimetal for the years ended 31 December 2021, 2022, and 2023.

	31 December 2021	31 December 2022	31 December 2023
Revenue from sale of silver (<i>in US\$</i>)	70	6,059	8,213
Divide by:			
Silver sold (in ounces)	3,062	293,697	361,740
Average realised silver price (US\$ per oz)	22.86	20.63	22.70

C1 Costs

C1 costs is a non-IFRS financial measure frequently used by companies in the mining industry that was developed for reporting in a uniform format of total cash costs on a per pound basis.

To calculate the C1 costs, management of Polimetal take into account the production costs of gold and silver. This consists of the following (all directly attributable to production): mine contract waste; salaries; reagents; services; mine contract ore; permits; supplies; electricity; maintenance; mine contract expenses; fuel & utility expenditure; insurance and testing & analysis. C1 costs exclude amortisation of tangible, intangible and right of use assets, rehabilitation costs and other non-operational costs, corporate administrative expenses, capital costs and exploration costs. Such information is based on cost allocation criteria of the costs and charges referred to above.

The cost of production that is used in the calculation of C1 costs (see the tables below) includes various components that are not directly reconcilable to any line item in the financial statements, such as (i) additions to the concentrate inventory, which represent the processing and mining costs associated with the ore fed to the processing plant, (ii) onsite administrative expenses incurred each month and then aggregated for a full year or period, as applicable and (iii) transport and shipping costs incurred each month and then aggregated for a full year or period, as applicable, and, therefore, cannot be directly reconciled to any line item in the financial statements.

C1 costs per ounce of gold sold

	31 December 2021 \$000	31 December 2022 \$000	31 December 2023 \$000
Costs of production (C1 costs)	288,625	16,592,491	26,857,332
Divide by:			
Gold produced (ounces)	614	32,495	37,620
C1 costs per oz of gold produced	470	511	714

AISC

AISC is another non-IFRS financial measure frequently used by companies in the mining industry. The use of AISC is intended to provide further information about the full costs associated with producing nickel or copper. AISC is essentially an extension of C1 costs and, in addition to C1 costs, it also incorporates all costs related to sustaining production, such as the royalties, corporate administrative expenses, and sustaining capital expenditures.

	31 December 2022 \$000	31 December 2023 \$000
CI costs	16,592,491	26,857,332
Sustaining capex	4,913,812	5,435,576
Royalties	3,483,169	3,890,473
Exploration	222,350	478,053
Total AISC	25,211,823	36,661,434
Divide by:		
Gold produced (ounces)	32,495	37,620
CI costs per oz of gold produced	776	975

All in sustaining costs for the year ended 31 December 2021 has not been presented, as production commenced in November of this year, there were limited outputs and since the facility was mainly being prepared for production prior to November costs primarily consisted of testing. Management is of the view that inclusion of measure would not be a true comparison against the year ended 31 December 2022 and 2023.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that represents profit before taxation, finance income/expense, depreciation and amortisation and excludes the impact of certain other items due to their materiality and nature, to aid comparability.

The following table provides the reconciliation between Polimetal's net profit/(loss) to adjusted EBITDA for the years ended 31 December 2021, 2022, and 2023.

	31 December 2021 \$000	31 December 2022 \$000	31 December 2023 \$000
Net profit/(loss) for the year	(1,518)	29,372	19,013
Net income tax/(expense)	-	10,151	(7,025)
Net finance income/(expense)	517	(1,687)	(5,215)
Depreciation and amortisation	(174)	(10,003)	(14,093)
Accounting provisions	(19)	(90)	4,521
Gain on sale of mining licences	-	-	2,991
Total adjustment	324	(1,629)	(18,821)
Adjusted EBITDA	(1,842)	31,001	37,834

As mentioned below, during the year ended 31 December 2023, Polimetal sold a mining licence resulting in a gain and also a provision release for NSR relating to the licence. As these items are exceptional and material, the amounts have been excluded from the adjusted EBITDA for comparability.

Ratio of Profit before Taxation

Ratio of profit before taxation is expressed as a percentage, as a result of profit/(loss) before tax divided by revenue.

	31 December 2021 \$000	31 December 2022 \$000	31 December 2023 \$000
Net profit/(loss) for the year before tax	(1,518)	19,221	26,038
Total revenues	1,122	57,520	73,628
Net profit margin	-135%	33%	35%

Disclosure Purpose

CI costs, AISC and Adjusted EBITDA should not be considered by investors in isolation or as alternatives to profit/(loss) before taxation, cost of products sold, cash flows used in operating activities, or any other measure of

financial performance presented in accordance with IFRS. The calculation of these financial measures may vary significantly among mining companies, and by themselves do not necessarily provide a basis for comparison with other mining companies. However, the management of Polimetal believe that C1 costs, AISC and Adjusted EBITDA are useful indicators to investors and management as they provide:

- an indication of profitability, efficiency and cash flows;
- the trend in costs as the mining operations mature over time on a consistent basis; and
- an internal benchmark of performance to allow for comparison against other mines at other mining companies.

Non-Financial Operating Data

The key performance indicators and other non-financial operating data included in this Document are derived from Polimetal’s management estimates, are not part of Polimetal’s financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts.

Polimetal’s use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS.

Rounding and Negative Amounts

Certain figures in this Document, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals may not be an exact arithmetic aggregation of the figures which precede them. In tables, negative amounts are shown between brackets. Otherwise, negative amounts may also be shown by “-” or “negative” before the amount.

Key Factors Affecting Results of Operations

Commencement of production at the Mine in November 2021

The following table presents certain information on increases in production and sales at the Mine in the years ended 31 December 2021, 2022, and 2023:

	31-Dec-21	31-Dec-22	31-Dec-23
Oxide ore mined (tonnes)	136,024	741,461	678,559
Gold production (oz)	3,266	33,592	39,766
Gold sales (oz)	576	28,824	33,098
Silver production (oz)	42,020	427,279	440,953
Silver sales (oz)	3,062	293,697	361,740

In November 2021, production of gold and silver at the Mine commenced, and the first sales were made in the same month. As can be seen from the table above, there was a significant increase in all sales and production volumes in the year ended 31 December 2022 as compared to the year ended 31 December 2021, followed by a smaller increased in all such volumes (other than oxide ore mined) in the year ended 31 December 2023 as compared to the year ended 31 December 2022.

With respect to the total oxide ore mined, its volume increased by 445% in the year ended 31 December 2022 as compared to 31 December 2021, as mining operations were ramped up from low volumes including trial productions in 2021 (only two months), to full capacity in 2022. These significant increases in production and consequent increases in sales of gold and silver had a positive impact on Polimetal’s revenue and led to an increase in the cost of sales. Cost of sales includes costs such as raw materials, personnel and subcontracting expenses, depreciation and amortisation, taxes, duties and fees. As well as cost of sales increases, certain general administrative costs also increased, such as personnel, utility and depreciation and amortisation.

Total oxide ore mined was lower in the year ended 31 December 2023 compared to the year ended 31 December 2022, as no mining took place in the 2023 winter season (January to March), as the climate did not allow for this. Whereas the climate was more suitable during these months in 2022 so more oxide ore was mined.

Changes in commodity prices, in particular, prices of gold and silver

Changes in commodity prices have a significant impact on Polimetal’s results of operations, with commodity prices impacted by the balance of supply and demand for relevant commodities. The balance of supply and demand may be driven by many factors including the availability and cost of substitute products, currency exchange rates, metal inventory levels, the cyclical nature of consumption, actions of other mining companies and participants in the commodities markets, national tariffs, general global, regional and local economic activity or other international macroeconomic and geopolitical events.

Sales of gold and silver comprise most of Polimetal’s revenue (with gold sales accounting for approximately 86% - 94% of total revenue since production commenced), and, as such, changes in these commodity prices, gold in particular, generally have a greater impact on Polimetal’s performance than changes in prices of other precious or base metal commodities.

Polimetal’s sales prices for gold are set based on the daily London Bullion Market Association (“LBMA”) spot price. See below details of average gold and silver prices for the years ended 31 December 2021, 2022, and 2023, per the LBMA website:

	2021	2022	2023
	\$	\$	\$
Gold (per oz)	1,799.87	1,801.17	1,942.99
Silver (per oz)	25.17	21.75	23.39

During the year ended 31 December 2023, average gold prices increased by approximately 8%, from an average of US\$1,801 per oz in 2022, to an average of US\$1,943 per oz in 2023, reaching record highs. Polimetal therefore charged these higher sales prices onto its customer (exclusively Central Bank of Turkey), benefitting from increased revenue.

Average silver prices increased by 8% per LBMA, from an average price of US\$21.75 per oz in 2022 to an average price of US\$23.39 per oz in 2023. This increase was due to increased demand for its industrial applications.

Factors affecting increases in costs of production

Polimetal’s costs are affected by fluctuations in the cost of fuel and other mine consumables used at the Mine, particularly those denominated in U.S. dollar, due to fluctuations in the exchange rate, and also those denominated in Turkish Lira, due to recent high inflation increasing prices.

Total cost of sales increased by 35% to US\$44.8m in the year ended 31 December 2023 as compared to US\$33.2m in the year ended 31 December 2022. The reason for the increase was not only the increase in production at the Mine, but also global inflation increasing the prices of these mine consumables.

The main mine consumable used by Polimetal which makes up over half of total mine consumables overall, is sodium cyanide, which increased from US\$1m in the year ended 31 December 2022 to US\$1.9m in the year ended 31 December 2023. The reasons for the increase was global inflation, as sodium cyanide is invoiced in U.S. dollar. Other consumables costs which increased significantly were antiscalant and borax.

The cost of antiscalant included in cost of sales increased by 482% from US\$10.2k in the year ended 31 December 2022 to US\$60.0k in the year ended 31 December 2023. The volume of required antiscalant increased due to a higher level of copper found in the ore, and the cost also increased due to the high inflation in Turkey.

Similarly, borax, usage of which also increased due to the high copper volume found in the ore, was affected by high inflation and costs increased as a result. Polimetal’s cost for borax increased by 42% from US\$15.0k in the year ended 31 December 2022 to US\$21.4k in the year ended 31 December 2023.

Further, the cost of staff salaries increased from 31 December 2022 to 31 December 2023 due to high inflation in Turkey, leading to the Turkish state increasing minimum wage.

Interest rates

Polimetal's net finance costs are affected by fluctuations in Turkish and U.S. interest rates. In Turkey, benchmark interest rates are set by the Central Bank of the Republic of Turkey Monetary Policy Committee (Türkiye Cumhuriyet Merkez Bankası - TCMB). See below for details of the average interest rate for each of the years ended 31 December 2021, 2022, and 2023:

	2021	2022	2023
	%	%	%
Average interest rate (Turkey)	17.50	13.00	18.00

Although the average interest rate for the year ended 31 December 2023 was 18.00%, it steadily increased during the year, reaching 45.00% in December 2023.

Polimetal has a loan receivable from the Seller, denominated in Turkish lira (see "*—Description of Third-Party Loans*" and "*—Description of Related Party Loans and Other Liabilities and Commitments*" below). There is no formal loan agreement in place and interest is charged on the loan based on market interest rates, included in finance income during the years ended 31 December 2021, 2022, and 2023. Increased interest rates are beneficial to Polimetal as they are able to recognise increased finance income. However, post-Acquisition, as these receivables will be assigned to the Company, it is not expected that interest will be charged therefore finance income will be minimal.

Polimetal holds a fixed term loan with Vakifbank, with interest originally based on LIBOR + 5.5% every 6 months. As of 1 July 2023, this has been adjusted to USD SOFR + 5.5%. See below details of the average annual U.S. LIBOR rate for the years ended 31 December 2021 and 2022, and the average rate for 2023 based on U.S. LIBOR up to 30 June 2023, and US\$ SOFR for 1 July 2023 to 31 December 2023:

	2021	2022	2023
	%	%	%
Average interest rate (U.S. LIBOR/SOFR)	0.75	0.76	5.84

The amount of interest payable to Vakifbank recognised in finance expense for the years ended 31 December 2021, 2022, and 2023 is below:

	31 December	31 December	31 December
	2021	2022	2023
	\$'000	\$'000	\$'000
Revenue	24	1,968	3,199

Although this loan is repayable by 31 March 2025, it will be either fully repaid or assumed by the Seller prior to the Completion as per the Acquisition Agreement. Therefore, fluctuations in interest rates would not have an impact on Polimetal's finance expense after Completion.

Foreign exchange

Polimetal reports in U.S. dollars. The majority of mine consumables are invoiced in Turkish lira; however, items such as sodium cyanide are imported and invoiced in U.S. dollar. For the year ended 31 December 2023, costs of US\$1.9m related to purchases of sodium cyanide, compared to US\$1.0m for the year ended 31 December 2022.

Gold and silver prices, which drive Polimetal's revenues, are in U.S. dollars. Some investment costs, such as analysis, drilling and consultancy are also denominated in U.S. dollars. In addition, borrowings, which fund these expenditures, are denominated in U.S. dollars.

Accordingly, an appreciation of Turkish lira against the U.S. dollar increases Polimetal's reported Turkish lira denominated costs and expenses in U.S. dollar terms, reducing profitability in the year. Conversely, depreciation of

the Turkish lira against the U.S. dollar decreases Polimetal's reported Turkish lira-denominated costs and expenses in U.S. dollar terms, increasing profitability in the year.

Polimetal's net foreign exchange losses were US\$4.6m in the year ended 31 December 2023 as compared to a gain of US\$0.02m in the year ended 31 December 2022. The principal reason for this increase was the devaluation of Turkish lira in relation to U.S. dollar, resulting in a loss incurred on the retranslation of the intercompany loan receivable from the Seller. The average exchange rate for Turkish lira to U.S. dollar decreased from 1 Turkish lira to 0.0613 U.S. dollar in 2022, to 1 Turkish lira to 0.0434 U.S. dollar in 2023.

From 2021 to 2022, the average exchange rate for Turkish lira to U.S. dollar decreased from 1 Turkish lira to U.S. dollar 0.116 in 2021 to 1 Turkish lira to U.S. dollar 0.0613. This decreased Polimetal's net foreign exchange gain from US\$3.4m in the year ended 31 December 2021 to US\$0.02m in the year ended 31 December 2022.

Polimetal have not historically entered into hedges; however, management continue monitoring foreign exchange rates and may establish hedging arrangements if required.

Income tax credit

In the year ended 31 December 2022, Polimetal benefitted from a corporate income tax incentive attached to an investment incentive certificate. The corporate income tax incentive resulted in a tax credit, which had a significant positive effect on Polimetal's net profit for the year. Although the corporation tax rate in Turkey during the year ended 31 December 2022 was 25%, Polimetal were able to apply the investment incentive, reducing the rate of corporation tax by 80-90%. The tax credit is effective until year ended 31 December 2024, meaning that Polimetal's corporation tax charge is likely to increase from 2024 onwards.

Results of Operations

The following table presents Polimetal's audited statements of profit or loss for the years ended 31 December 2021, 2022, and 2023:

	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2023 \$'000
Revenue	1,122	57,520	73,628
Cost of sales	(412)	(33,271)	(44,795)
Gross profit	710	24,249	28,833
Research and development expenditure	(3,211)	(1,849)	(3,688)
General administrative expenditure	(1,283)	(2,189)	(1,924)
Other income from operating activities	2,083	1,153	6,354
Other expenses from operating activities	(334)	(503)	(1,373)
Operating (loss)/profit from operating activities	(2,035)	20,861	28,202
Income from investment activities	-	59	3,054
Expenditure from investment activities	-	(12)	(3)
(Loss)/profit before finance income	(2,035)	20,908	31,253
Finance income	2,537	1,370	3,746
Finance expenses	(2,020)	(3,057)	(8,961)
(Loss)/profit before tax from continuing operations	(1,518)	19,221	26,038
Tax (expenses)/income:			
Current period tax expense	-	(260)	(1,499)
Deferred tax income/(expense)	-	10,411	(5,526)
(Loss)/profit for the year	(1,518)	29,372	19,013
OTHER COMPREHENSIVE INCOME:			
Not to be reclassified to profit or loss	(63)	(138)	(46)
Actuarial loss arising from defined benefit plans	(63)	(138)	(46)
Other comprehensive loss	(63)	(138)	(46)

Total comprehensive (loss)/income	(1,581)	29,234	18,967
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Description of Key Financial Measures and Income Statement Line Items

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

Revenue from contracts with customers

The following table presents Polimetal's revenue from gold and silver sales in the years ended 31 December 2022 and 2023:

	31 December 2022 \$'000	31 December 2023 \$'000
Revenue from the sale of gold	51,461	63,442
Revenue from the sale of silver	6,059	8,213
Other domestic sales	-	1,973
Total revenue	57,520	73,628

Polimetal's total revenue increased by US\$16.1m, or 28%, from US\$57.5m in the year ended 31 December 2022, to US\$73.6m in the year ended 31 December 2023. The main reasons for this increase were the increase in revenue from the sale of both gold (an increase of US\$12.0m, or 23%) and silver (US\$2.1m, or 36%). The principal reasons for the increase in revenue in the year ended 31 December 2023, was the increase in production, leading to an increase in sales, and an increase in metal spot prices.

The amount of mined oxide ore reduced by 8%, or 62,902 tonnes, in the year ended 31 December 2023, compared to the year ended 31 December 2022. Despite this, gold production increased by 18% from 33,592 oz produced in the year ended 31 December 2022 to 39,766 oz produced in the year ended 31 December 2023, and silver production also increased by 3%, from 427,279 oz in the year ended 31 December 2022 to 440,953 oz in the year ended 31 December 2023. This was due to a higher overall ore grading, which was in line with the Polimetal mine plan (the "**Mine Plan**"). The Mine Plan includes a comprehensive set of reports and Key Performance Indicators, which detail the overall operations of a mine with the goal of optimising the extraction of ore by utilising the mine's available resources. The increase in higher overall ore grading, led to an increase in gold sales by 15%, from 28,824 oz in the year ended 31 December 2022, to 33,098 oz in the year ended 31 December 2023 and an increase in silver sales by 23%, from 293,697 oz in the year ended 31 December 2022 to 361,740 oz in the year ended 31 December 2023. This was also partly driven by increased demand for silver in industrial applications.

Polimetal's sales prices for gold are set based on the daily LBMA spot price. During the year ended 31 December 2023, Polimetal's average sales price increased by approximately 7%, from an average of US\$1,785 per oz in 2022, to an average of US\$1,917 per oz in 2023. For silver, Polimetal's average sales price increased by approximately 10%, from an average of US\$20.63 per oz in 2022, to an average of US\$22.70 per oz in 2023, increasing revenue from customers further.

Other domestic sales relate to intercompany recharges to the Seller by Polimetal and are not expected to recur post-Acquisition.

Cost of sales, research and development expenditure, general administrative expenditure and other net income (expense)

The following table shows Polimetal's cost of sales, research and development expenditure, general administrative expenditure and net other income/(expenses), as presented in the statement of profit or loss for the years ended 31 December 2022 and 2023:

	31 December 2022 \$000	31 December 2023 \$000
Raw materials & consumables	9,667	15,405
Depreciation and amortisation expenses	10,003	14,093
Taxes, duties and fees	7,889	7,291
Personnel expenses	4,524	6,983

External services	2,164	2,291
Subcontracting expenses	1,016	1,975
Consultancy	740	1,927
Other	520	742
FX from operating activities	(1)	(820)
Gain on sales of mining licences	-	(2,991)
Accounting provisions	90	(4,521)
Total	36,612	42,375
Cost of sales	33,271	44,795
Research and development expenditure	1,849	3,688
General administrative expenses	2,189	1,924
Net other income from investment activities	(47)	(3,051)
Net other income	(650)	(4,981)
	36,612	42,375

Cost of sales

Polimetal's cost of sales increased by US\$11.5m, or 35%, from US\$33.2m for the year ended 31 December 2022 to US\$44.8m for the year ended 31 December 2023. This increase was higher than the increase in Polimetal's revenue for the same period, which increased by 28% in 2023 as compared to 2022. Reasons for the increase are detailed below.

The use of raw materials increased by 59%, from US\$9.7m in the year ended 31 December 2022 to US\$15.4m in the year ended 31 December 2023. Although the amount of mined oxide ore decreased in the year ended 31 December 2023, the amount of ore carried in inventory was higher than at the end of 2022 due to an increase in mine production towards the end of the year ended 31 December 2023, which was in line with the Mine Plan. In December 2022, Polimetal focussed on waste pre-stripping leading to a fall in ore stockpiles at the year ended 31 December 2022.

Inflation in Turkey for the year ended 31 December 2023 was 65%. At least 75% of Polimetal's cost base is invoiced in Turkish lira, and therefore costs have increased in line with CPI during the year. The impact of this was offset to some extent when reported in U.S. dollar, as the Turkish lira devalued in 2023. The average exchange rate for Turkish lira to U.S. dollar in 2023 was US\$0.0434, whereas in 2022 the average exchange rate for Turkish lira to U.S. dollar was US\$0.0613.

The cost of fuel and other mine consumables used in the processing of ore, increased due to global inflation. The cost of sodium cyanide for instance, increased by 90%, from US\$1.0m for the year ended 31 December 2022, to US\$1.9m for the year ended 31 December 2023. The majority of mine consumables are invoiced in Turkish lira; however, sodium cyanide is imported and invoiced in U.S. dollar, and therefore this increase in cost is not affected by translation.

The Turkish state has historically increased minimum wage in response to high inflation. This occurred in the year ended 31 December 2023, increasing the personnel cost which is reported in cost of sales. Personnel costs included in cost of sales for the year ended 31 December 2022 were US\$3.2m, increasing to US\$5.8m for the year ended 31 December 2023 (an increase of 81%).

Mining services payable to subcontractors are included in cost of sales and are invoiced in Turkish lira. The cost of subcontracts increased from US\$1.0m in the year ended 31 December 2022 to US\$1.9m in the year ended 31 December 2023. The increase of US\$0.9m was due to the contract price being affected by the Turkish minimum wage increase, the Turkish inflation rate increase, and fuel price increases.

Cost of sales also includes depreciation and amortisation on the Mine's property, plant and equipment ("PPE"). This cost increased by US\$4.1m, from US\$10.0m in the year ended 31 December 2022 to US\$14.1m in the year ended 31 December 2023. Additions in the year ended 31 December 2023 are the principal reasons for the increase; particularly land improvements and plant and machinery.

Research and development expenditure

Polimetal's research and development expenditure increased by US\$1.9m, or 106%, from US\$1.8m for the year ended 31 December 2022 to US\$3.7m for the year ended 31 December 2023. Expensed research and development costs largely consist of consultancy costs, mining licence applications and land permit costs of projects that are still in the research phase.

The increase of US\$1.9m from the year ended 31 December 2022 to year ended 31 December 2023 is primarily due to tax and other duties included in research and development expenditure increasing to US\$1.1m in the year ended 31 December 2023 from US\$0.1m in the year ended 31 December 2022, which related to a one-off IFRS adjustment where an amount of VAT was expensed as it was deemed non-refundable.

General administrative expenditure

Polimetal's general administrative expenditure decreased by US\$0.3m, or 14%, from US\$2.2m for the year ended 31 December 2022 to US\$1.9m for the year ended 31 December 2023.

Personnel expenses included in general administrative expenditure decreased from US\$1.3m in the year ended 31 December 2022 to US\$1.1m in the year ended 31 December 2023. Although staff numbers increased in the year ended 31 December 2023, the decrease in personnel expenses was due to the devaluation of the Turkish lira against the U.S. dollar during the year, leading to a decrease in the cost when translated into the reporting currency.

The above decrease was offset slightly by other general administrative expenses increasing during the year ended 31 December 2023, including consultancy, outsourced benefits & services, which consist of legal, IT and internal audit services from the Seller, and representation expenses, all due to cost increases per above.

Net other income from operating activities

Polimetal's other income from operating activities increased by US\$4.3m, or 614%, from US\$0.7m for the year ended 31 December 2022 to US\$5.0m for the year ended 31 December 2023. The increase was largely due to the release of a provision totalling US\$4.6m for NSR related to the sale of licences which meant the provision was no longer required.

The increase was offset by an increase in related taxes duties and fees of which US\$1.1m was included in net other expenses in the year ended 31 December 2023. The amount consisted of unexpected earthquake tax following the earthquake which hit southern and central Turkey in February 2023.

Net income from investing activities

Polimetal's other income from investing activities increased by US\$3.1m, from US\$0.05m in the year ended 31 December 2022 to US\$3.1m in the year ended 31 December 2023, this related to the above mentioned sale of mining licences in the year ended 31 December 2023, resulting in a gain of US\$ 3.0m.

Net finance expense

Polimetal's net finance expense increased by US\$3.5m, or 206%, from US\$1.7m in the year ended 31 December 2022, to US\$5.2m in the year ended 31 December 2023. The principal reason for this increase was the devaluation of Turkish lira in relation to U.S. dollar, resulting in a loss incurred on the retranslation of the loan receivable from the Seller (US\$5.4m in the year ended 31 December 2023), which is reported in finance income.

The increase in expense was partially offset by the decrease in interest payable on a third-party loan with Vakifbank, which decreased by US\$0.5m in the year ended 31 December 2023 as a result of Polimetal making two principal repayments of US\$11.7m in total, and it's denomination in U.S. dollar.

Corporation tax

The corporation tax charge increased to US\$1.5m in the year ended 31 December 2023 from US\$0.3m for the year ended 31 December 2022 as a result of a 5.0ppt increase in the Turkish tax rate (up to 25% from 20%) and an increase in the tax base profit in the year.

Net profit for the year

For the reasons discussed above, Polimetal recognised a net profit of US\$19.0m in the year ended 31 December 2023, compared to a net profit of US\$29.4m in the year ended 31 December 2022, a decrease of 35%.

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

Revenue from contracts with customers

The following table presents Polimetal's revenue from gold and silver sales in the years ended 31 December 2021 and 2022.

	31 December 2021 \$'000	31 December 2022 \$'000
Revenue from the sale of gold	1,052	51,461
Revenue from the sale of silver	70	6,059
Total revenue	1,122	57,520

Polimetal's total revenue increased by US\$56.4m from US\$1.1m in the year ended 31 December 2021 to US\$57.5m in the year ended 31 December 2022. This consisted of an increase in revenue from the sales of gold by US\$50.4m and an increase in revenue from the sale of silver by US\$6.0m.

The main driver for the increase was that production commenced in November 2021, so only two months' worth of oxide ore was extracted, and two months' worth of gold and silver production was reported and sold in the year ended 31 December 2021, compared to a full twelve months in the year 31 December 2022. Additionally, as the mine began producing in 2022, capacity increased.

For the year ended 31 December 2021, 136,024 tonnes of oxide ore were mined, leading to the production of 3,266 oz of gold and 42,020 oz of silver. In comparison, during the year ended 31 December 2022, 741,461 tonnes of oxide ore were mined, leading to the production of 33,592 oz of gold and 427,279 oz of silver. Similarly, in the year ended 31 December 2021, 576 oz of gold and 3,062 oz of silver were sold, compared to sales of 28,824 oz of gold and 293,697 oz of silver in the year ended 31 December 2022.

Cost of sales, research and development, general administrative expenditure, other net income/(expense) and net investment income.

The following table shows Polimetal's cost of sales, research and development expenditure, general administrative expenditure and other net income/(expenses), as presented in the statement of profit or loss for the years ended 31 December 2021 and 2022:

Account	31 December 2021 \$000	31 December 2022 \$000
Depreciation and amortisation expenses	174	10,003
Raw materials & consumables	162	9,667
Taxes, duties and fees	1,797	7,889
Personnel expenses	707	4,524
External services	788	2,164
Subcontracting expenses	20	1,016
Consultancy	49	740
Other	798	520
Accounting provisions	19	90

FX from operating activities	(1,358)	(1)
Total	3,156	36,612
Cost of sales	411	33,271
General administrative expenses	1,283	2,189
Research and development expenditure	3,211	1,849
Net other income from investment activities	-	(47)
Net other income	(1,749)	(650)
Total	3,156	36,612

Cost of sales

Polimetal's cost of sales increased by US\$32.8m, from US\$0.4m for the year ended 31 December 2021 to US\$33.2m for the year ended 31 December 2022. The increase in cost of sales in 2022 as compared to 2021 was due to the commencement of production at the Mine in November 2021. Prior to commencement, cost of sales were not recognised, therefore cost of sales in the year ended 31 December 2021 related to only two months as opposed to twelve months in the year ended 31 December 2022.

In the year ended 31 December 2021, cost of sales largely comprised depreciation of the Mine's PPE, and amortisation on the exploration and evaluation of intangible assets and use of indirect materials, all of which increased significantly in the year ended 31 December 2022 in line with production and revenue. Staff costs, fuel, other mine consumables used in the processing of ore, and mining services payable to subcontractors were also charged to cost of sales and became material in the year ended 31 December 2022.

Research and development expenditure

Polimetal's research and development expenditure decreased by US\$1.4m, or 44%, from US\$3.2m for the year ended 31 December 2021 to US\$1.8m for the year ended 31 December 2022. This is primarily due to tax and other duties decreasing by 93% during the year ended 31 December 2022 to US\$0.1 m, from US\$1.8m in the year ended 31 December 2021. Tax and other duties mainly consist of value added taxes, mining licences and land permit costs for projects that are in the research phase. As the Oxide Project moved out of the research phase during the year ended 31 December 2021, these expenses no longer occurred.

General administrative expenditure

Polimetal's general administrative expenditure increased by US\$0.9m, or 69%, from US\$1.3m for the year ended 31 December 2021 to US\$2.2m for the year ended 31 December 2022.

The increase is primarily due to personnel costs increasing by 117%, from US\$0.6m in the year ended 31 December 2021, to US\$1.3m in the year ended 31 December 2022. Polimetal employed more staff in the year ended 31 December 2022, in line with production commencing late 2021, and increasing during the year ended 31 December 2022, causing the increase in staff salaries cost.

Depreciation also increased in the year ended 31 December 2022 as an asset retirement obligation was recognised in relation to the future Gediktepe Mine closure.

Other income from operating activities and investment activities

Polimetal's other income from operating activities decreased by US\$1.0m, or 59%, from US\$1.7m for the year ended 31 December 2021 to US\$0.7m for the year ended 31 December 2022. The decrease was primarily due to a decrease in foreign exchange adjustments during the year ended 31 December 2022 of US\$1.34m. The Turkish lira to U.S. dollar exchange rate decreased in the year ended 31 December 2022, from an average of 1 Turkish lira to 0.1160 U.S. dollar in the year ended 31 December 2021, to an average of 1 Turkish lira to 0.0613 U.S. dollar in the year ended 31 December 2022. Therefore, foreign exchange gains on the translation of operating activities resulted in a lower amount.

Net finance expense

Polimetal's net finance expense increased by US\$2.2m, from a net finance income of US\$0.5m in the year ended 31 December 2021, to a net loss US\$1.7m in the year ended 31 December 2022.

The principal reason for this increase was loan interest which increased by US\$1.9m, and foreign exchange gains which decreased from US\$2.0m to US\$0.2m. As mentioned above, the spot rate from Turkish lira to U.S. dollar decreased on average from the year ended 31 December 2021 to the year ended 31 December 2022, resulting in a lower gain.

The increase in interest expenses relates to the interest payable on a third party loan with Vakifbank, which was taken out in March 2021, with a four year term. In the year ended 31 December 2022, an interest expense of US\$1.0m was recognised, this increase was in line with expectation as only nine months of the charge was recognised in the year ended 31 December 2021, versus twelve months in the year ended 31 December 2022.

The above was partially offset by an increase in interest revenue from related parties (US\$0.7m), which consists of accrued income relating to the loan receivable to the Seller.

Net profit for the year

For the reasons discussed above, Polimetal recognised a net profit of US\$29.4m in the year ended 31 December 2022, compared to a net loss of US\$1.5m in the year ended 31 December 2021.

Liquidity and Capital Resources

Polimetal's primary source of liquidity for their operations is cash provided by their operating activities (see "*Cash Flows—Net Cash Flows from Operations*" below), although Polimetal also partially funds its operations from third-party debt and related party debt (see "*Description of Third-Party Loans*" and "*Description of Related Party Loans and Other Liabilities and Commitments*" below). Polimetal expects that cash generated by its operating activities will continue to be its principal source of cash in the future. Cash generated from operations amounted to US\$42.1m in the year ended 31 December 2023 and US\$31.4m in the year ended 31 December 2022. Cash used in operations amounted to US\$0.7m in the year ended 31 December 2021. Polimetal had cash and cash equivalents in the amounts of US\$11.9m as at 31 December 2023, US\$15.5m as at 31 December 2022 and US\$7.7m as at 31 December 2021. Polimetal had total current and non-current third-party borrowings of US\$18.5m as at 31 December 2023, US\$29.6m as at 31 December 2022 and US\$35.6m as at 31 December 2021. Polimetal owed a loan to related parties to the amount of US\$14.9m as at 31 December 2021, this was repaid in full during the year ended 31 December 2022.

Polimetal's principal financing requirements have been, and will continue to be, to finance mining operations and exploration, and to fund capital expenditure, including the purchase of equipment. Polimetal may allocate funds to dividend payments, working capital requirements and repayments of borrowings.

Cash Flows

The following table presents Polimetal's summarised cash flows for the years ended 31 December 2021, 2022 and 2023.

	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2023 \$'000
Net cash flows (used in) from operations	(695)	31,425	42,058
Net cash flows (used in) investment activities	(28,616)	(5,275)	(2,533)
Net cash flows from (used in) financing activities	41,153	(22,609)	(47,109)
Net increase/(decrease) in cash and cash equivalents	11,842	3,541	(7,584)
Cash and cash equivalents at the beginning of the year	84	11,926	15,467

Effect of exchange rate changes on cash and cash equivalents	-	-	(178)
Cash and cash equivalents at the end of the year	11,926	15,467	7,705
Net increase/(decrease) in cash and cash equivalents	11,842	3,541	(7,584)

Net Cash Flows from Operations

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

Net cash flows from operations increased by US\$10.7m, or 34%, from US\$31.4m in 2022 to US\$42.1m in 2023. The principal reason for this increase was increased profit for the year in 2023 (US\$29.4m) as compared to 2022 (US\$19.0m).

With respect to the impact of adjustments to profit, the increase in tax charges incurred to US\$7.0m in 2023 from tax investment incentive received in 2022 of US\$10.1m drove the increase in overall adjustments to US\$21.4m in 2023 from US\$0.2m in 2022 along with the increase in depreciation and amortisation to US\$14.1m in 2023 from US\$10.0m in 2022 and increase in interest to US\$3.2m in 2023 from US\$2.0m in 2022. With respect to the effect of changes in assets and liabilities, the decrease in the inventories movement (from the increase of US\$4.0m in 2022 to the increase of US\$1.7m in 2023) was offset by the decrease in the prepaid expenses movement (from the increase of US\$1.3m in 2022 to the increase of US\$0.2m in 2023), overall increasing total cash flows from working capital.

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

Polimetal's net cash flows from operations in 2022 amounted to US\$31.4m. Polimetal's net cash flows from operations in 2021 amounted to US\$0.7m. The principal reason for this increase was that Polimetal had income before income taxes in the amount of US\$19.2m in 2022 as compared to loss before income taxes in the amount of US\$1.5m in 2021. With respect to the impact of adjustments to profit, the increase in depreciation and amortisation to US\$10.0m in 2022 from US\$0.2m in 2021, was largely offset by tax investment incentive received in 2022 of US\$10.1m (US\$ nil in 2021). All other adjustments remained broadly in line, except for interest which increased to US\$2.0m in 2022 from US\$ nil in 2021. With respect to the effect of changes in assets and liabilities, the increase in the inventories movement (from the increase of US\$2.2m in 2021 to the increase of US\$4.0m in 2022) and the decrease in the trade payable movement (from the increase of US\$3.0m in 2021 to the increase of US\$2.5m in 2022) was largely offset by the decrease in the movement of other receivables (from the increase of US\$1.0m in 2021 to the increase of US\$0.5m in 2022) and the increase in the movement of prepaid expenses (from the increase of US\$0.2m in 2021 to the increase of US\$1.3m in 2022), overall decreasing total cash flows from working capital.

Net Cash Flows Used in Investing Activities

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

Net cash flows used in investing activities decreased by US\$2.8m, or 52%, from US\$5.3m in 2022 to US\$2.5m in 2023. The principal reason for this decrease was due to the proceeds from the disposal of two mining licences to Bakirtepe Madencilik, a related party, in 2023 which resulted in a cash inflow of US\$3.0m. This was offset by US\$0.6m of other expenses, which primarily related to Turkish stamp taxes payable. Total cash spent on additions to PPE and intangible assets in 2023 remained in line with 2022 at US\$5.6m and US\$5.4m respectively.

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

Net cash flows used in investing activities decreased by US\$23.3m, or 81%, from US\$28.6m in 2021 to US\$5.3m in 2022. The principal reason for this decrease was the reduction in cash spent on PPE and intangible assets from US\$29.1m in 2021 to US\$5.4m in 2022. This decrease was principally due to the commencement of mining operations at Gediktepe in November 2021 (and hence the decrease in the need to spend on PPE and intangible assets for the Mine in 2022).

Net Cash Flows Used in (from) Financing Activities

Year Ended 31 December 2023

Polimetal used US\$47.1m of cash in financing activities in 2023, which principally consisted of borrowings issued to related parties in the amount of US\$32.8m to the Seller, Lidya Madencilik Sanayi ve Ticaret A.Ş and repayments of third-party borrowings in the amount of US\$11.6m.

Year Ended 31 December 2022

Polimetal used US\$22.6m of cash from financing activities in 2022. This was principally due to the US\$14.9m issue of related party borrowings in the year to Lidya Madencilik Sanayi ve Ticaret A.Ş and third-party borrowings repayments of US\$5.8m.

Year Ended 31 December 2021

Polimetal generated US\$41.2m of cash from financing activities in 2021. This was principally due to US\$35m in proceeds from third-party bank borrowings, and a US\$7.6m loan from Lidya Madencilik Sanayi ve Ticaret A.Ş.

Description of Third-Party Loans and Financing

The following table presents the Polimetal's interest-bearing loan, which is stated at amortised cost, as at 31 December 2021, 2022 and 2023.

	Effective interest rate	Maturity	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2023 \$'000
Long term bank loans	LIBOR + 5.5% per year	March '25	35,574	29,646	18,510
Total			35,574	29,646	18,510

In March 2021, Polimetal successfully obtained a loan from Vakifbank, that was largely utilised to fund PPE additions at the mine site and to finance the Oxide Project infrastructure and facilities. The amount of the loan totalled US\$35m, and the interest rate was set at 5.5% plus LIBOR, paid every 6 months. The loan arrangement fee was US\$539k (1.5% of total loan principal) and was guaranteed by Çalık Holdings and the Seller. The loan is repayable in instalments starting in September 2022 with the last payment scheduled for March 2025. The loan principal and interest payments are made in US\$. However, this loan will be repaid or fully assumed by the Seller prior to the Completion as agreed under the Acquisition Agreement.

Description of Related Party Loans and Other Liabilities and Commitments

The following table presents Polimetal's related party loans and other liabilities as at 31 December 2021, 2022, and 2023:

	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2023 \$'000
Short-term other receivables			
Loan - Lidya Madencilik Sanayi ve Ticaret A.Ş.	-	-	32,842
Total	-	-	32,842
Short-term trade payables			
Çalık Holding A.Ş.	-	20	125
Lidya Madencilik Sanayi ve Ticaret A.Ş.	195	165	74

Yeşilirmak Elektrik Perakende Satış A.Ş.	-	110	71
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	1,828	-	-
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	-	-	5
Total	2,023	295	275
Short-term other payables			
Çalık Holding A.Ş.	23	-	49
Alacer Gold Madencilik A.Ş.	115	-	-
Yeşilirmak Elektrik Perakende Satış A.Ş.	5	-	-
Lidya Madencilik Sanayi ve Ticaret A.Ş.	14,591	-	-
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	138	-	-
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	1	-	-
Total	14,873	-	49

Loans from and to Lidya Madencilik Sanayi ve Ticaret A.Ş.

During the years ended 31 December 2020 and 31 December 2021 the Seller provided Polimetal with a loan totalling US\$14.6m. The loan was established to provide Polimetal with the funds to complete the construction of the production facility and for working capital purposes. Interest on the loan was charged based on Central Bank of Turkey interest rates and was repayable on demand. The loan was repaid in full during the year ended 31 December 2022.

During the year ended 31 December 2023 the Seller received loan funding from Polimetal, recognised in other receivables. During the HFI period there has been an increase in the balance due to additional funding provided to the Seller and the subsequent accrued interest on the loan. As at 31 December 2023, the amount owed to Polimetal from the Seller was US\$32.8m. There is no formal loan agreement in place with the Seller. The Seller also provides Polimetal with IT, legal, corporate communication, HR and internal audit services.

Other related party transactions

- Çalık Holding is the 100% parent of the Seller. Similarly to the Seller, Çalık Holdings provides administrative services to Polimetal.
- Yesilirmak Elektrik is a 100% subsidiary of Çalık Holding, the fellow subsidiary operates hydro-electric power plants. Yesilirmak Elektrik supplies electricity to Polimetal.
- GAP İNSAAT is a 100% subsidiary of Çalık Holding, acting as a construction company. GAP İNSAAT provides mine exploration services to Polimetal.
- Polimetal has a bank account with Aktif Bankasi, a 100% subsidiary of Çalık Holding, with interest income accruing on amounts deposited.

Commitments

Polimetal has no material capital commitments as at 31 December 2021, 2022 and 2023.

Provisions

As of 31 December 2023, other provisions consist of provisions related to asset retirement obligations of the Mine. These are detailed below with the additions to intangibles section.

Additions to Property, Plant and Equipment

Additions to PPE consist of acquisition costs, import and non-refundable taxes, and expenses incurred to make the asset ready for use, on an accrual basis. After an asset is ready for use, expenses such as repairs and maintenance are recognised as an expense in the period they occur. If the expenditure provides an upgrade to the asset, these expenses are added to the cost of the asset.

The following table provides information on the additions to PPE in the years ended 31 December 2021, 2022 and 2023.

	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2023 \$'000
Land ⁽¹⁾	25	-	-
Land improvements ⁽¹⁾	822	969	2,682
Buildings ⁽¹⁾	4,457	384	99
Machinery and equipment ⁽²⁾	23,487	2,558	1,513
Vehicles	591	760	169
Furniture and fixtures	588	489	537
Leasehold improvements ⁽¹⁾	-	7	-
Construction in progress ⁽³⁾	680	31	589
Total	30,650	5,198	5,589

Notes:

- (1) Land & buildings comprise mine land, land improvements and related buildings including site offices. In the year ended 31 December 2023 there were material additions (US\$2.7m) to land improvements largely consisting of upgraded transportation routes (US\$2.5m) and site fencing (US\$0.1m).
- (2) Machinery and equipment comprise machinery and equipment used in the transport and production processes, heap leaching, Merrill Crowe and crushing plants used in the ore processing. Additions in the year ended 31 December 2023 to machinery & equipment (US\$1.5m) principally comprise of new slope measuring equipment (US\$0.5m) and additional waste storage areas (US\$0.4m).
- (3) Construction in progress are assets that are in the assembly phase, which are not depreciable.

Additions to Intangibles

Additions to intangible assets includes mineral exploration, evaluation and development expenses, mine site development, mining rights, mining plots and deferred mining costs of the Gediktepe Mine.

The following table provides information on the additions to PPE in the years ended 31 December 2021, 2022, and 2023.

	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2023 \$'000
Rights, software and licenses ⁽¹⁾	27	192	3
Deferred exploration cost ⁽²⁾	-	-	12,038
Mine site development cost ⁽³⁾	-	-	-
Total	27	192	12,041

Notes:

- (1) Rights, software and licenses includes mine management software and geographic information systems.
- (2) Deferred exploration cost consists of provisions related to asset retirement obligations of mines. The restoration activities include the (i) dismantling and removal of mining structures, (ii) rehabilitation of mines and waste dams, (iii) closure of factories and waste areas and (iv) greening of affected areas.
- (3) Mine site development cost includes the evaluation and development of new ore veins, as well as the opening of underground galleries, excavation and construction of roads for the continuation and development of existing ore seams

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the results of Polimetal or the value of its holdings of financial instruments.

Commodity prices risk

Polimetal monitors the prices of metals. Assuming that expected production and sales are achieved and giving no effect to potential hedging programmes, commodity price sensitivity factors would indicate the following change in profit or loss resulting from price changes in the year ended 31 December 2023:

	Gold	Silver
Change in price (%)	+/-10.0	+/-10.0
Change in profit before tax/net assets (\$'000)	2,484.41	321.62

Foreign exchange risk

Polimetal is subject to foreign exchange risk on sales, purchases and borrowings that are denominated in a currency other than the U.S Dollar, Polimetal's functional currency. The currency in which these transactions are principally denominated is the Turkish lira.

Interest on loans is denominated in the currency of the loan. In general, loans are denominated in currencies that are equivalent to the cash flows generated from the Mine's basic operations (*i.e.* in U.S. dollars). This creates an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

The following table demonstrates the sensitivity to a possible change of 10% in U.S. dollar exchange rates on Polimetal's foreign currency denominated assets and liabilities, with all other variables held constant, on Polimetal's income before tax as of 31 December 2023:

	\$'000
Change in foreign exchange rate against U.S. dollar (%)	+/-10.0
Turkish lira	2,887
Euro	17
Other currency	12
	2,916

Interest rate risk

Polimetal's borrowings are subject to fluctuations in US LIBOR/SOFR. Polimetal have re-calculated the interest charge recognised in finance costs for the year ended 31 December 2023, based on an increase/decrease of 5.0% and 10.0% to US LIBOR/SOFR. The table below sets out how much the value of the charge, and also profit before tax if all other variables remained constant, would increase/decrease by if these fluctuations are applied:

	31 December 2023	31 December 2023
	(\$'000)	(\$'000)
Change in U.S. LIBOR (%)	+/-5.0	+/-10.0
Change in interest charge	160	320

Critical Accounting Judgments, Estimates and Assumptions

Polimetal management have based their key estimates and assumptions on parameters available when the Historical Financial Information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of Polimetal. Such changes are reflected in the assumptions when they occur.

Recognition of mining asset

Mining assets consists of mine site development costs, mining rights, mining lands, deferred stripping costs and discounted costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets are accounted in the financial statements with their net book value after deducting the accumulated depreciation and impairment, if any, from their acquisition costs. Mining assets start to be amortised on a production basis according to producible ore reserve with the commencement of production. The depreciation expenses of mining assets are associated with the production costs on the basis of the relevant mining sites. Polimetal management reviews the estimates made in relation to the visible and probable mineral reserves in each balance sheet period.

Amortisation of mining asset

Mining assets are amortised using the “production” method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods, and for some mining assets the depreciation may be affected by the deviation between the actual and estimated production amounts. The impairment tests performed by Polimetal’s management depend on management’s estimates about future gold prices, current market conditions, exchange rates and pre-tax discount rates together with the relevant project risk. The recoverable value of the cash-generating units is determined as the higher one from the use value of the relevant cash-generating unit or its fair value after deducting sales costs. These calculations require the use of some assumptions and estimates. Changes in assumptions and estimates based on gold prices may affect the useful life of mines.

Provisions

As Polimetal operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, the results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against Polimetal may significantly affect the activities of Polimetal. As at 31 December 2023, legal risk is not expected to significantly affect the activities of Polimetal.

Amount of provisions reflected in financial statements regarding environmental rehabilitation, improvement of mine sites and closure of mine sites is based on the plans of Polimetal management and the requirements of the relevant legal regulations. Changes in the aforementioned plans and legal regulations, up-to-date market data and prices, discount rates used, changes in estimates based on mineral resources and reserves may affect provisions.

As of 31 December 2023, Polimetal reassessed the provision amounts due to changes in discount rates, costs, production areas subject to rehabilitation and reserve lifetimes. Under IFRS, Polimetal recognises a provision for the discounted value of anticipated costs for future rehabilitation of the Gediktepe Project., also referred to as the asset retirement obligation. The restoration activities include the (i) dismantling and removal of mining structures, (ii) rehabilitation of mines and waste dams, (iii) closure of factories and waste areas and (iv) greening of affected areas. Polimetal evaluates the ARO provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation due to the large number of factors that may affect the final liability to be paid. These factors include estimates of the scope and cost of rehabilitation activities, technological changes, changes in regulations, cost increases proportional to inflation rates and changes in net discount rates. These uncertainties may cause future expenditures to differ from the amounts estimated today.

The provision amount at the reporting date represents the best estimate of the present value of future rehabilitation costs. Changes in estimated future costs are accounted in the balance sheet by increasing or decreasing the rehabilitation obligation or asset if the initial estimate was initially recognised as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. The value of the rehabilitation obligation cannot exceed the carried value of that asset. In case of excess, the amount exceeding the carried value is immediately taken to profit or loss.

Recent Developments

In the six months ended 30 June 2024, the Mine produced 287,791 tonnes of oxide ore, and Polimetal produced 13,805 oz of gold and 180,372 oz of silver. Sales for the quarter ended 30 June 2024 consisted of 21,506 oz of gold and 268,965 oz of silver. The average realised gold price was 2,147.95 US\$ per oz and the average realised silver price was 25.65 US\$ per oz.

In the first half of 2024, the Polimetal board of directors approved dividends to be paid from Polimetal to its parent company, Lidya, for the amounts of US\$24.5 million and US\$9.4 million, in February 2024 and April 2024 respectively. These dividends have been declared to reduce, and ultimately settle, the intercompany receivable due from Lidya, the parent company of Polimetal.

PART IX - PRO FORMA FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



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The Directors
ACG Acquisition Company Limited
Craigmuir Chambers
PO Box 71, Road Town,
Tortola
VG1110, BVI

7 August 2024

To the Directors of ACG Acquisition Company Limited,
ACG Acquisition Company Limited (the "Company")

Unaudited pro forma financial information

We report on the unaudited pro forma net assets statement and the unaudited pro forma income statement (together the "Unaudited Pro forma Financial Information") set out in Part B of Part IX of the Company's prospectus dated 7 August 2024 (the "Prospectus").

Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
and
- b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Unaudited Pro Forma Financial Information in accordance with item 18.4 of Annex 1 of the UK version of the Commission Delegated Regulation (EU) 2019/980 (the "Prospectus Delegated Regulation") supplementing the UK version of Regulation (EU) No 2017/1129 (the "Prospectus Regulation").

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Prospectus Delegated Regulation, as to the proper compilation of the Unaudited Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the dates of their issue.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation

The Unaudited Pro Forma Financial Information has been prepared on the basis described therein, for illustrative purposes only, to provide information about how the re-admission of the Company's shares to trading on the Main Market of the London Stock Exchange, the proposed financing arrangements relating to the acquisition of Polimetal Madencilik Sanayi ve Ticaret A.Ş. ("Polimetal") and the acquisition of Polimetal might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the 18-month period ended 31 December 2023.

This report is required by item 18.4 of Annex 1 of the Prospectus Delegated Regulation and is given for the purpose of complying with that item and for no other purpose.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standards as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with section 3 of Annex 20 of the Prospectus Delegated Regulation.

Yours faithfully

RSM UK Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B: UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Basis of Preparation

The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of the Enlarged Group has been prepared to illustrate the effect of (i) the Re-Admission (as defined in Part XVII of this Document (*Definitions*)); (ii) the proposed financing arrangements relating to the Acquisition (as defined in Part XVII of this Document (*Definitions*)); and (iii) the Acquisition on:

- the unaudited pro forma net assets of the Enlarged Group as at 31 December 2023, as if these transactions had taken place on that date;
- the unaudited pro forma income statement of the Enlarged Group for the year ended 31 December 2023, as if these transactions had taken place on 1 January 2023;

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. The hypothetical financial position or results included in the Unaudited Pro Forma Financial Information may differ from the Enlarged Group’s actual financial position or results. It does not purport to represent what the Enlarged Group’s financial position or results of operations actually would have been if the Acquisition and other adjusted items described in this section had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or financial position of the Enlarged Group at any future date. The Unaudited Pro Forma Financial Information has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies that were adopted by the Company in its financial statements for the period ended 31 December 2023 and in accordance with the requirements of sections 1 and 2 of Annex 20 of the UK Prospectus Delegated Regulation.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

The adjustments presented in notes 4 and 5 to the unaudited pro forma statement of net assets relate to the upfront cash consideration payable on closing of the Acquisition (excluding any completion account working capital adjustment), expected to comprise US\$25.0 million of debt and US\$75.0 million of equity. The amount required to finance the Acquisition and the Subsequent Funding for at least 12 months from the date of this Document is approximately US\$252.5 million, consisting of US\$100.0 million for the Acquisition (the cash purchase price) and thereafter US\$5.8 million in transaction fees, US\$1.7 million of corporate working capital and US\$145.0 million for the Sulphide Expansion Project, expected to be financed by debt, equity and existing cash resources.

As at the date hereof, the Company has received binding equity commitments of US\$55.5 million and non-binding equity commitments of US\$5 million for the purposes of the Acquisition. The Company has received binding term sheets in respect of the debt facilities required to fund the Acquisition of \$20.0 million and non-binding term sheets of \$5.0 million. To the extent that debt proceeds for the Acquisition are less than US\$25.0 million, any shortfall is expected to be funded with the proceeds of the Placing (with a corresponding reduction in borrowings illustrated below and an increase in equity, and consequently net assets, which is not shown in the Unaudited Pro Forma Financial Information). However, as detailed in “*Risk Factors – The Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements*” there is a risk that the proceeds necessary to complete the Acquisition are not received.

Unaudited Pro Forma Statement of Net Assets

	ACG net assets	Polimetal net assets	Adjustment	Adjustment	Adjustment	Adjustment	Pro forma Enlarged Group
\$'000	31/12/2023	31/12/2023					31/12/2023
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
<i>Assets</i>							
Current							
Cash & cash equivalents	1,454	7,705	-	25,000	75,000	(105,800)	3,359
Receivables from related parties	-	32,843	-	-	-	-	32,843
Other receivables & prepaid expenses	206	908	-	-	-	-	1,114
Inventories	-	13,044	-	-	-	-	13,044

Total current assets	1,660	54,500	-	25,000	75,000	(105,800)	50,360
Non-current assets							
Other receivables & prepaid expenses	-	458	-	-	-	-	458
PP&E	-	35,810	-	-	-	-	35,810
Intangible assets	-	10,063	-	-	-	-	10,063
Deferred tax assets	-	4,885	-	-	-	-	4,885
Total non-current assets	-	51,216	-	-	-	-	51,216
Total assets	1,660	105,716	-	25,000	75,000	(105,800)	101,576
Liabilities							
Current liabilities							
Redeemable public share liabilities	292	-	-	-	-	-	292
Derivative financial instruments	770	-	-	-	-	-	770
Trade and other payables	844	8,040	-	-	-	-	8,884
Accounts payable - related party	-	324	-	-	-	-	324
Borrowings	-	12,926	(12,926)	25,000	-	-	25,000
Taxes payable	-	1,400	-	-	-	-	1,400
Deferred Income	-	400	-	-	-	-	400
Other liabilities	-	1,315	-	-	-	-	1,315
Total current liabilities	1,906	24,405	(12,926)	25,000	-	-	38,385
Non-current liabilities							
Borrowings	-	5,584	(5,584)	-	-	-	-
Provisions	-	12,038	-	-	-	-	12,038
Other liabilities	-	312	-	-	-	-	312
Total non-current liabilities	-	17,934	(5,584)	-	-	-	12,350
Total liabilities	1,906	42,339	(18,510)	25,000	-	-	50,735
Net assets	(246)	63,377	18,510	-	75,000	(105,800)	50,841

Note 1

The net assets of the Company as at 31 December 2023 have been extracted, without material adjustment, from the Company's audited financial statements for the eighteen-month period ended 31 December 2023, which are incorporated by reference in Part V of this document.

Note 2

The net assets of Polimetal as at 31 December 2023 have been extracted, without material adjustment, from the audited financial statements of Polimetal for the year ended 31 December 2023 (see "Appendix II—Section A" for Polimetal's financial statements for the year ended December 31, 2023 and Independent Auditor's Report).

Note 3

As part of the Acquisition Agreement, Completion is conditional on the third-party debt of Polimetal either being repaid or assumed by the Seller. This adjustment therefore removes the third-party debt due by Polimetal as at 31 December 2023 due within one year (US\$12.9 million) and due after one year (US\$5.6 million).

Note 4

Adjustment to include US\$25.0 million external debt financing for funding the Acquisition. As at the date of this Document, the Company has entered into binding commitments of US\$20.0 million in relation to external debt funding and the remaining portion of US\$5.0 million relates to non-binding term sheets. To the extent that debt proceeds for the Acquisition are less than US\$25.0 million, any shortfall is expected to be funded with the proceeds of the Placing with a corresponding reduction in borrowings and an increase in equity, and consequently net assets, which is not shown in the Unaudited Pro Forma Financial Information.

Note 5

The Company expects to raise US\$75.0 million from the issue of new class A ordinary shares to fund the Acquisition. US\$55.5 million is committed as at the date of this document.

Note 6

The Unaudited Pro Forma Financial Information includes the unadjusted cash purchase price for Polimetal of US\$100 million plus transaction expenses of US\$5.8 million. The Acquisition price is subject to a completion account working capital adjustment which has not been adjusted in the Unaudited Pro Forma Financial Information because, as at the date of this Document, such adjustment cannot be reliably estimated.

Upon the completion of the Acquisition, Lidya will also receive ACG Sale Shares as consideration. As an equity issuance with no cash impact on the Enlarged Group, no adjustment has been made in the Unaudited Pro Forma Financial Information in respect of the ACG Sale Shares.

On completion of the transaction, it is expected that acquisition accounting methodology required by IFRS 3 will be followed. Under IFRS3, the fair value of the consideration paid will be assessed together with the fair value of the assets and liabilities of Polimetal. In the unaudited pro forma statement of net assets, no adjustment has been made to the fair value of the consideration paid or to the fair values of the net assets acquired as these cannot yet be reliably estimated. The fair value adjustments, when finalised, may be material.

Under the terms of the Acquisition Agreement, contingent consideration may be due to the Seller calculated with reference to future copper prices and unidentified ore reserves as described in “Part II –*Terms of Acquisition*” to this Prospectus. No adjustment has been made for the fair value of any contingent consideration because such fair value is estimated by the Company to be US\$ nil because the Company cannot measure the existence of unidentified ore reserves and currently forecasts copper prices to be below the level at which contingent consideration is triggered. If future copper prices are above US\$9,000 per tonne contingent consideration (Copper Price Bonuses) may become payable.

Unaudited Pro Forma Income Statement

	ACG	Less ACG	ACG	Polimetal	Adjustment	Adjustment	Pro forma enlarged group
	audited results 18 months	unaudited results 6 months	results 12 months	results 12 months			
\$'000	31/12/2023	31/12/2022	31/12/2023	31/12/2023			31/12/2023
	Note 1	Note 1	Note 1	Note 2	Note 3	Note 4	
Revenue	-	-	-	73,628	-	-	73,628
Cost of products sold	-	-	-	(44,795)	-	-	(44,795)
Gross profit	-	-	-	28,833	-	-	28,833
G&A expenses	(20,930)	2,558	(18,372)	(1,924)	-	-	(20,296)
Share-based payment expense	-	-	-	-	-	(1,124)	(1,124)
Transaction expenses	-	-	-	-	-	(5,800)	(5,800)
Research & Development expenses	-	-	-	(3,688)	-	-	(3,688)
Other income / (expense)	-	-	-	4,981	(8,839)	-	(3,858)
Operating (loss)/income	(20,930)	2,558	(18,372)	28,202	(8,839)	(6,924)	(5,933)
Income from Investment activities	-	-	-	3,054	-	-	3,054
Expense from investment activities	-	-	-	(3)	-	-	(3)
Finance income	6,684	(53)	6,631	3,746	-	-	10,377
Finance expense	(14,423)	-	(14,423)	(8,961)	-	-	(23,384)
Gain on Derivatives	2,732	-	2,732	-	-	-	2,732
Profit (loss) before tax	(25,937)	2,505	(23,432)	26,038	(8,839)	(6,924)	(13,157)

Note 1

The income statement of the Company for the 18-months ended 31 December 2023 has been extracted, without material adjustment, from the audited financial statements of the Company which are incorporated by reference in Part V of this document.

The unaudited income statement of the Company for the six-month period ended 31 December 2022 has been extracted from unaudited management information and is subtracted from the audited income statement of the Company for the 18-months ended 31 December 2023 to compute the results of the Company for the year ended 31 December 2023. This adjustment has been made to ensure comparable 12-month periods are presented for both the Company and Polimetal. The unaudited six-month management information of ACG has been prepared on a consistent basis with the financial statements for the period ended 31 December 2023.

The ACG loss before tax for the 12-month period ending 31 December 2023 of US\$23.4 million is principally due to costs incurred progressing the acquisition of two cash-generative mining operations in Brazil, producing nickel sulphide and copper concentrates. This transaction did not close.

Note 2

The income statement of Polimetal for the 12 months ending 31 December 2023 has been extracted, without material adjustment, from the audited financial statements of Polimetal (see Appendix 1; Polimetal Financial statements for the year ended December 31, 2023 and Independent Auditor's Report).

Note 3

Adjustment to include 10% EMX net smelter royalty (NSR). Polimetal is required to pay a 10% NSR to EMX on oxide sales. These royalty payments have historically been recorded and paid by Polimetal's parent company. Post-transaction the Enlarged Group will recognise the NSR royalty in its income statement. Therefore, the NSR expense has been included in the unaudited proforma income statement.

Note 4

Adjustment to include the estimated share-based payment charge (US\$1.1 million) associated with management remuneration after completing the transaction. Adjustment to include costs payable (US\$5.8 million) for various third-party professional services firms directly attributable to the completion of the transaction.

PART X - THE COMPANY, ITS BOARD AND CORPORATE GOVERNANCE

This section gives an overview of the material information concerning the Board, the senior management team of the Company and the Enlarged Group and the Company's and the Enlarged Group's corporate governance. To the extent applicable, it is based on the relevant provisions of BVI law as in effect on the date of this Document, and the Memorandum and Articles of the Company. This section does not purport to give a complete overview and should be read in conjunction with the Memorandum and Articles, available free of charge on the Company's website (acgcorp.co).

The Company

The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the BVI Companies Act. Under the Company's memorandum and articles of association as in force at the date of original admission to the Official List (the "**Admission**") and at the date of this Document, (the "**Memorandum and Articles**") the Company is authorised to issue an unlimited number of Class A Ordinary Shares with no par value, an unlimited number of Class B Shares with no par value, and multiple classes of warrants pursuant to a warrant instrument. Under the Memorandum and Articles, the existing Class B Shares shall automatically convert into Class A Ordinary Shares upon completion of the Acquisition (or earlier at the holder's option, or, for Additional Sponsor Class B Shares, at the discretion of the Company). See "Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies*". Prior to Re-Admission, and subject to shareholder approval at the Acquisition EGM, the Company will adopt amended and restated memorandum and articles of association (the "**Restated Articles**"). Under the Restated Articles, the Company will be authorised to issue one class of shares, being an unlimited number of Class A Ordinary shares with no par value. Unless otherwise stated, references to the Memorandum and Articles are applicable to the Restated Articles.

The Company's Directors at the date of this Document are Artem Volynets, Fiona Paulus, Hendrik Johannes Faul and Mark Cutis. On or following Re-Admission, the Director Nominee (Mustafa Aksoy) will also be appointed as a Director. The Company is sponsored jointly by the ACG Sponsor, the De Heerd Sponsor and the ACP Sponsor.

The Board

The Directors believe the Board comprise a knowledgeable and experienced group of professionals with relevant experience in sourcing, evaluating, structuring and executing the business strategy of the Company and the Enlarged Group. The Board has full responsibility for its activities. The Directors are of the opinion that their respective track records demonstrate their ability to source, structure and complete acquisitions, return value to investors and introduce and complete operational improvements to companies. The details of the Directors are set out below.

The Acquisition Agreement provides the Seller with the right from time to time to appoint or remove one director to or from the Board, for so long as the Seller holds at least 20% of the total outstanding amount of Class A Ordinary Shares. This condition will be fulfilled upon closing of the Acquisition, and the Seller will exercise this right to appoint Mustafa Aksoy to the Board.

The De Heerd Sponsor has an existing right to appoint one director to the Board. Such right has not been exercised to date and will terminate upon completion of the Acquisition.

The ACP Sponsor has an existing right to appoint one director to the Board. Such right has not been exercised to date and will terminate upon completion of the Acquisition.

Following the completion of the Acquisition, if any of ACP II Trading LLC, PHF or Frederick Kwok holds a number of Class A Ordinary Shares representing at least 25% of the total outstanding amount of Class A Ordinary Shares, any such investor shall be entitled to appoint one or two directors to the Board, subject to certain conditions as set out in this Document.

Independence of the Board

Artem Volynets is the Chairman and CEO of the Company, and is therefore not considered by the Board to be an independent director for the purposes of the UK Corporate Governance Code. The Director Nominee as the Seller's

representative is not considered by the Board to be an independent director for the purposes of the UK Corporate Governance Code.

The Board considers Fiona Paulus, Hendrik Johannes Faul and Mark Cutis to be independent in character and judgment and free from relationships or circumstances which are likely to impair, or could appear to impair, their judgment. These independent members of the Board are non-executive directors.

Directors

Upon Re-Admission, the Board will be comprised of the following Directors and Director Nominees:

Name	Position	Age	Business Address
Artem Volynets	Chief Executive Officer, Chairman, Director	56	London W1G 6HF, United Kingdom
Fiona Paulus	Senior Independent Non-Executive Director	64	London, NW1 8LA, United Kingdom
Hendrik Johannes Faul	Independent Non-Executive Director	61	Stellenbosch, Western Cape, 7600, South Africa
Mark Cutis	Independent Non-Executive Director	71	Al Bateen, Abu Dhabi 20019, UAE
Mustafa Aksoy	Director Nominee	46	Almond Hill Sitesi C-3/5 Acıbadem, Üsküdar-İstanbul/Turkey

No further appointments to the Board of Directors are expected between the date of this Document and Re-Admission. Immediately on and following Re-Admission, the above Directors will constitute the Board.

The Company's registered office is located at Craigmuir Chambers, PO Box 71, Road Town, Tortola, VG1110, British Virgin Islands.

Director and Director Nominee Biographies

Artem Volynets – Chairman and Chief Executive Officer (CEO)

Mr. Volynets has 25 years of experience in mergers and acquisitions, capital markets, and senior corporate management roles. He has led private and public transactions worth more than US\$30 billion and managed leading businesses in the metals and mining industry.

Mr. Volynets established ACG in 2014, as an advisory and investment management firm, through which he worked on a number of cross border transactions in the mining and metals sector in Eurasian emerging markets. These transactions utilised his extensive experience of M&A-led sector consolidation, his local knowledge and networks, and his global industry and investor connections.

Between 2018 and 2021, Mr. Volynets led the transformation of London-listed Chaarat Gold, via an M&A-driven strategy from a development business with no production or cash flows, into a fully-operational producer. At the end of his tenure as Chief Executive Officer, Chaarat had three assets in Kyrgyzstan and Armenia, 63 koz of gold equivalent production (in 2021), 9.5 moz of resources, and had raised over US\$175 million in various forms of funding. Mr. Volynets stepped down on 5 August 2021 from his role as Chaarat CEO to focus on the Company.

As a key strategy & M&A executive in the Eurasian aluminium industry from 2003 to 2013, Mr. Volynets has led several high-profile transactions that consolidated this sector. These include: the three-way merger between Sual,

Rusal and Glencore's alumina assets to create UC Rusal (US\$8.5 billion); UC Rusal's acquisition of a 25 percent strategic stake in Norilsk Nickel (US\$12.6 billion); and its US\$2.2 billion IPO on the Hong Kong Stock Exchange. As CEO of En+ (2010-2013), Mr. Volynets also spearheaded cooperation and joint ventures with China's Norinco, Yangtze Power and Shenhua.

From 1997 to 2003, Mr. Volynets was a management consultant and corporate finance advisor with Monitor Group in Boston and London, working on more than 25 major international strategy and M&A projects for world-leading companies in mining and metals, banking and telecommunications.

Mr. Volynets was a board director of Chaarat Gold, En+, UC Rusal and Eurosibenergo, and served as an independent non-executive director at Norilsk Nickel and as Chairman of International Aluminium Institute.

He obtained an MBA from Georgetown University in 1997 (in a joint programme with INSEAD in France) and a BA in Economics from The American University in Washington DC in 1994 and also studied at Moscow State University in Moscow.

Fiona Paulus – Senior Independent Non-Executive Director

Fiona Paulus has over 37 years' global investment banking experience, having held senior management roles with a number of leading international investment banks including Credit Suisse, ABN AMRO Bank, and Citigroup.

During her career, Ms. Paulus has led a variety of global banking businesses, from start-ups to companies with US\$4 billion in annual revenues. Additionally, Ms. Paulus has advised companies and private equity firms on strategic initiatives in the energy and resources sectors across more than 70 countries, often in complex and challenging situations. These include M&A, equity and debt financing, and risk management transactions. She has worked effectively with regulators in numerous countries.

Ms. Paulus has extensive risk management expertise having sat on several banks' global and regional risk and credit committees. She has consistently introduced improvements to the banks' origination and risk mitigation practices, leading to significant increases in revenues and risk adjusted returns whilst also substantially reducing deployed capital.

She is a member of JSW Steel's Audit and Risk Committees, and served on RHI Magnesita plc's Audit Committee between 2019 and 2021.

Ms. Paulus has long recognised the need to focus on sustainability and has been actively engaged in global leadership roles in ESG. She was the Founding Member of the Global ESG Board at ABN Amro Bank in 2004 – the first bank to devise and successfully implement an award-winning ESG strategy, reducing its carbon footprint radically. In the same year, Ms. Paulus set up the first investment banking business focused specifically on the newly emerging global renewables sector.

Ms. Paulus is currently a non-executive director and chair of the ESG Committee at JSW Steel. She is also a founding member of the ESG Committees of the Interpipe Group (2020 to date); and was previously a director of RHI Magnesita plc (2019-22), a FTSE 250 global industrial company which has achieved the leading ESG credentials in the global refractories sector. Fiona also serves as Senior Advisor to Gleacher Shacklock LLP.

Hendrik Johannes Faul – Independent Non-Executive Director

Hendrik Johannes Faul has over 30 years of mining industry experience as both a qualified mining engineer and as a senior corporate manager, with demonstrated ESG leadership experience as well as operational and project execution experience across five continents.

Mr. Faul joined Anglo American in 2004, initially holding several senior engineering positions within its Technical and Base Metals divisions. From 2013 to 2019, Mr. Faul served as CEO of Anglo American's copper business. Prior to this, he held roles as Anglo American's Head of Mining (2011 to 2013) and as CEO of the group's zinc business (2009-2010). Before his tenure at Anglo American, Mr. Faul worked for mining contractor Brandrill Torex, where he held technical and general management roles. He began his career at Gencor in 1988.

Mr. Faul is an NED of London listed gold company Centamin plc, a position he has held since July 2020. He has also been an NED of Johannesburg listed Master Drilling Group Ltd since June 2020. Mr. Faul has previously held NED positions at London AIM-listed Gold company Amara Mining (2011 to 2016) and JSE-listed Palabora Mining Company (2011 to 2013). Mr. Faul was Chairman of the International Copper Association from 2016 to 2018.

Mr. Faul holds a B(Eng) Mining Engineering degree from the University of Pretoria.

Mark Cutis – Independent Non-Executive Director

Mark Cutis is a seasoned banking and capital markets executive with extensive global experience having actively managed portfolios of assets as CIO and CEO on behalf of both private and state-owned capital managers.

Most recently, Mr. Cutis was both CEO of Abu Dhabi Global Market, Group CFO, and Chief Advisor of Abu Dhabi National Oil Company (2018 – 2021), and immediately prior to that was founding CIO of Global Situations at Abu Dhabi Investment Council (2008 – 2018), a Middle East sovereign wealth fund. Mr. Cutis has also run investment managers and financial institutions in London, Tokyo, and New York.

Prior to this, Mr. Cutis held senior management roles at Bank of America, Morgan Stanley, Merrill Lynch, UniCredit and the European Bank for Reconstruction and Development amongst others.

Mr. Cutis holds a BA in Monetary Economics and History from Emory University and an MBA in Finance from Wharton Business School.

Mustafa Aksoy – Director Nominee

Mustafa Aksoy studied Public Administration in Turkey, and began his career working for GarantiBank as an auditor. After 4 years in the banking industry, he went to Belgium where he completed his MBA degree at Antwerp University and worked for Picanol. Coming back to Turkey in 2004, he started working at Çalık Group; initially in the textile sector in the marketing & sales and strategy departments. Mr. Aksoy then working at Çalık Holding in the corporate finance, M&A and business development departments.

Having managed the Çalık Group’s first mining deal in 2009 with Anatolia Minerals, Mr. Aksoy became the founding CEO of Lidya Mines in 2010. Under his tenure, Lidya evolved from a mining investor to one of Turkey’s leading mining firms with multiple discoveries, long-life mines, high-profile deals and international partnerships. Mr. Aksoy serves on Lidya’s board of directors and other JV boards in mining as well as the ‘Çalık Energy Board’ and ‘Çalık Holding Investment Committee’.

He is fluent in English, and also speaks German, French and Italian.

Directors’ Remuneration and Notice Periods prior to Re-Admission

Pursuant to a consultancy agreement entered into between the Company and ACG Advisory Limited (a personal service company of which Artem Volynets owns 100 percent of the issued share capital) (the “**Sponsor Director Consultancy Agreement**”) as amended from time to time, Mr. Volynets (through his personal service company) is entitled to a fee of US\$25,000 per calendar month for serving as Chief Executive Officer and as an executive Director of the Company. In addition, Mr. Volynets (through his personal service company) is entitled to receive a success fee comprising 32,824 Class B Shares and 156,545 Sponsor Warrants, as a form of long-term incentive arrangement (see “—*Existing Incentive Arrangements*”). Mr. Volynets is not entitled to any additional fees for attendance on any committees of the Board. The Sponsor Director Consultancy Agreement governs the terms on which Mr. Volynets (through his personal service company) has provided services to the Company since 1 October 2021, and on which he will continue to do so, and requires Mr. Volynets to devote such number of hours per week as is necessary to perform his services. Unless terminated earlier in accordance with its terms, the Sponsor Director Consultancy Agreement will continue until the first annual general meeting of the Company following completion of the Acquisition, or such later date as the parties may agree. Either party to the Sponsor Director Consultancy Agreement may terminate the agreement on six months’ notice. The Sponsor Director Consultancy Agreement may also be terminated immediately if, among other things, Mr. Volynets (or his personal service company) is in material breach of their respective

obligations to the Company (see “—*Overview of the key features of the Executive Director and other Key Personnel Remuneration Policy*”).

Each Independent Non-Executive Director is entitled to a fee of US\$85,000 per annum for services in the role of Non-Executive Director, an additional fee of US\$17,000 per annum for serving as Chairman of a committee of the Board, US\$17,000 per annum for serving as Senior Independent Non-Executive Director and US\$8,500 per annum for serving as a member of a committee of the Board. As such:

- Hendrik Johannes Faul is entitled to an aggregate fee of US\$119,000 per annum for services in the role of non-executive Director, Chairman of the Sustainability and Technical Committee, member of the Nomination Committee and member of the Remuneration Committee;
- Mark Cutis is entitled to an aggregate fee of US\$119,000 per annum for services in the role of non-executive Director, Chairman of the Audit Committee, and Chairman of the Remuneration Committee; and
- Fiona Paulus is entitled to an aggregate fee of US\$136,000 per annum for services in the role of non-executive Director, Senior Independent Non-Executive Director, Chair of the Nomination Committee, member of the Audit Committee and member of the Sustainability and Technical Committee.
- Following his appointment, Mustafa Aksoy will be entitled to a fee of US\$102,000 per annum for services in the role of non-executive Director, member of the Audit Committee and member of the Sustainability and Technical Committee.

Fees will be reviewed at a point in time after Re-Admission and may be repositioned taking into account any increase in responsibilities and in the size of the business, as well as levels of pay in the global mining industry.

Further, in recognition of the significant increase in their workload in preparation for the Re-Admission, the Independent Non-Executive Directors and the Director Nominee are entitled to receive such number of Director Shares as have an aggregate market value (calculated by reference to the Placing Price) equal to 200% of their respective aggregate fees per annum, expected to be issued within the three months following the Acquisition closing.

The Independent Non-Executive Directors and the Director Nominee will not be eligible to participate in any share or share-based incentive arrangements. All the Directors are entitled to be reimbursed by the Company for all expenses reasonably incurred (including travel and accommodation) in performing their services or undertaking their duties, as applicable.

Pursuant to the Independent Director Letters of Appointment, the term of appointment for each Independent Non-Executive Director began on or around 29 September 2022, save that Fiona Paulus’s appointment became effective on 15 November 2023. Following completion of the Acquisition, each Independent Non-Executive Director is entitled to terminate their appointment in accordance with the terms of their respective Independent Director Letters of Appointment.

Remuneration Policy

Overview of Executive Remuneration

In anticipation of Re-Admission, the Company undertook a review of its remuneration policy for its Executive Director and other key personnel, to ensure that it is appropriate for its new operating structure, the quoted company environment, and taking into account corporate governance practice in the UK. In undertaking this review, the Company sought independent, specialist advice.

The main objectives of the remuneration policy, which shall apply from Re-Admission, are to attract, retain and motivate the Executive Director and other key personnel, incorporating incentives that align with and support the Enlarged Group’s strategic corporate strategy as it evolves, and which align executives to the creation of long term shareholder value. To support the Company’s growth ambitions, a significant proportion of potential total remuneration is, therefore, performance-related and will be delivered in awards over Class A Ordinary Shares.

The Remuneration Committee will oversee the implementation of the Company's remuneration policy and, in particular, will seek to ensure that the Executive Director and other key personnel are properly rewarded for the Enlarged Group's performance and the delivery of the Enlarged Group's strategy and the resultant creation of shareholder value.

Overview of the key features of the Executive Director and other Key Personnel Remuneration Policy

Fees and salary

Following Re-Admission, the consultancy fees paid to the CEO and CFO (through their respective personal service companies) will be set at US\$650,000 and US\$465,000 per annum, respectively. Such fees have been set at an appropriate level to reflect the Company's current stage of development. The Remuneration Committee will review such fees at a point after Re-Admission and may reposition them taking into account any increase in responsibilities and in the size of the business, as well as levels of pay in the global mining industry.

The consultancy fees paid to the CEO and CFO (through their respective personal service companies) will be reviewed annually after that and will take into account several factors including: remuneration practices within the Enlarged Group; change in scope, role and responsibilities; the performance of the Enlarged Group; experience of the CEO and CFO; the economic environment; wider workforce increases; and, when the Remuneration Committee determines a benchmarking exercise is appropriate, fees within the ranges paid by the companies in the peer groups used for remuneration benchmarking.

Pension and benefits

There is not currently a pension plan in place for employees, and therefore employees will receive a cash supplement in lieu of pension. In the event that any group-wide pension plan is established, the Executive Director would be eligible to participate in the Enlarged Group-wide pension plan on the same terms as the workforce in the same geography.

The Executive Director may also be entitled to benefits appropriate for local geography (including, but not limited to, private medical, life assurance and car allowance (or cash equivalent)). Other market standard benefits, including relocation allowances or expatriate benefits, and tax equalisation arrangements may be provided from time-to-time, as appropriate.

Performance fee / Annual bonus

The CEO and CFO (through their respective personal service companies) will be eligible to receive a performance fee on an annual basis. The maximum amount of such fee will be 150% of the annual consultancy fee. It is intended that on Re-Admission, the maximum performance fee will be 110% of the annual consultancy fee paid to the CEO (through his personal service company) and 100% of the annual consultancy fee paid to the CFO (through his personal service company).

Other key personnel in the Enlarged Group are eligible to participate in the Company's annual bonus plan, with a maximum annual bonus plan opportunity determined on a case-by-case basis.

The performance fee / annual bonus will be based on stretching financial, strategic, operational, health and safety and environmental, social, and governance (ESG) targets. It is currently anticipated that the majority of the performance fee / annual bonus (at least 50%) will be linked to financial targets. Any performance fee earned by the CEO or CFO above a predetermined percentage of their annual consultancy fee (which it is currently expected will be 75% of their annual consultancy fee) will be deferred into Class A Ordinary Shares for three years and the remainder will be paid out in cash following the conclusion of the one-year performance period.

The Remuneration Committee will have the discretion to adjust performance fee / annual bonus outcomes if it believes the outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the performance fee / annual bonus earned resulting from the application of the performance measures. Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to make adjustments to the

performance conditions so that they maintain their commercial relevance. The performance fee / annual bonus will be subject to malus and clawback provisions.

ACG Value Creation Plan

The Company's Value Creation Plan ("VCP") will enable the Remuneration Committee to make a one-off award to the CEO (through his personal service company) and the CFO and to certain other senior executives of the Company following Re-Admission that allows for individuals to share in a portion of the returns generated for shareholders delivered above a hurdle level of growth which will normally be measured on the second, third and fourth anniversaries of Re-Admission. VCP awards will normally pay out between the second and fifth anniversaries of Re-Admission. VCP awards will be satisfied with Class A Ordinary Shares.

Participants in the VCP will be entitled to share in 10% of the value created for shareholders in excess of an annual hurdle of 10% per annum from the Placing Price.

Given the nature of the VCP, the Remuneration Committee will retain the discretion to scale down VCP payments to VCP participants including taking into account the relative total shareholder return of the Company over the performance period. The Remuneration Committee will additionally have the discretion to adjust VCP award outcomes if it believes the outcome is not a fair and accurate reflection of business performance and the overall levels of remuneration relative to the value created for shareholders.

The principal terms of the VCP are set out in section 17 of "Part XV—Additional Information".

Equity Incentive Plan

The Company's Equity Incentive Plan ("EIP") will enable the Remuneration Committee to make annual grants of share awards to selected participants subject to time and/or performance conditions. The EIP also allows the grant of deferred share awards in respect of performance fees / annual bonuses. EIP awards will be satisfied with Class A Ordinary Shares.

It is anticipated that the CEO (through his personal service company) and the CFO will be granted a one-off award under the EIP following Re-Admission of 400% of his annual consultancy fee for the CEO (through his personal service company) and 350% of his annual consultancy fee for the CFO. It is anticipated that 75% of the one-off award for the CEO (through his personal service company) and the CFO will be granted within the three months following the Acquisition closing, with 25% to be granted on a later date subject to completion of a further transaction. The award over Class A Ordinary Shares would be made to the CEO (through his personal service company) and the CFO to create alignment between shareholders and such individuals following Re-Admission and to drive retention. It is anticipated that the Class A Ordinary Shares will vest conditional on continuity of the engagement of the CEO (through his personal service company) and the CFO in three equal annual tranches over a three year period from the date of grant subject to achievement of performance conditions.

The current CEO (either directly or through his personal service company) and the CFO will not receive any further EIP awards (except for any part of any performance fee deferred into Class A Ordinary Shares) until after the last date that hurdle growth is measured under the VCP with the principal long term incentive being the VCP.

The principal terms of the EIP are set out in section 17 of "Part XV—Additional Information".

Malus and clawback

Malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of the performance fee / annual bonus, EIP award, or VCP award in accordance with the relevant plans.

Malus and clawback provisions may in summary be applied in the following circumstances: material financial misstatement; where an performance fee / annual bonus, EIP award, or VCP award was granted, or performance was assessed, based on an error or inaccurate or misleading information; action or conduct of a participant (or where the participant is an individual's personal service company, the relevant individual) amounts to fraud or gross misconduct; events or the behaviour of a participant (or where the participant is an individual's personal service company, the

relevant individual) have led to censure of the Company or a group company by a regulatory authority or cause significant detrimental reputational damage; material failure of risk management or corporate failure.

Dilution

The VCP and EIP may operate over newly issued Class A Ordinary Shares. The rules of each of the VCP and EIP provide in summary that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the VCP, the EIP and under any other employee share plan operated by the Company.

Share ownership guidelines

Formal shareholding guidelines may be implemented that require the CEO and the CFO to build and maintain a shareholding in the Company. Such guidelines may be extended to other key personnel at the discretion of the Remuneration Committee.

The CEO (through his personal service company) and the CFO are required to build and maintain a minimum shareholding of Class A Ordinary Shares equivalent to 350% of their annual consultancy fee, and will be expected to meet this shareholding requirement within a period of five years from Re-Admission.

Upon cessation of the engagement of the CEO and CFO, the CEO and CFO will also be required to hold the lesser of the shareholding requirement, and the actual shareholding requirement upon cessation of their engagement for a period of two years post- cessation.

Recruitment remuneration policy

New executive Directors (including those promoted internally) will be offered remuneration packages in line with the Company's remuneration policy at the time.

For the avoidance of doubt, any incoming executive Director will not be eligible to receive the one-off EIP Award to be granted to the current CEO (through his personal service company) and the CFO following Re-Admission.

In addition to the above elements of remuneration, the Remuneration Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would ordinarily be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards forfeited when leaving the former employer and will be structured, to the extent practicable, to take into account other key terms (such as vesting schedules and performance targets) of the awards which are being replaced.

Termination policy

The Remuneration Committee will consider treatment on termination having regard to all of the relevant facts and circumstances available at that time. This termination policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Remuneration Committee may choose to apply under the discretions available to it under the terms of the annual bonus plan, EIP, and VCP.

All-employee plans

Any executive Director who is an employee is eligible to participate in any all-employee share plan operated by the Company.

Overview of the Non-Executive Directors' Remuneration Policy

With effect from Re-Admission, the Non-Executive Directors will receive an annual fee for their services, with additional fees for committee chairs and committee members. Fee levels have been set to ensure the attraction of appropriate levels of experience required and to reflect the sector in which the Enlarged Group operates. Additional fees may, from time to time, be made to Non-Executive Directors to reflect additional duties that are taken on by the Non-Executive Directors.

As noted above, further, in recognition of the significant increase in their workload in preparation for the Re-Admission, the Independent Non-Executive Directors and the Director Nominee are entitled to receive such number of Director Shares as have an aggregate market value (calculated by reference to the Placing Price) equal to 200% of their respective aggregate fees per annum, expected to be issued within the three months following the Acquisition closing.

Other Key Personnel

Immediately on and following Re-Admission, the other key personnel in the Enlarged Group will comprise (i) Patrick Henze (engaged through his personal service company), who is a senior officer of the Company, (ii) Warren Gilman, Robert Friedland, Dominic Kwok, Tarek Fawaz and Ondra LLP, who are external advisors to the Company, and (iii) Berkant Özdemir, who is the operations director of the Mine. The Company will keep its personnel needs under review, and will look to hire additional persons as required.

Patrick Henze – Chief Financial Officer of the Company

Mr. Henze has over 13 years of experience in the metals and mining industry and brings a diverse set of experience of financing transactions along the capital structure from various perspectives. During his career he gained expertise in capital markets, mergers and acquisitions, investor relations and project finance/advisory, completing metals and mining financings ranging from US\$2 million to US\$250 million and totalling more than US\$2 billion. Prior to joining ACG, Mr. Henze founded Targa Capital Ltd., a Swiss natural resources focused investment vehicle, and held senior roles at Charat Gold Holdings, Fusion Capital and UniCredit.

Mr. Henze will receive an award of 49,123 Class B Shares and 223,289 Sponsor Warrants at completion of the Acquisition. On or prior to the Re-Admission, this entitlement will be reflected in a grant agreement between the Company and Mr. Henze.

Pursuant to a consultancy agreement entered into between the Company and Targa Capital Ltd (a personal service company of which Mr. Henze owns 100% of the issued share capital) (the “**CFO Consultancy Agreement**”), Mr. Henze (through his personal service company) is entitled to a fee of US\$1,111 per calendar day, subject to a maximum of US\$20,000 per calendar month for serving as Chief Financial Officer of the Company. The CFO Consultancy Agreement governs the terms on which Mr. Henze (through his personal service company) has provided services to the Company since 1 February 2024, and on which he will continue to do so, and requires Mr. Henze to devote such number of hours per week as is necessary to perform his services. Unless terminated earlier in accordance with its terms, the CFO Consultancy Agreement will continue until the completion of the Acquisition, or such later date as the parties may agree. Either party to the CFO Consultancy Agreement may terminate the agreement (i) prior to the completion of the Acquisition, on one month’s written notice; or (ii) following the completion of the Acquisition, on three months’ written notice. The CFO Consultancy Agreement may also be terminated immediately if, among other things, Mr. Henze or his personal service company is in material breach of their respective obligations to the Company.

Warren Gilman – Advisor

Mr. Gilman is an external advisor to the Company, who may be asked to provide advice on matters within his expertise and experience, at the request of the CEO of the Company. Mr. Gilman has no formal status under BVI law, does not have the authority to vote on matters brought to the Board, does not have any powers in relation to the management of the Company, and may only attend a meeting of the Board if he is invited to do so. In addition, Mr. Gilman is not bound by any fiduciary duties to the Company or its shareholders. As a retainer, Mr. Gilman will receive 8,000 Class B Shares and 18,000 Sponsor Warrants at completion of the Acquisition. Following Re-Admission, Mr. Gilman will continue to provide his services to the Enlarged Group.

Mr. Gilman was Chairman and CEO of private global mining investment company CEF Holdings Ltd., which was 50 percent owned by the flagship public company of Mr. Li Ka-Shing, CK Hutchison Holdings Ltd and 50 percent by Canadian bank CIBC. Mr. Gilman is a mining engineer and co-founded CIBC’s Global Mining Group in 1988. During his 26 years at CIBC he ran the mining investment banking teams in Canada, Australia and Asia, serving as Managing Director and Head of the Asia Pacific region for 10 years and latterly as Vice Chairman for CIBC World Markets. Mr. Gilman has acted as advisor to the largest mining companies in the world including BHP, Rio Tinto, Anglo American, Noranda, Falconbridge, Sumitomo Corporation, Mitsubishi Corporation, China Minmetals, Jinchuan and Zijin and has been responsible for some of the largest equity capital markets financings in Canadian mining history.

Mr. Gilman is Founder, Chairman and CEO of TSX listed Queen's Road Capital investment Ltd. He is also a board member of NYSE/TSX-listed NexGen Energy Ltd, a uranium exploration and development company, and the Lead Director of NYSE-listed Gold Royalty Corp.

Mr. Gilman holds a BSc (Honours) in Engineering from Queen's University and an MBA from the Richard Ivey School of Business at Western University in Canada.

Robert Friedland – Advisor

Mr. Friedland is an external advisor to the Company, who may be asked to provide advice on matters within his expertise and experience, at the request of the CEO of the Company. Mr. Friedland has no formal status under BVI law, does not have the authority to vote on matters brought to the Board, does not have any powers in relation to the management of the Company, and may only attend a meeting of the Board if he is invited to so do. In addition, Mr. Friedland is not bound by any fiduciary duties to the Company or its shareholders. As a retainer, Mr. Friedland will receive 8,000 Class B Shares and 18,000 Sponsor Warrants at completion of the Acquisition. Following Re-Admission, Mr. Friedland will continue to provide his services to the Enlarged Group.

Mr. Friedland is the founder and Chairman of Ivanhoe Capital Corporation (“**Ivanhoe Capital**”). During the past 30 years, Ivanhoe Capital has invested in a diverse portfolio of businesses, raising over US\$25 billion of capital. From 2015 to 2022, Mr. Friedland served as Chairman and Chief Executive Officer of High Power Exploration (“**HPX**”) and currently serves as a director at HPX. In 2021, HPX created and spun-out technology and mineral exploration company Ivanhoe Electric Inc., of which Mr. Friedland is currently CEO and Chairman. Mr. Friedland is also Executive Co-Chairman of Ivanhoe Mines Ltd. (“**Ivanhoe Mines**”, formerly Indochina Goldfields). Ivanhoe Mines operates the ultra-high-grade Kamoakakula copper complex in the Democratic Republic of Congo, and is also developing two other large-scale, joint-venture mining projects: 1) the Platreef Project in South Africa, a major greenfield discovery of platinum-group elements, nickel, copper and gold, and 2) the historic Kipushi zinc-copper-germanium-silver mine, also located in the Democratic Republic of Congo.

Over the past 30 years, Mr. Friedland has been the Chairman, board member and shareholder of numerous natural resources companies, many of which were publicly traded. Mr. Friedland launched his own US\$240 million SPAC in late 2020, which completed its merger with SES AI Corporation (“**SES**”), a lithium-metal battery developer, in February 2022. Mr. Friedland continues to serve as a director of SES. Since 2016, Mr. Friedland has also served as the chairman of Energy Capital Group, and the Co-Chairman of Sunrise Energy Metals Limited, a publicly listed Australian company that provides innovative and sustainable solutions for metals recovery and water treatment.

Between 1994 and 2012, Mr. Friedland's roles with Ivanhoe Mines included Executive Chairman and Chairman (1994-2011) and Chief Executive Officer (1996-2006, 2010-2012). In 1996, he led the initial public offering of Ivanhoe Mines on the Toronto Stock Exchange. In 2000, Ivanhoe Mines acquired the exploration rights for the Oyu Tolgoi mineral prospect in southern Mongolia and Voisey's Bay in Canada and subsequently discovered its series of world-scale copper-gold deposits. Mr. Friedland led the raising of more than US\$7 billion in equity and debt capital to fund Oyu Tolgoi's initial development. Mr. Friedland graduated with a degree in political science from Reed College. Mr. Friedland currently resides in Singapore.

Dominic Kwok – Advisor

The Company has from time to time since 15 September 2021 received from Dominic Kwok advice in relation to company formation, sponsor funding, the IPO and business development leading to the Acquisition. It has been agreed that, in consideration for the advice that Dominic Kwok has provided, he will receive 8,150 Class B Shares and 33,372 Sponsor Warrants at completion of the Acquisition.

Dominic Kwok is Director of Vix Capital LTD. Prior to Vix Capital, Dominic Kwok worked at The Blackstone Group in its real estate division. Prior to Blackstone, Dominic Kwok worked at Goldman Sachs in its TMT investment banking group. Dominic Kwok graduated cum laude with a concentration in Finance from The Wharton School of the University of Pennsylvania, where he was both a Joseph Wharton and Benjamin Franklin Scholar.

Tarek Fawaz – Advisor

Mr. Fawaz is an external advisor to the Company, who may be asked to provide advice on matters within his expertise and experience, at the request of the CEO of the Company. Mr. Fawaz has no formal status under BVI law, does not have the authority to vote on matters brought to the Board, does not have any powers in relation to the management of the Company, and may only attend a meeting of the Board if he is invited to do so. In addition, Mr. Fawaz is not bound by any fiduciary duties to the Company or its shareholders. As a retainer, Mr. Fawaz will receive 16,299 Class B Shares and 66,744 Sponsor Warrants at completion of the Acquisition. Following Re-Admission, Mr. Fawaz will continue to provide his services to the Enlarged Group.

Ondra LLP – Advisor

The Company has from time to time since 1 January 2022 received financial advice from Ondra LLP, trading as Ondra Partners (“**Ondra**”). The parties intend for the provision of such advice to be governed by the terms of Ondra’s standard terms of engagement, the terms of which are being discussed between the parties. It has been agreed that, in consideration for the advice that Ondra has provided, Ondra will receive 32,599 Class B Shares and 133,487 Sponsor Warrants at completion of the Acquisition. Michael Tory, a shareholder in the ACG Sponsor, is a partner/co-founder of Ondra.

The Co-Sponsors

ACG Sponsor

The ACG Sponsor is a BVI business company with limited liability governed by the laws of the BVI. Its shareholders are Artem Volynets and certain of his friends, Messrs. Tarek Fawaz (through Symonds Securities Limited, of which Mr. Fawaz is the sole director) and Michael Tory (including through an investment vehicle, Pembroke Heritage Fund Limited).

De Heerd Sponsor

The De Heerd Sponsor is a Hong Kong based asset manager with an extensive track-record of global investments across technology, commercial real estate and natural resources.

ACP Sponsor

The ACP Sponsor is a trading entity managed by Argentem Creek Partners LP, an emerging markets specialist firm investing in special situations, private credit, high yield and trade finance.

Strategic Decisions

Members and Responsibility

The Directors are responsible for carrying out the Company’s objectives, implementing its business strategy and conducting its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

The Board will provide leadership within a framework of prudent and effective controls. The Board will establish the corporate governance values of the Company and will have overall responsibility for setting the Company’s strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company.

The Company has outsourced its company secretary functions to a specialised external service provider, and may elect to use other external service providers, where appropriate.

The Company has entered into consultancy agreements with ACG Advisory Limited (the personal service company of Artem Volynets) and Targa Capital Limited (the personal service company of Patrick Henze).

Frequency of meetings

The Board will schedule quarterly meetings and will hold additional meetings as and when required. The expectation is that this will result in more than four meetings of the Board each year.

Corporate Governance

As at the date of this Document, the Company complies with the corporate governance regime applicable to the Company pursuant to BVI law. In addition, the Company voluntarily observes the requirements of the UK Corporate Governance Code, subject to the following. As at the date of this Document the Company is, and at the date of Re-Admission will be, in compliance with the UK Corporate Governance Code with certain exceptions including the following:

1. Given the composition of the Board, certain provisions of the UK Corporate Governance Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are considered by the Board to be inapplicable to the Company.
2. The UK Corporate Governance Code recommends the submission of all directors for re-election at annual intervals. No Director is required to submit for re-election until the first annual general meeting of the Company following the Acquisition.
3. The Company does not have a risk committee.

As at the date of this Document the Board has adopted a share dealing code which is consistent with the rules of the UK Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with such share dealing code by the Directors.

It is the intention of the Co-Sponsors not to exercise any appointment rights if the Company is not in compliance with the recommendation in the UK Corporate Governance Code regarding the independence of the Board, or if exercising such rights would result in the Company ceasing to be in compliance with such recommendation.

Board Committees

As at the date of this Document, the Company has an audit committee (the “**Audit Committee**”), a remuneration committee (the “**Remuneration Committee**”) a nomination committee (the “**Nomination Committee**”) and a sustainability and technical committee (the “**Sustainability and Technical Committee**”). Given the size and nature of the Company, the Board has not established any other committees and intends to make decisions as a whole. The Directors may designate one or more committees, each consisting of one or more Directors, pursuant to the Memorandum and Articles. If the need should arise in the future, for example following the Acquisition, the Board may set up committees as appropriate. The terms of reference for the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability and Technical Committee are in the process of being developed. They will be available free of charge on the Company’s website once they have been finalised, on or around Re-Admission.

Audit Committee

The Audit Committee is comprised of two Independent Directors and the Director Nominee and meets at least once every financial quarter, or more frequently as the circumstances dictate. The Audit Committee is responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company’s risk assessment and internal control processes. The composition and responsibilities of the Audit Committee are required to comply with the rules and regulations of the FCA and the LSE.

Remuneration Committee

The Remuneration Committee is comprised of two Independent Directors and meets not less than once a year and otherwise as required. It is comprised of Independent Directors only. The Remuneration Committee is responsible for the review of and making recommendations to the Board on the scale and structure of remuneration for the Board and key personnel, including any bonus arrangements, having due regard to the interests of shareholders and other stakeholders.

Nomination Committee

The Nomination Committee is comprised of two Independent Directors and meets not less than once a year and otherwise as required. It is comprised of Independent Directors only. The Nomination Committee is responsible for assessing (i) the size and composition of the Board; (ii) the organisation and responsibilities of the appropriate committees of the Board; (iii) the evaluation process for the Board and committees of the Board and the chairpersons of the Board and such committees; and (iv) the balance of expertise and qualifications among members of the Board.

Sustainability and Technical Committee

The Sustainability and Technical Committee is comprised of two Independent Directors and the Director Nominee and meets not less than once a year and otherwise as required.

Liability of Directors

The Memorandum and Articles provide that, subject to certain limitations, the Company is required to indemnify its directors and officers against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings. Such indemnity is only permitted under BVI law and the Memorandum and Articles if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful and is, in the absence of fraud, sufficient for the purposes of the Memorandum and Articles, unless a question of law is involved. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

The Independent Director Letters of Appointment and the Sponsor Director Consultancy Agreement each contain contractual indemnification in addition to the indemnification provided for in the Memorandum and Articles, to the full extent authorised by BVI law. The Memorandum and Articles also permit the Company to purchase and maintain insurance on behalf of any officer or director who at the request of the Company is or was serving as a director or officer of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Memorandum and Articles.

Insurance

The Company has purchased a policy of directors' and officers' liability insurance that insures the Company's officers and directors against the cost of defence, settlement or payment of a judgment in some circumstances and insures the Company against its obligations to indemnify the Company's officers and directors.

These provisions may discourage shareholders from bringing a lawsuit against the Company's directors for breach of their statutory or fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against officers and directors, even though such an action, if successful, might otherwise benefit the Company and the shareholders. Furthermore, a shareholder's investment may be adversely affected to the extent the Company pays the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions.

The Company believes that the directors' and officers' liability insurance and the indemnity agreements are reasonable and necessary to attract and retain talented and experienced officers and directors.

Existing Incentive Arrangements

Under the terms of the Sponsor Director Consultancy Agreement, Artem Volynets (through his personal service company) is entitled to receive at completion of the Acquisition a success fee comprising 32,824 Class B Shares and

156,545 Sponsor Warrants, as a form of long-term incentive arrangement. The right of Mr. Volynets (through his personal service company) to receive and then to retain the agreed number of Class B Shares and Sponsor Warrants is affected by the termination of the consultancy agreement prior to the completion of an Acquisition: (i) the right survives the unilateral termination by the Company other than pursuant to the immediate termination provisions, or the mutual termination by agreement; but (ii) the right is extinguished by the unilateral termination by the Company pursuant to the immediate termination provisions, or by the unilateral termination by Mr. Volynets (through his personal service company).

Subject to and conditional upon the successful completion of the Acquisition:

- i. the Chief Financial Officer, Patrick Henze, is expected to receive an award of 49,123 Class B Shares and 223,289 Sponsor Warrants pursuant to the terms of a grant agreement he is expected to enter into with the Company on or around Re-Admission;
- ii. the current Finance Director of the Company, Christopher Hulse, is expected to receive an award of 8,000 Class B Shares and 18,000 Sponsor Warrants pursuant to the terms of a grant agreement he is expected to enter into with the Company on or around Re-Admission;
- iii. as described under “*Warren Gilman – Advisor*”, as a retainer, Mr. Gilman will receive 8,000 Class B Shares and 18,000 Sponsor Warrants at completion of the Acquisition;
- iv. as described under “*Robert Friedland – Advisor*”, as a retainer, Mr. Friedland will receive 8,000 Class B Shares and 18,000 Sponsor Warrants at completion of the Acquisition;
- v. as described under “*Dominic Kwok – Advisor*”, as a retainer, Dominic Kwok will receive 8,150 Class B Shares and 33,372 Sponsor Warrants at completion of the Acquisition;
- vi. as described under “*Tarek Fawaz – Advisor*”, as a retainer, Tarek Fawaz will receive 16,299 Class B Shares and 66,744 Sponsor Warrants at completion of the Acquisition; and
- vii. as described under “*Ondra LLP – Advisor*”, as a retainer, Ondra will receive 32,599 Class B Shares and 133,487 Sponsor Warrants at completion of the Acquisition.

The Class B Shares and Sponsor Warrants included in each of the above arrangements did not form part of the offering and will not be admitted to listing or trading on any trading platform. However, the Class B Shares will automatically convert into listed Class A Ordinary Shares at the time of the Acquisition (or earlier at the holder’s option, or, for Additional Sponsor Class B Shares, at the discretion of the Company) and the Sponsor Warrants will become exercisable 30 days after an Acquisition Date and remain exercisable thereafter for a period of five years, with Class A Ordinary Shares acquired at a price of US\$6.90 (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustments in accordance therewith) per Class A Ordinary Share upon exercise of the Sponsor Warrants.

The Class B Shares and Sponsor Warrants to be received at completion of the Acquisition by Mr. Volynets (through his personal service company), Mr. Henze (through his personal service company), Mr. Hulse, Mr. Gilman, Mr. Friedland, Dominic Kwok and Ondra LLP, are not subject to any transfer restrictions following the Acquisition Date.

The incentive pool

A total of 162,995 Class B Shares and 667,437 Sponsor Warrants will be transferred, for no consideration, from the Co-Sponsors and certain of their affiliates to the recipients described above in satisfaction of the commitments described above, representing 5% of the 3,259,895 Class B Shares held by the Co-Sponsors on the date of this Document and 5% of the 13,348,750 Sponsor Warrants issued to the Co-Sponsors (including pursuant to the Initial Co-Sponsor Overfunding) on or about 5 October 2022. The obligation on the Co-Sponsors to transfer Class B Shares and Sponsor Warrants pursuant to any long-term incentive arrangement established by the Company derives from the Sponsor Funding Agreement.

Cash Success Fee

A former consultant of the Company, Forbes-Irvine Consulting and Advisory Limited, is entitled to a single lump-sum success fee of US\$125,000 upon completion of an Acquisition.

PART XI - THE PLACING, RE-ADMISSION AND DILUTION

Issuance of New Shares and Placing Warrants

Background

Upon Re-Admission there will be up to 25,779,684 Class A Ordinary Shares in issue, comprising: (i) 4,112 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document); (ii) up to 11,250,000 Funding Shares; (iii) 3,125,000 Converted Shares; (iv) 7,233,905 ACG Sale Shares; and (v) up to 4,166,667 Placing Shares. There will also be up to 10,416,667 Listed Warrants in issue comprising 6,250,000 Existing Warrants that exist as at the date of this Document and an aggregate of up to 4,166,667 Placing Warrants which will be issued to Placing Investors. The Enlarged Ordinary Share Capital does not include any Director Shares, which are expected to be issued within the three months following the Acquisition closing. Upon Re-Admission there will also be 13,348,750 Sponsor Warrants and 18,483,905 Private Placement Warrants in issue (as defined herein). The Sponsor Warrants and Private Placement Warrants have not been and will not be listed or admitted to trading.

The Company expects to raise gross proceeds of up to approximately US\$92,500,000 through the issue of the New Shares. The net proceeds (being 94% of the gross proceeds) will be applied towards the payment of consideration in relation to the Acquisition. The Company may use any Placing proceeds above the Base Placing Amount to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding number of Private Placement Warrants) issued to the Funding Partners.

Re-Allocation

Upon Re-Admission the Sponsor Warrant Holders and the Funding Partners, including the Co-Sponsors, have agreed to effect all such transfers as are necessary to effect a re-allocation of 40% of the existing Sponsor Warrants (after allocation of 5% of the existing Sponsor Warrants to the incentive pool), such that these will be held by the Funding Partners, including the Co-Sponsors, pro rata to the sum of their actual or deemed equity subscriptions (the “**Re-Allocation**”). The Re-Allocation will be adjusted to the extent necessary to reflect the conversion of any Sponsor Loans into Sponsor Loan Shares taking place after Re-Admission (treating any such converted Sponsor Loans as if they were equity subscriptions for this purpose).

The current sponsor warrant holders have agreed to effect all such transfers as are necessary to effect the Re-Allocation. To the extent such transfers are subject to lock-up restrictions pursuant to the IPO Underwriting Agreement and the IPO Sponsor Insider Letter, the lock-up restrictions have been duly waived pursuant to the terms thereof.

Funding Agreements

Pursuant to certain commitments and term sheets entered into by the Company with each of the Anchor Investor, Traxys, Inti SE, the ACP Sponsor, PHF and Frederick Kwok (together, the “**Funding Partners**”), and the subscription agreements related thereto, upon Re-Admission the Company shall issue an aggregate of up to 11,250,000 Funding Shares for an aggregate amount of US\$67.5 million. Not all funding is subject to binding agreements as of the date hereof. The Funding Shares will rank *pari passu* in all respects with the Existing Class A Shares including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid.

Each recipient of a Funding Share will also receive one Private Placement Warrant per Funding Share, for no additional consideration. Each Funding Partner will benefit from the Re-Allocation. As such, upon Re-admission the Company shall: (i) issue an aggregate of up to 11,250,000 Private Placement Warrants to be issued to the Funding Partners on the basis of one Private Placement Warrant per Funding Share and (ii) effect the Re-Allocation. The Private Placement Warrants will be on the same terms as the Sponsor Warrants (as may be amended from time to time in accordance with their terms) save that they are not subject to any lock-up arrangements.

The Company may use any Placing proceeds above the Base Placing Amount to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding number of Private Placement Warrants) issued to the Funding Partners.

Not all funding is subject to binding agreements as of the date hereof. For a description of each Funding Agreement, see “Part XV—Additional Information—Material contracts”. For details of the reallocation of Sponsor Warrants, see “Part XIII—Share Capital, Liquidity and Capital Resources and Accounting Policies—Share Capital—The Sponsor Warrants—Funding Agreements”.

Seller Subscription Agreement

Pursuant to the Seller Subscription Agreement, upon Re-Admission the Company shall issue an aggregate of 7,233,905 ACG Sale Shares. For each ACG Sale Share the Seller will receive one Private Placement Warrant. The ACG Sale Shares will rank *pari passu* in all respects with the Existing Class A Shares including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid. The Private Placement Warrants will be on the same terms as the Sponsor Warrants (as may be amended from time to time in accordance with their terms) save that they are not subject to any lock-up arrangements.

Placing Investors

Pursuant to an offering to certain institutional investors following the date of this Document, upon Re-Admission the Company shall issue to certain institutional investors (the “**Placing Investors**”) up to 4,166,667 Placing Shares at US\$6 per Placing Share (together with one Placing Warrant per Placing Share). The Placing Shares and Placing Warrants sold in the Placing will rank *pari passu* in all respects with the Existing Class A Shares and Existing Warrants, including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid. The Company may use any Placing proceeds above the Base Placing Amount to optimise its capital structure upon Re-Admission, including by reducing the number of Funding Shares (and corresponding number of Private Placement Warrants) issued to the Funding Partners.

Terms and Conditions of the Placing

Pursuant to an offering to certain institutional following the date of this Document, upon Re-Admission the Company shall issue to the Placing Investors up to 4,166,667 Placing Shares at US\$6 per Placing Share (together with one Placing Warrant per Placing Share) (the “**Placing Price**”). The Placing Shares and Placing Warrants sold in the Placing will rank *pari passu* in all respects with the Existing Class A Shares and Existing Warrants, including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid. The issue of the Placing Shares and Placing Warrants is subject to approval at the Acquisition EGM and is conditional, among other things, upon completion of the Acquisition and the Placing Agreement not being terminated in accordance with its terms. Following the publication of this Document, the Placement Agent will commence a bookbuild process to determine demand for participation in the Placing by Placing Investors (the “**Bookbuild**”). The Placement Agent and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their absolute discretion, determine.

The Placement Agent is acting as a bookrunner and agent for the Company in connection with the Placing. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Placement Agent. The Book building period is expected to close on 19 August 2024 but may be closed earlier or later at the discretion of the Placement Agent and the Company. The Placement Agent may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.

To bid in the Bookbuild, prospective Placing Investors should communicate their bid by telephone or in writing to their usual sales contact at any of the Placement Agent. Each bid should state the number of Placing Shares which the prospective Placing Investor wishes to acquire at the Placing Price. Bids may be scaled down by the Placement Agent on the basis referred to below.

Each prospective Placing Investor’s allocation will be agreed between the Placement Agent and the Company and will be confirmed orally or in writing (which can include email) by any of the Placement Agent (as agent for and on behalf of the Company) following the close of the Bookbuild and a trade confirmation will be despatched thereafter. This oral confirmation to such Placing Investor will constitute an irrevocable legally binding commitment upon that person (who will at that point become a Placing Investor) in favour of the Placement Agent and the Company to

acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Document and in accordance with the Memorandum and Articles and each Placing Investor will be deemed to have read and understood this Document in its entirety.

The obligations of the Placement Agent under the Placing Agreement in respect of the Placing are subject to certain conditions precedent. The Placement Agent may terminate the Placing Agreement in certain circumstances prior to Admission.

By participating in the Placing, each Placing Investor agrees that neither the Placement Agent nor any of their respective affiliates nor any of their respective directors, officers, partners, employees, advisers or agents (collectively, “**Representatives**”) shall have any liability to any Placing Investor (or to any other person whether acting on behalf of a Placing Investor or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placing Investor agrees that any such decision is within the absolute discretion of the Placement Agent.

By participating in the Placing, Placing Investors agree that the exercise by the Placement Agent of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Placement Agent, that the Placement Agent does not need to make any reference to, consult with, or seek consent from, Placing Investors and that neither the Company, the Placement Agent nor any of their respective affiliates or any of their respective Representatives shall have any liability to Placing Investors whatsoever in connection with any exercise or failure to exercise any right of termination or other discretion.

A bid in the Bookbuild will be made on the terms and subject to the conditions set out in this Document and based on the representations and warranties below (see section “*Representations and warranties and further terms*”) and will be legally binding on the Placing Investor on behalf of which it is made and, except with Placement Agent consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placing Investor will have an immediate, separate, irrevocable and binding obligation, owed to the Placement Agent, as agents for and on behalf of the Company, to pay it in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out in this Document, an amount equal to the product of the Placing Price and the number of Placing Shares such Placing Investor has agreed to subscribe for and the Company has agreed to allot.

Representations and warranties and further terms

By participating in the Placing each prospective Placing Investor (and any person acting on such Placing Investor’s behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Placement Agent and the Company, in each case as a fundamental term of its application for Placing Shares), to the terms set out in this Document, including, without limitation, the “*Terms and Conditions of the Placing*”, the “*Notices to Investors*” and the “*Important Information*”.

Lock-up arrangements

In connection with the consummation of the Company’s IPO, the Co-Sponsors and the Sponsor Director entered into lock-up arrangements pursuant to (and as further described in) the terms of the underwriting agreement dated 7 October 2022 (the “**IPO Underwriting Agreement**”) and the sponsor insider letter dated 5 October 2022, as supplemented and amended (the “**IPO Sponsor Insider Letter**”), whereby they undertake not to transfer the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares) (excluding the Additional Sponsor Class B Shares) or the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Initial Co-Sponsor Overfunding) which they hold directly or indirectly in the Company, without the prior written consent of Citigroup in its capacity as sole global coordinator and bookrunner of the IPO, during the period commencing on the IPO Closing Date and ending on the date which is, (i) in respect of the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares), the earlier of: (a) 365 calendar days after completion of the Acquisition or (b) subsequent to the Acquisition, if the last reported sale price of the Class A Ordinary Shares on the LSE equals or exceeds US\$12.00 per share (subject to certain adjustments as set out in this Document) for any 20 Trading Days within any 30 consecutive Trading Day period commencing at least 150 calendar days after completion of the Acquisition, and (ii) in respect of the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the

exercise or conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Initial Co-Sponsor Overfunding), 30 calendar days after the completion of the Acquisition.

The Additional Sponsor Class B Shares (and any Class A Ordinary Shares issuable upon conversion of such Additional Sponsor Class B Shares) are not subject to lock-up arrangements.

Further, any Class B Shares (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares) received by the IPO Institutional Investors pursuant to the IPO Investment Agreements and the Class B Shares and Sponsor Warrants (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares or exercise of the Sponsor Warrants, as applicable) allocated from the incentive pool see “Part X—*The Company, Its Board and Corporate Governance—Existing Incentive Arrangements*”, are subject to lock-up arrangements equivalent to those applicable to the Co-Sponsors with respect to the Class B Shares and Sponsor Warrants (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares or exercise of the Sponsor Warrants, as applicable) held by them, save that (i) with respect to the IPO Institutional Investors, such lock-up arrangements shall cease to apply immediately following the Acquisition Date and (ii) the Class B Shares and Sponsor Warrants to be received at completion of the Acquisition by Mr. Volynets (through his personal service company), Mr. Henze (through his personal service company), Mr. Hulse, Mr. Gilman, Mr. Friedland, Mr Fawaz, Mr. Kwok and Ondra LLP, are not subject to any transfer restrictions.

In addition, the restrictions on the ability of the Co-Sponsors and the Sponsor Director to transfer their Class A Ordinary Shares, Class B Shares, Warrants or Sponsor Warrants, as the case may be, are subject to certain usual and customary exceptions (as further described in, and subject to the terms of, the IPO Sponsor Insider Letter (as supplemented and amended) and the IPO Underwriting Agreement). Subject to the expiration or waiver of any lock-up arrangement entered into between the Co-Sponsors and Citigroup, the Company has agreed to provide, at its own cost, such information and assistance as the Co-Sponsors may reasonably request to enable them to effect a disposal of all or part of their Class A Ordinary Shares or Warrants at any time upon or after the completion of the Acquisition, including, without limitation, the preparation, qualification and approval of a prospectus in respect of such Class A Ordinary Shares or Warrants.

The Co-Sponsors have each entered into certain lock-up arrangements pursuant to (and as further described in) the terms of certain side deeds to the Sponsor Funding Agreement, whereby they undertake not to transfer any Sponsor Loan Shares, subject to certain exceptions, without the prior written consent of the Company, during the period ending on the date that is 6 months after the Acquisition Date.

Re-Admission and Dealings in the Class A Ordinary Shares and Warrants

Re-Admission is expected to take place and dealings in the Enlarged Ordinary Share Capital and the Listed Warrants are expected to commence or re-commence (as applicable) on the LSE at 8.00 a.m. on 23 August 2024. This date and time may change. If Re-Admission does not occur by such date, the Placing and therefore the Acquisition will not proceed and all monies relating to the Placing paid will be refunded to the applicants. The Company is not making any arrangements for dealing prior to Re-Admission in respect of the New Shares and Placing Warrants. No application has been made, or is currently intended to be made, for the Existing Class A Shares or Existing Warrants to be admitted to listing or dealt on any other stock exchange.

In accordance with UKLR 22.2.2, at Re-Admission at least 10% of the Class A Ordinary Shares of this listed class will be in public hands (as defined in the UKLR). Completion of the Acquisition will be announced via a Regulatory Information Service provider (“**RIS**”) on Re-Admission, which is expected to take place at 8.00 a.m. on 23 August 2024.

It is intended that settlement of the New Shares and Placing Warrants allocated to investors will take place by means of crediting Depository Interests to relevant CREST stock accounts on Re-Admission. For settlement purposes only, each re-admitted share may be attributed a value of US\$9.99 and each re-admitted Warrant may be attributed a value of US\$0.01. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

Where applicable, definitive share certificates in respect of the New Shares and Placing Warrants to be issued are expected to be dispatched, by post at the risk of the recipients, to the relevant holders, not later than fourteen days following Re-Admission. The Class A Ordinary Shares and Warrants are in registered form and can also be held in

uncertificated form. Prior to the dispatch of definitive share certificates in respect of any New Shares and Placing Warrants which are held in certificated form, transfers of those New Shares and Placing Warrants will be certified against the register of members of the Company. No temporary documents of title will be issued.

CREST

CREST is the system for paperless settlement of trades in listed securities operated by Euroclear UK & International Limited (“**Euroclear**”) (“**CREST**”). CREST allows securities to be transferred from one person’s CREST account to another’s without the need to use share certificates or written instruments of transfer.

Applications will be made for the Depositary Interests to be admitted or re-admitted (as applicable) to CREST with effect from Re-Admission. Accordingly, settlement of transactions in the Depositary Interests following Re-Admission may take place within the CREST System if any Class A Ordinary Shareholder or Warrantholder so wishes.

CREST is a voluntary system and holders of the Class A Ordinary Shares and the Warrants who wish to receive and retain share and warrant certificates will be able to do so. An investor may elect to receive Class A Ordinary Shares and/or Warrants in uncertificated form in the form of Depositary Interests if the investor is a system member (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended in relation to CREST. Warrantholders will only receive whole Class A Ordinary Shares and any fractions of shares a Warrantholder is entitled to upon exercise will be rounded down to the nearest whole share.

Dilution

This *Dilution* section assumes, solely for purposes of illustration, 100% redemptions and no cashless exercise of any warrants.

Immediate dilution as a result of the Base Placing Amount and Re-Admission

Upon Re-Admission, the issuance of the New Shares (assuming for this purpose the issuance of only 2,500,000 Placing Shares pursuant to the Placing), including the conversion of all Class B Shares into Class A Ordinary Shares, will result in immediate dilution of the Existing Class A Shares so as to constitute 99.98% of the Enlarged Ordinary Share Capital.

Maximum dilution as a result of the Placing and Re-Admission, and from the exercise of the Combined Warrants

Following Re-Admission, (i) the issuance of the New Shares (assuming for this purpose the issuance of 4,166,667 Placing Shares pursuant to the Placing), including the conversion of all Class B Shares into Class A Shares, and (ii) the exercise of all Listed Warrants, Sponsor Warrants and Private Placement Warrants (assuming for this purpose the issuance of 4,166,667 Placing Warrants pursuant to the Placing) would result in overall dilution of the Existing Class A Shares so as to constitute 99.99% of the Enlarged Ordinary Share Capital.

Dilution as a result of the issuance of Director Shares, EIP Shares and Sponsor Loan Shares

The Company has agreed with the Co-Sponsors that up to US\$10.5 million of Sponsor Loans may be repaid to the Co-Sponsors at the Company’s discretion, following the closing of the Acquisition, in the form of Sponsor Loan Shares at US\$6 per share. Any recipient of a Sponsor Loan Share will also receive one Sponsor Loan Warrant. Further, in recognition of the significant increase in their workload in preparation for the Re-Admission, the Independent Non-Executive Directors and the Director Nominee are entitled to receive such number of Director Shares as have an aggregate market value (calculated by reference to the Placing Price) equal to 200% of their respective aggregate fees per annum, expected to be issued within the three months following the Acquisition closing. In addition, it is anticipated that the CEO (through his personal service company) and CFO will be granted a one-off award of EIP Shares following Re-Admission, of 400% of his annual consultancy fee for the CEO (through his personal service company) and 350% of his annual consultancy fee for the CFO within the three months following the Acquisition closing.

Following Re-Admission, the issuance of the Sponsor Loan Shares, the Director Shares, the EIP Shares and the exercise of the Sponsor Loan Warrants would result in 99.99% dilution of the Enlarged Ordinary Share Capital.

Fees and Expenses of Re-Admission

The total expenses incurred (or to be incurred) by the Company in connection with Re-Admission are approximately US\$5.8 million. In aggregate, these transaction costs relate primarily to fees payable to providers of debt and equity funding and transaction advisors.

PART XII - TAXATION

General

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current tax law and published practice of the tax authorities in the British Virgin Islands, the United Kingdom and the U.S., which may not be binding and are subject to change at any time, possibly with retroactive effect. The following summary does not constitute legal or tax advice and applies only to persons subscribing for Class A Ordinary Shares as an investment (rather than as securities to be realised in the course of a trade), and to other persons holding the Class A Ordinary Shares and the Warrants as an investment (rather than as securities to be realised in the course of a trade), in either case, who are the absolute and direct beneficial owners of their Class A Ordinary Shares or Warrants (and any dividends paid in respect of their Class A Ordinary Shares), who do not hold their Class A Ordinary Shares or Warrants through an Individual Savings Account or a Self-Invested Personal Pension, and who have not acquired their Class A Ordinary Shares and Warrants by reason of their or another person's employment. These comments may not apply to certain classes of person, including dealers in securities, insurance companies, pension schemes and collective investment schemes.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company has assets or personnel or in the BVI (or in any other country in which a subsidiary of the Company has assets or personnel or is resident), or changes in tax treaties entered into by those countries, could adversely affect the returns from the Company to investors.

Prospective and current investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of the New Shares or Placing Warrants, or holding or disposing of the Class A Ordinary Shares and the Warrants, as appropriate, under the laws of their country and/or state of citizenship, domicile or residence, including the consequences of distributions by the Company, whether on a liquidation, redemption or otherwise.

BVI Taxation

The Government of the British Virgin Islands does not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or its security holders who are not tax resident in the British Virgin Islands.

The Company and all distributions, interest and other amounts paid by the Company to persons who are not tax resident in the British Virgin Islands will not be subject to any income, withholding or capital gains taxes in the British Virgin Islands, with respect to the shares in the Company owned by them and dividends received on such shares, nor will they be subject to any estate or inheritance taxes in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not tax resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Company.

Except to the extent that the Company has any direct or indirect interest in real property in the British Virgin Islands, all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from the payment of stamp duty in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Company or its security holders.

United Kingdom Taxation

The statements below refer to certain limited aspects of the UK tax treatment of Class A Ordinary Shareholders and Warrantholders that are resident (and, in the case of individuals, domiciled or deemed domiciled) in the United Kingdom for UK tax purposes who hold the Class A Ordinary Shares or the Warrants (as the case may be) as an investment rather than trading stock and who are the absolute beneficial owners of those Class A Ordinary Shares (and any dividends paid in respect of their Class A Ordinary Shares) or Warrants. In particular, but without limitation,

with the exception of the sections entitled “*Stamp duty*” and “*Stamp duty reserve tax (“SDRT”)*”, the statements below do not address the UK tax position of Class A Ordinary Shareholders or Warrantholders who are not resident in the United Kingdom but who carry on a trade in the United Kingdom through a branch, agency or permanent establishment with which their holding of Class A Ordinary Shares or the Warrants is connected. Nor do the statements below address the UK tax position of Class A Ordinary Shareholders or Warrantholders who are temporarily non-resident in the United Kingdom. The statements below are subject to any change in law or published practice of the tax authorities of the United Kingdom.

The Company

The Directors intend that the affairs of the Company will be managed and conducted so that it does not become resident in the United Kingdom for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated therein), the Company will not be subject to UK income tax or UK corporation tax, except on certain types of UK source income and on any capital gains tax realised on the disposal of any UK land or the disposal of certain interests in entities which derive, directly or indirectly, 75% or more of their gross asset value from UK land.

Investors

(i) Cancellation of Listing of Existing Class A Shares and Existing Warrants and Re-Admission

No liability to UK tax should arise to Class A Ordinary Shareholders or Warrantholders on the cancellation of the listing of the Existing Class A Shares and Existing Warrants or the Re-Admission.

(ii) Issue of New Shares and Placing Warrants

No liability to UK tax should arise to Class A Ordinary Shareholders or Warrantholders on the issue of the New Shares or the Placing Warrants.

(iii) Disposals of Class A Ordinary Shares

Subject to their individual circumstances, Class A Ordinary Shareholders who are resident in the United Kingdom for UK tax purposes will potentially be liable to UK taxation, as further explained below, on any chargeable gains which accrue to them on a sale or other disposition of their Class A Ordinary Shares (such as a redemption) which constitutes a “disposal” for UK taxation purposes.

For an individual Class A Ordinary Shareholder who is within the charge to UK capital gains tax (on the basis described above), a disposal (or deemed disposal) of the Class A Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on such a disposal of shares is 10% in tax year 2024/25 for individuals who are subject to income tax at the basic rate and 20% in tax year 2024/25 for individuals who are subject to income tax at the higher or additional rates. An individual Class A Ordinary Shareholder is generally entitled to realise an annual exempt amount of gains (£3,000 in tax year 2024/25) in each tax year without being liable to UK capital gains tax.

For a corporate Class A Ordinary Shareholder within the charge to UK corporation tax (on the basis described above), a disposal (or deemed disposal) of the Class A Ordinary Shares may give rise to a chargeable gain which is within the charge to UK corporation tax or an allowable loss for the purposes of UK corporation tax. The main rate of UK corporation tax is currently 25%.

Where Class A Ordinary Shares are redeemed, any redemption amount paid by the Company in excess of the amount that represents repayment of capital on those Class A Ordinary Shares may be treated as a distribution for UK corporation tax purposes and taxed (or exempted) for corporate Class A Ordinary Shareholders in line with the treatment for dividends described in section (v) (Dividends on Class A Ordinary Shares) below, under the heading “*Corporate shareholders subject to UK corporation tax*”.

For the purpose of UK tax on chargeable gains, the amounts paid by a Class A Ordinary Shareholder for the Class A Ordinary Shares will generally constitute the base cost of that Class A Ordinary Shareholder’s holdings in those Class

A Ordinary Shares. For investors who subscribed for their Class A Ordinary Shares together with Warrants in the IPO, the subscription price originally paid may therefore need to be apportioned between the relevant Class A Ordinary Shares and the Warrants, for the purpose of calculating their respective base costs for chargeable gains purposes.

(iv) Disposal, redemption or exercise of Warrants

Subject to their individual circumstances, Warrantholders who are resident in the United Kingdom for UK tax purposes will potentially be liable to UK taxation on any chargeable gains which accrue to them on any sale of their Warrants or any other transaction which is treated for UK tax purposes as a disposal of their Warrants (including a redemption).

The exercise of a Warrant will not be treated for the purposes of UK taxation of chargeable gains as a disposal of the Warrant. Instead, the acquisition and the exercise of the Warrant will be treated for the purposes of UK taxation of chargeable gains as a single transaction, and the cost of acquiring the Warrant (including, where relevant, any part of the original IPO subscription price apportioned to the Warrant, as described above) will therefore be treated as part of the cost of acquiring the Class A Ordinary Shares which are issued upon the exercise of the Warrant.

(v) Dividends on Class A Ordinary Shares

UK resident and domiciled (or deemed domiciled) individuals

Individual Class A Ordinary Shareholders who are resident in the United Kingdom for UK tax purposes will generally, subject to their particular circumstances, be liable to UK income tax on dividends paid to them by the Company.

A nil rate of income tax applies to the first £500 of dividend income received by an individual Class A Ordinary Shareholder in the tax year 2024/25 (the “**Nil Rate Amount**”). Any dividend income received by an individual Class A Ordinary Shareholder in such tax year in excess of the Nil Rate Amount will be subject to UK income tax at the following rates – 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers. In calculating into which income tax rate band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual’s income (and, where an individual has both savings and dividend income, the dividend income is treated as the top slice).

Dividend income that is within the dividend Nil Rate Amount counts towards an individual’s basic or higher rate limits and may therefore affect the rate of tax that is due on the individual’s taxable income.

Corporate shareholders subject to UK corporation tax

Class A Ordinary Shareholders who are within the charge to UK corporation tax and who are not “small companies” (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at the rate of 25%) on dividends paid to them by the Company unless the dividend falls within an exempt class and certain conditions are met. Examples of exempt classes (as set out in more detail in Chapter 3 of Part 9A of the Corporation Tax Act 2009) include dividends paid to a person holding less than 10% of the issued share capital of the paying company (or any class of that share capital in respect of which the dividend is paid). However, the exemptions are not comprehensive and are subject to anti-avoidance rules. Class A Ordinary Shareholders should consult their professional advisers about whether any dividends paid to them will satisfy the requirements of an exempt class and whether any anti-avoidance rules will apply to them.

Class A Ordinary Shareholders within the charge to UK corporation tax and who are “small companies” (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at the rate of 25%) on dividends paid to them by the Company.

(vi) Individual taxpayers who are subject to Scottish income tax

The references in section (iii) (Disposals of Class A Ordinary Shares), section (iv) (Disposal, redemption or exercise of Warrants) and section (v) (Dividends on Class A Ordinary Shares) above to individuals who are subject to or pay income tax at the basic rate, higher rate or additional rate include individuals whose non-savings, non-dividend income is excluded from UK income tax because it is instead subject to Scottish income tax at rates set by the Scottish Parliament. Such taxpayers are effectively deemed to be subject to UK income tax rates for the purposes of

determining the rate of UK income tax which applies to their dividend income and the rate of capital gains tax which applies to their capital gains.

(vii) Stamp duty

No UK stamp duty will be payable on the issue of the New Shares, the Placing Warrants or the Depositary Interests. Subject to an exemption for transfers where the value of the consideration for the transfer does not exceed £1,000 (where the transaction does not form part of a larger transaction or series of transactions in respect of which the value, or aggregate value, of the consideration exceeds £1,000), UK stamp duty will, in principle, be payable on any instrument of transfer of the Class A Ordinary Shares or the Warrants that is executed in the United Kingdom or that relates to any property situated, or any matter or thing done or to be done, in the United Kingdom. The stamp duty will be chargeable at the rate of 0.5% on the value of the consideration paid for the transfer and rounded to the nearest £5 (except where the transfer is made between “connected companies” (as defined in section 1122 of Corporation Tax Act 2010), in which case the stamp duty would be chargeable on the market value of the shares at the time of the transfer, if higher than the consideration paid). However, investors and potential investors should be aware that, even where an instrument is in principle liable to stamp duty, stamp duty is not directly enforceable as a tax and, in practice, does not normally need to be paid unless it is necessary to rely on the instrument in the United Kingdom for legal purposes (for example, to register a change of ownership by updating a register of ownership held in the United Kingdom or in the event of civil litigation in the United Kingdom). Neither the Class A Ordinary Shares nor the Warrants are currently registered in a register kept in the United Kingdom by or on behalf of the Company, and the Company does not intend that any such register will be kept in the United Kingdom by or on behalf of the Company.

(viii) Stamp duty reserve tax (“SDRT”)

No SDRT will be payable on the issue of the New Shares, the Placing Warrants or the Depositary Interests.

Provided that the Class A Ordinary Shares and the Warrants are not registered in any register kept in the United Kingdom by or on behalf of the Company and they are not “paired” with any shares issued by a body corporate incorporated in the United Kingdom, any agreement to transfer the Class A Ordinary Shares or the Warrants will not be subject to SDRT. Neither the Class A Ordinary Shares nor the Warrants are currently registered in a register kept in the United Kingdom by or on behalf of the Company, and the Company does not intend that any such register will be kept in the United Kingdom by or on behalf of the Company.

Where the Class A Ordinary Shares and/or the Warrants are traded by way of Depositary Interests through CREST, dealings in those Depositary Interests will be exempt from SDRT provided that the Company is not centrally managed and controlled in the United Kingdom, the Class A Ordinary Shares and the Warrants (as applicable) are listed and admitted to trading on the LSE and neither the Class A Ordinary Shares nor the Warrants (as applicable) are registered in a register kept in the United Kingdom by or on behalf of the Company. As noted above, the Directors intend to conduct the affairs of the Company so that its central management and control is not exercised in the United Kingdom, applications will be made for the Enlarged Ordinary Share Capital and the Listed Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE’s main market for listed securities, neither the Class A Ordinary Shares nor the Warrants are currently registered in a register kept in the United Kingdom by or on behalf of the Company, and the Company does not intend that any such register will be kept in the United Kingdom by or on behalf of the Company. Therefore, the Company currently expects that dealings in the Class A Ordinary Shares and/or the Warrants by way of Depositary Interests will be exempt from SDRT.

PART XIII - SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES

Share capital

Introduction

The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the laws of BVI and under the BVI Companies Act.

As of the date of this Document, the Company is authorised to issue an unlimited number of shares, divided into an unlimited number of Class A Ordinary Shares, each having no par value, and an unlimited number of Class B Shares, each having no par value. The authorised but unissued Class A Ordinary Shares and Class B Shares are available for future issuances without approval by the Class A Ordinary Shareholders and could be utilised for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorised but unissued Class A Ordinary Shares and Class B Shares could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise.

All of the issued Class A Ordinary Shares and Warrants are in registered form, and are held in certificated or uncertificated form (in the form of Depositary Interests). The Registrar is responsible for maintaining the register of members. Temporary documents of title have not been issued.

Details of the current issued shares of the Company are set out in paragraph 3.1 of “Part XV—*Additional Information*”.

Under the Restated Articles, the Company will be authorised to issue one class of shares, being an unlimited number of Class A Ordinary shares with no par value.

The redemption rights set out below will not be included in the Restated Articles.

The Class A Ordinary Shares

The Class A Ordinary Shares have been and will be, as applicable, issued in registered form, and are capable of being held in certificated or uncertificated form (in the form of Depositary Interests). The Class A Ordinary Shares are registered with ISIN number VGG0056A1030 and SEDOL number BKZ72R6.

The Class A Ordinary Shareholders have no conversion or other subscription rights and there are no sinking fund or redemption provisions applicable to the Class A Ordinary Shares, except that Class A Ordinary Shareholders may exercise their rights to request redemption as described in this Document. Class A Ordinary Shareholders who exercise their rights to request redemption will retain the right to exercise any Warrants they own.

Previous Redemptions

At an EGM of the Company held on 25 October 2023, shareholders approved the First Extension. At an EGM of the Company held on 16 January 2024, shareholders approved the Second Extension. As described in an announcement of the Company dated 28 June 2024, shareholders approved the Third Extension. Pursuant to the terms of the Company’s Memorandum and Articles, and as further described in the EGM Circulars dated 17 October 2023 and 8 January 2024 relating to the First Extension and the Second Extension, respectively, and the announcement of the Company dated 28 June 2024 relating to the Third Extension, the Company provided Class A Ordinary Shareholders with the right to redeem their Class A Ordinary Shares.

The total number of Class A Ordinary Shares redeemed by Class A Ordinary Shareholders following the completion of the Second Extension was as follows:

Class A Ordinary Shares redeemed		Class A Ordinary Shares not redeemed	
Amount	%*	Amount	%*
12,495,888	99.97	4,112	0.03

* Percentage of the total amount of outstanding Class A Ordinary Shares prior to the publication of the First Extension (*i.e.*, 12,500,000 Class A Ordinary Shares), rounded to two decimal places.

On 26 July 2024, the Company announced an extension of the redemption period following the Third Extension, due to the Acquisition, from 30 July 2024 until at least 1:00 pm London time on 13 August 2024. As of the date hereof, the redemption period has been further extended to 21 August 2024 in connection with the Acquisition EGM.

The Class B Shares

In connection with the Company's IPO, the Co-Sponsors and the IPO Institutional Investors subscribed for, in aggregate, 3,125,000 Class B Shares at a price of US\$0.01 per Class B Share. As described in the EGM Circular dated 17 October 2023, the Co-Sponsors further subscribed for an aggregate amount of 1,333,333 Additional Sponsor Class B Shares at a subscription price of US\$1.50 per Additional Sponsor Class B Share. Pursuant to the Subscription Agreement, on 1 December 2023 the 1,333,333 Additional Sponsor Class B Shares were reallocated amongst the Co-Sponsors and certain of their affiliates (see "Part I—*The Acquisition and the Company's Share Capital—Share Capital Structure and Related Aspects—Class B Shares*"). The total number of Class B Shares as of the date hereof is 4,458,333.

Each Class B Share will automatically convert into Class A Ordinary Shares at the time of the Acquisition, or earlier at the option of the holder thereof (or, for Additional Sponsor Class B Shares, at the discretion of the Company), at a ratio such that the number of Class A Ordinary Shares issuable upon conversion of all Class B Shares will equal, in the aggregate, 20% of the total number of Class A Ordinary Shares in issue upon the completion of the Company's IPO (assuming all Class B Shares had converted into Class A Ordinary Shares as of the completion of the Company's IPO). The Class B Shares will not be tradable unless and until converted into Class A Ordinary Shares.

The Class B Shares are not part of the Re-Admission and will not be admitted to listing or trading on any trading platform. The Class B Shares rank, *pari passu*, with each other. Each Class B Share carries the distribution and liquidation rights as included in the Memorandum and Articles. The Directors acknowledge that they have no right, title, interest or claim of any kind in or to any monies held in the Escrow Account or any other asset of the Company as a result of any liquidation of the Company with respect to the Class B Shares they hold.

The Warrants

Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US\$6.90 per Class A Ordinary Share (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustments in accordance therewith), at any time commencing 30 days after the Acquisition Date. Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants. The Warrants will expire on the date that is five years after the date on which they first become exercisable (or earlier upon redemption of the Warrants or liquidation of the Company), at 5:00 p.m., London time. Any Warrants not exercised in that period of time will expire worthless and any holder thereof will no longer have any rights thereunder.

The Warrants have been and will be, as applicable, issued in registered form, and are capable of being held in certificated or uncertificated form (in the form of Depositary Interests).

At the IPO Closing Date, the Existing Warrants were admitted to the standard listing segment of the Official List of the FCA, and to trading on the LSE main market for listed securities. The Existing Warrants are registered with ISIN number VGG0056A1113 and SEDOL number BKZ72S7. The Existing Warrants do not have a fixed price or value. The price of the Warrants will be determined by virtue of trading on the LSE. No fractional Warrants were issued or delivered and only whole Warrants trade on the LSE.

No Warrants are exercisable (for cash or on a cashless basis) unless the issuance of the Class A Ordinary Shares upon such exercise is permitted in the jurisdiction of the exercising Warrantholder and the Company will not be obligated to issue any Class A Ordinary Shares to Warrantholders seeking to exercise their Warrants unless such exercise and delivery of Class A Ordinary Shares is permitted in the jurisdiction of the exercising Warrantholder. If such conditions are not satisfied with respect to a Warrant, the Warrantholder will not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless.

The exercise of Warrants may result in dilution of the Company's share capital. Certain anti-dilution adjustments will be applicable. Warrantholders do not have shareholders' rights or any voting rights and are not entitled to any dividend or liquidation distributions. See also "Part XIV—*Terms & Conditions of the Warrants*".

The Sponsor Warrants

In connection with the Company's IPO, the Co-Sponsors subscribed for, in aggregate, 9,286,250 Sponsor Warrants at a price of US\$1.00 per Sponsor Warrant. The Co-Sponsors have committed additional funds to the Company through subscription for an aggregate of 4,062,500 Sponsor Warrants at a price of US\$1.00 per Sponsor Warrant. The proceeds are held in the Escrow Account for the purposes of providing additional cash funding into the Escrow Account, in addition to the proceeds of the Company's IPO, for the redemption of the Class A Ordinary Shares from the Class A Ordinary Shareholders.

Sponsor Loans and Partial Conversion

As of the date hereof, the Company has agreed with the Co-Sponsors that up to US\$10.5 million of existing loans extended to the Company to fund its operational budget ("**Sponsor Loans**") may be repaid to the Co-Sponsors at the Company's discretion, following the closing of the Acquisition, in the form of Class A Ordinary Shares at US\$6 per share (the "**Sponsor Loan Shares**"). Any recipient of a Sponsor Loan Share will also receive one unlisted warrant on the same terms as the existing Sponsor Warrants (the "**Sponsor Loan Warrants**"). The Co-Sponsors have each entered into certain lock-up arrangements pursuant to (and as further described in) the terms of certain side deeds to the Sponsor Funding Agreement, whereby they undertake not to transfer any Sponsor Loan Shares, subject to certain exceptions, without the prior written consent of the Company, during the period ending on the date that is 6 months after the Acquisition Date. The recipients of the Sponsor Loan Shares will benefit from the Re-Allocation (as defined herein).

Funding Agreements

Pursuant to their respective Funding Agreements, upon Re-Admission the Funding Partners are expected to hold an aggregate of up to 11,250,000 Private Placement Warrants, on the basis of one Private Placement Warrant per Funding Share. The Private Placement Warrants will be on the same terms as the Sponsor Warrants (as may be amended from time to time in accordance with their terms) save that they are not subject to any lock-up arrangements.

Seller Subscription Agreement

Pursuant to the Seller Subscription Agreement, upon Re-Admission the Seller is expected to hold an aggregate of 7,233,905 Private Placement Warrants, on the basis of one Private Placement Warrant per ACG Sale Share. The Private Placement Warrants will be on the same terms as the Sponsor Warrants (as may be amended from time to time in accordance with their terms) save that they are not subject to any lock-up arrangements.

The Sponsor Warrants have not been admitted to listing or trading on any trading platform. The Sponsor Warrants are identical to the Warrants sold in the Company's IPO, except that the Class A Ordinary Shares issuable upon the exercise of the Sponsor Warrants will not be transferable, assignable or saleable until 30 days after the Acquisition Date, subject to certain limited exceptions as described in this Document. Additionally, the Sponsor Warrants will be exercisable on a cashless basis and be non-redeemable, except as described in this Document, so long as they are held by the Co-Sponsors or their permitted transferees, including the Funding Partners for the purposes of the Sponsor Warrants held following the Re-Allocation (the "**Permitted Transferees**"). If the Sponsor Warrants are held by someone other than the Co-Sponsors or their Permitted Transferees, the Sponsor Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Warrants.

One Sponsor Warrant is exercisable to purchase one Class A Ordinary Share at a price of US\$6.90 per Class A Ordinary Share (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustments in accordance therewith), at any time commencing 30 days after the Acquisition Date. The Sponsor Warrants may be exercised by the Co-Sponsors and their Permitted Transferees on either a cash or cashless basis. If the Sponsor Warrants are exercised on a cashless basis (except if the Sponsor Warrants are redeemed where the Reference Value equals or exceeds US\$6.00 and is less than US\$10.80 (as adjusted pursuant to the Warrant T&Cs, and subject to further adjustment upon any change to the number of Class A Ordinary Shares issuable upon exercise of a Warrant or any further adjustment to the Exercise Price of a Warrant), the Co-Sponsors or their Permitted Transferees would surrender their Sponsor Warrants for that number of Class A Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Class A Ordinary Shares underlying the Sponsor Warrants, multiplied by the excess of the Sponsor fair market value over the Exercise Price of the Sponsor Warrants by (y) the Sponsor fair market value.

The “**Sponsor fair market value**” means the average reported closing price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the notice of warrant exercise (“**Notice of Warrant Exercise**”) is sent to the Receiving Agent (as defined below).

The Sponsor Warrants and Class A Ordinary Shares issued or delivered upon exercise thereof are subject to transfer restrictions and lock-up arrangements described herein (see “Part XI—*The Placing, Re-Admission and Dilution—Lock-up arrangements*”).

Placing Agreement

The Company and the Placement Agent have entered on the date of this Document into the Placing Agreement under which, subject to the terms and conditions set out therein, the Placement Agent has agreed to use its reasonable endeavours to procure Placing Investors for the Placing Shares at the Placing Price, with the number of Placing Shares to be determined following completion of the bookbuild process in respect of the Placing. The Placing will not be underwritten. However, to the extent any Placing Investor defaults in paying the Placing Price in respect of any Placing Shares allocated to it, the Placement Agent has agreed to subscribe for such Placing Shares at the Placing Price. The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The Receiving Agent

The Receiving Agent is both Link Market Services Limited and Link Market Services Trustees Limited (together, “**Link**”) (the “**Receiving Agent**”). The Company has agreed to indemnify Link in its role as Receiving Agent, its agents and each of its shareholders, directors and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any losses resulting from the fraud, wilful default or negligence of the indemnified person or entity. The Receiving Agent has agreed that it has no right of set-off or any right, title, interest or claim of any kind to, or to any monies in, the Escrow Account, and has irrevocably waived any right, title, interest or claim of any kind to, or to any monies in, the Escrow Account that it may have now or in the future. Accordingly, any indemnification provided will only be able to be satisfied, or a claim will only be able to be pursued, solely against the Company and its assets outside the Escrow Account and not against the any monies in the Escrow Account or interest earned thereon.

Redemption

Redemption rights and redemption price

In accordance with Regulation 18 of its Memorandum and Articles, the Company is providing its Public Shareholders with the opportunity to redeem all or a portion of their Class A Ordinary Shares prior to the completion of the Acquisition at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account (subject to deduction as described in the IPO Prospectus) calculated as of two Trading Days prior to the consummation of the Acquisition (including the Initial Co-Sponsor Overfunding), divided by the number of then issued and outstanding Class A Ordinary Shares, subject to, amongst other things, the redemption limitations described in the IPO Prospectus.

However, as announced on 28 June 2024 and 26 July 2024, the Company already provided its Class A Ordinary Shareholders with the right to redeem their Class A Ordinary Shares in connection with the Third Extension. Accordingly, redemption rights arising from the Acquisition and those relating to the Third Extension shall be exercised following the same redemption process and in accordance with the redemption procedures, timeline and conditions announced by the Company and summarised herein.

The gross redemption price of a Class A Ordinary Share is expected to be US\$10.325 per Class A Ordinary Share, plus *pro rata* entitlement to any interest accrued on the Escrow Account as reduced by any taxes paid or payable. As noted in the IPO Prospectus, the amount held in the Escrow Account earns interest at a rate equal to the SOFR less 5 basis points. There are currently 4,112 Class A Ordinary Shares in issue as of the date of this Document. The amount on deposit on the Escrow Account as of 31 July 2024 was equal to approximately US\$124,579.

Following redemption, redeemed Class A Ordinary Shares are expected to be cancelled. Additional information regarding the redemption arrangements can be found in the IPO Prospectus under the heading “Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Redemption*”.

For the avoidance of doubt, any holders who have already elected to have their Class A Ordinary Shares redeemed as of the date of this Document, or do elect hereafter to submit redemption elections, are eligible to vote at the Acquisition EGM irrespective of whether they vote for or against or abstain from voting on the proposed Acquisition.

Submitting Class A Ordinary Shares for Redemption

Redemption elections can be made through CREST for holders of Depositary Interests representing Class A Ordinary Shares. Class A Ordinary Shareholders wishing to participate in the redemption should contact their broker, bank or other institution through which they hold their Depositary Interests in Class A Ordinary Shares to access CREST. Redemptions cannot be submitted through means other than CREST. Full election instruction details are provided directly within the CREST GUI Corporate Action event details under ISIN VGG0056A1030.

If a Class A Ordinary Shareholder wishes to redeem all or a portion of their depositary interests in Class A Ordinary Shares (a “**Redeeming Shareholder**”), they are required to submit their redemption election electronically through CREST by 1:00 pm BST at the latest on 21 August 2024 (the “**Election Cut-off Time**”).

Redeeming Shareholders should instruct their broker, bank or other institution through which they hold their Depositary Interests in Class A Ordinary Shares in time for these to be tendered through CREST before the Election Cut-off Time. Please note that brokers, banks or other institutions through which Depositary Interests in Class A Ordinary Shares are held will establish their own cut-off dates and times for the tender of such securities, which may be earlier than the Election Cut-off Time. Redeeming Shareholders should check with their broker, bank or other institution to determine the appropriate procedures.

Class A Ordinary Shareholders who validly elect to redeem all or a portion of their Depositary Interests in the Class A Ordinary Shares on or before the Election Cut-off Time shall have such Depositary Interests in the Class A Ordinary Shares redeemed and payment in respect of such will be made by the Depositary on or around the completion of the Acquisition.

The final redemption price per Class A Ordinary Share will be confirmed prior to payment within CREST and will supersede the redemption price announced by the Company on 28 June 2024.

If a Class A Shareholder does not wish to redeem any of their Class A Ordinary Shares, they do not need to submit a redemption election through CREST or take any other action.

Withdrawal of elections to redeem

Any Redeeming Shareholder that has validly submitted their Depositary Interests in Class A Ordinary Shares for redemption through CREST may, prior to the Election Cut-off Time, notify the Depositary by email at the following address that it wishes to withdraw such submission: shareholderenquiries@linkgroup.co.uk.

Redemption if the Acquisition is not completed

As a result of the Third Extension, redeeming shareholders who have validly elected to redeem all or a portion of their Class A Ordinary Shares shall have such depositary interests in the Class A Ordinary Shares redeemed and payment will be made as soon as practicable after the expected transaction closing date even if the Acquisition is not approved at the Acquisition EGM or does not complete.

Escrow of Funds Pending the Acquisition

The amounts in the Escrow Account will be released only as detailed in the escrow agreement (the “**Escrow Agreement**”) and as summarised in the IPO Prospectus. The amounts held in the Escrow Account shall only be held in cash.

On completion of the Acquisition, the amounts held in the Escrow Account will be paid out in the following order of priority: (i) to redeem the Class A Ordinary Shares for which a redemption right was validly exercised (for consideration comprising US\$10.00 per Class A Ordinary Share representing the amount subscribed for by Class A Ordinary Shareholders in the Company's IPO together with Class A Ordinary Shareholders' pro rata entitlement to the Initial Co-Sponsor Overfunding and Class A Ordinary Shareholders' pro rata entitlement to any interest accrued on the Escrow Account; (ii) for payment of the consideration for the Acquisition; (iii) to pay the deferred commission to Citigroup; and (iv) to refund the Co-Sponsors for any excess costs incurred in connection with the Acquisition. If the Acquisition is paid for using equity or debt, or the Company receives more funds from the release of the Escrow Account than are required to be paid for the consideration for the Acquisition, the Company may apply the balance of the cash released to it from the Escrow Account (including any interest accrued thereon) for general corporate purposes, including for maintenance or expansion of operations of the post-acquisition company, the payment of principal or interest due on indebtedness incurred in completing the Acquisition, to fund the purchase of other companies or for working capital.

Citibank N.A. London (the "**Escrow Agent**") will hold the Escrow Account in a designated bank account. The Escrow Agent shall only release the funds within the Escrow Account in accordance with the terms of the Escrow Agreement. The Escrow Agreement provides that the Company will deliver an instruction to the Escrow Agent to release the funds in escrow only in the event that circumstances described in this Document for the release of the funds in escrow have occurred, and that the Company will deliver evidence of the circumstances for release having occurred to the Escrow Agent prior to delivering an instruction for release to the Escrow Agent. Such circumstances are, in accordance with Previous Listing Rule 5.6.18A(2) (and UKLR TP 7): (i) to provide consideration for the Acquisition that has been approved by the Directors of the Company and the Class A Ordinary Shareholders (excluding the Co-Sponsors, the Directors, any founding shareholder of the Company and such other persons as prevented from voting by the Previous Listing Rules and UKLR from time to time), in accordance with the requirements of the Memorandum and Articles and the Previous Listing Rules and UKLR; (ii) to redeem the Class A Ordinary Shares for which a redemption right was validly exercised; and (iii) commence liquidation.

Financial Position

The audited financial statements of the Company for the 18-months ended 31 December 2023 and the period from incorporation on 22 June 2021 to 30 June 2022 upon which RSM has provided its audit reports are incorporated by reference herein, see "Part V—*Historical Financial Information—Section A: The Company*"

The financial information in respect of Polimetal upon which Eren Bağımsız Denetim A.Ş., a member firm of Grant Thornton International, has provided its audit reports is set out in "Appendix II" of this Document.

The pro forma financial information in respect of the Enlarged Group is set out in "Part IX—*Pro Forma Financial Information*".

Liquidity and Capital Resources

Sources of cash and liquidity

The Company's initial source of cash was the proceeds of its IPO and the subscription monies arising from the issue of the Class B Shares and the Sponsor Warrants, including the Initial Co-Sponsor Overfunding. The proceeds of the Company's IPO and the Initial Co-Sponsor Overfunding were deposited into the Escrow Account. Additionally, the Company has available to it US\$749,617 as at 30 June 2024, which is held outside the Escrow Account.

For information on the sources and uses for funding the Acquisition, see "Part I—*The Acquisition and the Company's Share Capital*".

Foreign Exchange Risks

For information on the impact of foreign exchange on the Enlarged Group, see "Part VIII—*Operating and Financial Review of Polimetal—Key Factors Affecting Results of Operations—Foreign exchange*".

Hedging Arrangements and Risk Management

The Enlarged Group may use forward contracts, options, swaps, caps, collars and floors or other strategies or forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates, as previously described. It is expected that the extent of risk management activities by the Enlarged Group will vary based on the level of exposure and consideration of risk across the business.

The success of any hedging or other derivative transaction generally will depend on the Enlarged Group's ability to correctly predict market changes. As a result, while the Enlarged Group may enter into such a transaction to reduce exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, the Enlarged Group may not seek, or be successful in establishing, an exact correlation between the instruments used in a hedging or other derivative transactions and the position being hedged and could create new risks of loss. In addition, it may not be possible to fully or perfectly limit the Enlarged Group's exposure against all changes in the values of its assets, because the values of its assets are likely to fluctuate as a result of a number of factors, some of which will be beyond the Company's control.

Accounting Policies and Financial Reporting

The audited financial statements of the Company as at and for the 18 months ended 31 December 20 and for the period from 22 June 2021 (its date of incorporation) to 30 June 2022 are incorporated by reference herein, and are available on the Company's website and on the National Storage Mechanism. The Company expects to publish its next set of unaudited financial statements for the six months ending 30 June 2024 with its next audited financial statements for the year ended 31 December 2024. The Company will present its financial statements in accordance with IFRS including requirements of IAS 34 (for interim financial reporting).

PART XIV - TERMS & CONDITIONS OF THE WARRANTS

The Company will amend the Warrant T&Cs effective as of the closing date of the Acquisition (the “**Warrant Amendments**”), in order to:

- amend the anti-dilution adjustment in the context of capital raising for the Acquisition to remove the concept of Market Value (section 4.4 of the Warrant T&Cs);
- add Inti SE, Traxys and the Anchor Investor to the definition of Permitted Transferees (as defined in the Warrant T&Cs) of the Sponsor Warrants (section 2.4 of the Warrant T&Cs), and to clarify that the Sponsor Warrants held by them following the Re-Allocation will not be subject to any lock up restrictions; and
- make certain consequential changes.

By virtue of the application of section 4.4 of the Warrant T&Cs (as amended by the Warrant Amendments), upon Re-Admission the Exercise Price of the Warrants and the redemption trigger prices set out herein will be adjusted as follows (together, the “**Warrant Adjustments**”):

- the Exercise Price of the Warrants will be adjusted from US\$11.50 to US\$6.90 to reflect a Newly Issued Price of US\$6.00
- the redemption trigger price of US\$18.00 will be adjusted to US\$10.80
- the redemption trigger price of US\$10.00 will be adjusted to US\$6.00

This Document, including the Warrant T&Cs in this part XIV, reflects the Warrant Adjustments as if they had already been made (such adjustments are marked in this Part XIV).

The Warrant T&Cs provide that (a) the terms of the Warrants may be amended by the Company without the consent of any Warrantholder for the purpose of (i) curing any ambiguity or correcting any mistake, including to conform the provisions of the Warrant T&Cs to the description of the terms of the Warrants set out in this Document, or defective provision, (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant T&Cs, the Company may deem necessary or desirable and that the Company deems to not adversely affect the rights of the Warrantholders under the Warrant T&Cs or (iii) making any amendments that are necessary in the good faith determination of the Board (taking into account then existing market precedents) to allow for the Warrants to be classified as equity in the Company's financial statements, such as, among others, the removal of the Alternative Issuance (as defined herein) provisions contained in Clause 4.5 of the Warrant T&Cs, provided that this shall not allow any modification or amendment to the Warrant T&Cs that would increase the Exercise Price or shorten the period in which an investor can exercise its Warrants, and (b) all other modifications or amendments require the vote or written consent of the holders of at least 50% of the then outstanding Warrants; provided that any amendment that solely affects the Warrant T&Cs with respect to the Sponsor Warrants will also require the vote or written consent of the holders of at least 50% of the then outstanding Sponsor Warrants; and except that the removal of the terms of the Warrant T&Cs that allow for the exercise of the Sponsor Warrants on a cashless basis only requires the vote or written consent of the holders of at least 50% of the then outstanding Sponsor Warrants. Notwithstanding the foregoing, the Company may lower the Exercise Price or extend the duration of the exercise period pursuant to Clauses 3.1 and 3.2 of the Warrant T&Cs respectively, without the consent of the Warrantholder.

The Warrantholders do not have the rights or privileges of Class A Ordinary Shareholders and any voting rights until they exercise their Warrants and receive Class A Ordinary Shares. After the issuance of Class A Ordinary Shares upon exercise of the Warrants, each Warrantholder will be entitled to one vote for each share held of record on all matters to be voted on by Class A Ordinary Shareholders.

The Warrant T&Cs are governed by the laws of England and Wales. Any action, proceeding or claim against arising out of or relating in any way to the Warrant T&Cs will be brought before the applicable court in England and Wales. The Company and the Warrantholders irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Exercise and expiration

Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US\$~~11.50~~6.90 per Class A Ordinary Share, ~~subject to adjustments as set out in this Document~~ as adjusted pursuant to the Warrant T&Cs, at any time commencing 30 days after the Acquisition Date. The Warrants will expire upon the earliest of: five years after the date on which they first became exercisable, at 5:00 p.m., London time, their redemption by the Company and the liquidation of the Company. If the Company fails to complete an acquisition by the Acquisition Deadline, the Warrants will expire worthless and any holder thereof will no longer have any rights thereunder.

The Warrants trade on the LSE and are expected to be re-admitted to the warrants, options and other miscellaneous securities category of the Official List of the FCA at Re-Admission.

The Warrants do not have a fixed price or value. Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants at a given time. Only whole Warrants trade on the LSE.

No later than the tenth business day after the date on which the last of all the conditions for exercise of the Warrants (pursuant to the Warrant T&Cs) is met, and provided that the Warrants have been exercised in accordance with the terms of the Warrant T&Cs, the Company shall issue or deliver to the holder of such Warrants a book-entry position for the number of Class A Ordinary Shares to which they are entitled (excluding any fractional entitlements), registered in such name or names as may be directed by them in the relevant books or records for registration of book-entry positions for Class A Ordinary Shares of the Company, and if such Warrants shall not have been exercised in full, a new book-entry position for Warrants (in the form of Depositary Interests) giving the right to the number of Class A Ordinary Shares (in the form of Depositary Interests) as to which such Warrants shall not have been exercised. Upon exercise, the Warrants will cease to exist. All Class A Ordinary Shares issued upon the proper exercise of a Warrant in conformity with the Warrant T&Cs shall be validly issued, fully paid and non-assessable.

The Warrant registrar (the “**Warrant Registrar**”) shall maintain books (the “**Warrant Register**”), for the registration of original issuance and the registration of transfer of the Warrants. Transfers of ownership of the Warrants (in the form of depositary interests) shall be carried out in CREST, or by submitting an instrument of transfer in accordance with English law. Transfers of Warrants shall be deemed effective from the moment they are registered in the name of the acquirer in the Warrant Register.

The Company shall from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Receiving Agent in respect of the issuance or delivery of Class A Ordinary Shares upon the exercise of the Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or Class A Ordinary Shares upon the exercise of the Warrants.

Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Registrar may deem and treat the person in whose name such Warrant is registered in the Warrant Register (the “**Registered Holder**”) as the absolute owner of such Warrant, for the purpose of any exercise thereof, and for all other purposes, and neither the Company nor the Warrant Registrar shall be affected by any notice to the contrary. For the purposes of the Warrant T&Cs, references to a “Warrantholder” or to a “holder of Warrants” or similar references are meant to refer to the Registered Holder.

The Warrantholders do not have any voting rights and are not entitled to any dividend, liquidation or other distributions. Application has been made for the Warrants to be accepted for clearance through the book-entry facilities of Euroclear. The Warrants do not have a fixed price or value. The price of the Warrants will be determined by virtue of trading on the London Stock Exchange.

No Warrants will be exercisable (for cash or on a cashless basis) unless the issuance and delivery of the Class A Ordinary Shares upon such exercise is permitted in the jurisdiction of the exercising Warrantholder and the Company will not be obligated to issue or deliver any Class A Ordinary Shares to the Warrantholders seeking to exercise their Warrants unless such exercise and delivery of the Class A Ordinary Shares is permitted in the jurisdiction of the exercising Warrantholder and such Warrantholder provides the necessary representations and warranties. If such conditions are not satisfied with respect to a Warrant, the Warrantholder will not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless and any holder thereof will no longer have any rights thereunder.

The Warrantholders will not be charged any costs or fees by the Company or by the Registrar upon exercise of the Warrants.

Redemption

Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US\$~~18.00~~10.80.

Once the Warrants become exercisable, the Company may redeem all issued and outstanding Warrants:

- in whole and not in part;
- at a price of US\$0.01 per Warrant;
- upon not less than 30 days’ prior written notice of redemption (a “**Redemption Notice**”) to each Warrantholder; and
- if the Reference Value equals or exceeds US\$~~18.00~~10.80 per Class A Ordinary Share (as adjusted for adjustments to the number of shares issuable upon exercise or the Exercise Price of a Warrant as described under the heading “—*Anti-dilution adjustments*” below).

The Company will publish any Redemption Notice by issuing a press release via an RIS. The Company has established the last redemption criterion to prevent a redemption call unless there is, at the time of the call, a significant premium to the Exercise Price. If the foregoing conditions are satisfied and the Company issues a Redemption Notice for the Warrants, each Warrantholder will be entitled to exercise their Warrant on or prior to the redemption date to be

indicated in the Redemption Notice. The Company, at its sole discretion, may choose to permit Warrantheolders to exercise their Warrants on a cashless basis. After the redemption date, the Warrantheolders shall have no further rights except to receive, upon surrender of the Warrants, the Redemption Price (as defined in the Warrants T&Cs). The number of the Class A Ordinary Shares to be received by a Warrantheolder exercising its cashless exercise option will be equal to the lesser of (i) the quotient obtained by dividing (x) the product of the number of the Class A Ordinary Shares underlying the Warrants, multiplied by the excess of the fair market value (as defined below) over the Exercise Price by (y) the fair market value, and (ii) the product of 0.361 and the number of Warrants surrendered by the holder, subject to adjustment. The “**fair market value**” shall mean the volume-weighted average price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the Company publishes the Redemption Notice. The Company will provide the Warrantheolders with the final fair market value no later than one business day after the 10-Trading Day period ends. In no event will the number of the Class A Ordinary Shares received by a Warrantheolder exercising its cashless exercise option be greater than 0.361 Class A Ordinary Shares per Warrant (subject to adjustment). However, the price of the Class A Ordinary Shares may fall below the US\$~~18.00~~10.80 redemption trigger price (as adjusted for adjustments to the number of Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant as described under the heading “—*Anti-dilution adjustments*” below) as well as the US\$~~11.50~~6.90 Warrant Exercise Price after the Redemption Notice is issued.

Despite the Company providing the Redemption Notice, if a Warrantheolder fails to receive the notice and related materials, such Warrantheolder may not become aware of the opportunity to redeem its Warrants.

Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US\$~~10.00~~6.00 but is less than US\$~~18.00~~10.80

Once the Warrants become exercisable, the Company may redeem all issued and outstanding Warrants,

- in whole and not in part;
- at a price of US\$0.10 per Warrant upon not less than 30 days’ prior Redemption Notice, provided that Warrantheolders will be able to exercise their Warrants in cash or on a cashless basis on or prior to the redemption date as indicated in the Redemption Notice. In the case of a cashless exercise, the holder thereof will receive that number of Class A Ordinary Shares determined by reference to the table below, based on the redemption date and the fair market value of the Class A Ordinary Shares, except as otherwise described below;
- if the Reference Value per Class A Ordinary Share equals or exceeds US\$~~10.00~~6.00 (as adjusted for adjustments to the number of the Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant as described under the heading “—*Anti-dilution adjustments*”); and
- if the Reference Value per Class A Ordinary Share is less than US\$~~18.00~~10.80 (as adjusted for adjustments to the number of the Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant as described in this section).

If the foregoing conditions are satisfied and the Company issues a notice of redemption, the Sponsor Warrants must also be concurrently called for redemption on the same terms as the outstanding Warrants, as described in this Document.

The numbers in the table below represent the number of Class A Ordinary Shares that a Warrantheolder will receive in case of a cashless exercise in connection with a redemption by the Company pursuant to this redemption feature, based on the fair market value of the Class A Ordinary Shares on the corresponding redemption date (assuming holders elect to exercise their Warrants and such Warrants are not redeemed for US\$0.10 per Warrant), such “**fair market value**” being determined for these purposes based on the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is sent to Warrantheolders, and the number of months that the corresponding redemption date precedes the expiration date of the Warrants, each as set forth in the table below.

The share prices set out in the column headings of the table below will be adjusted as of any date on which the number of the Class A Ordinary Shares issuable upon exercise of a Warrant or the Exercise Price of a Warrant is adjusted as set out under the heading “—*Anti-dilution adjustments*” below. If the number of the Class A Ordinary Shares issuable upon exercise of a Warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the number of Class A Ordinary Shares deliverable upon exercise of the Warrant immediately prior to such adjustment and the denominator of which is the number of Class A Ordinary Shares deliverable upon exercise of the Warrant after such adjustment. The number of shares in the table below will be adjusted in the same manner and at the same time as the number of shares issuable upon exercise of a Warrant. If the Exercise Price of a Warrant is adjusted as a result of an extraordinary dividend, the adjusted share prices in the column headings will equal the unadjusted share price less the decrease in the Exercise Price of a Warrant pursuant to such adjustment.

Redemption date (period to expiration of Warrants)	Fair market value of Class A Ordinary Shares								
	≤ 10.00 <u>6.00</u>	11.00 <u>6.60</u>	12.00 <u>7.20</u>	13.00 <u>7.80</u>	14.00 <u>8.40</u>	15.00 <u>9.00</u>	16.00 <u>9.60</u>	17.00 <u>10.20</u>	≥ 18.00 <u>10.80</u>
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	---	---	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of the Class A Ordinary Shares to be issued for each Warrant exercised will be determined by a straight-line interpolation between the number of the Class A Ordinary Shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable.

For example, if the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is published by way of a press release is US\$~~11.00~~6.60 per Class A Ordinary Share, and at such time there are 57 months until the expiration of the Warrants, Warrantholders may choose to, in connection with this redemption feature, exercise their Warrants for 0.277 Class A Ordinary Shares for each whole Warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is sent to Warrantholders is US\$~~13.50~~8.10 per Class A Ordinary Share, and at such time there are 38 months until the expiration of the Warrants, Warrantholders may choose to, in connection with this redemption feature, exercise their Warrants for 0.298 Class A Ordinary Shares for each whole Warrant. In no event will the Warrants be exercisable on a cashless basis in connection with this redemption feature for more than 0.361 Class A Ordinary Shares per Warrant (subject to adjustment). Warrantholders will only receive whole Class A Ordinary Shares and any fractions of shares a Warrantholder is entitled to upon exercise will be rounded down to the nearest whole share. Warrantholders may, therefore, need to exercise multiple Warrants in order to receive any Class A Ordinary Shares pursuant to this feature.

This redemption feature is structured to allow for all of the outstanding Warrants to be redeemed when the Class A Ordinary Shares are trading at or above US\$~~10.00~~6.00 per Class A Ordinary Share, which may be at a time when the trading price of the Class A Ordinary Shares is below the Exercise Price of the Warrants. This redemption feature is intended to provide the Company with flexibility to redeem the Warrants without the Warrants having to reach the US\$~~18.00~~10.80 threshold set forth above under “—*Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US\$~~18.00~~10.80*”. Warrantholders choosing to exercise their Warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of the Class A Ordinary Shares for their Warrants based on an option pricing model with a fixed volatility input as at the date of this Document. This redemption right provides the Company with an additional mechanism by which to redeem all of the outstanding Warrants, and therefore have certainty as to its capital structure, as the Warrants would no longer be outstanding and would have been exercised or redeemed. The Company will be required to pay the redemption price to Warrantholders if it chooses to exercise this redemption right, and it will allow the Company to quickly proceed with a redemption of the Warrants if it determines it is in its best interest to do so. As such, the Company would redeem the Warrants in this manner when it believes it is in its best interests to update its capital structure to remove the Warrants and pay the redemption price to the Warrantholders.

As stated above, the Company can redeem the Warrants when the Class A Ordinary Shares are trading at a price starting at US\$~~10.00~~6.00 which is below the Exercise Price of US\$~~11.50~~6.90, because it will provide certainty with respect to the Company’s capital structure and cash position while providing the Warrantholders with the opportunity to exercise their Warrants on a cashless basis for the applicable number of the Class A Ordinary Shares. If the Company chooses to redeem the Warrants when the Class A Ordinary Shares are trading at a price below the Exercise Price of the Warrants, this could result in the Warrantholders receiving fewer Class A Ordinary Shares than they would have received if they had chosen to wait to exercise their Warrants for Class A Ordinary Shares if and when such Class A Ordinary Shares were trading at a price higher than the Exercise Price of US\$~~11.50~~6.90.

No fractional Class A Ordinary Shares will be issued or delivered upon exercise. If, upon exercise, a Warrantholder would be entitled to receive a fractional interest in a Class A Ordinary Share, the Company will round down to the nearest whole number of Class A Ordinary Shares to be issued to that Warrantholder. If, at the time of redemption, the Warrants are exercisable for a security other than a Class A Ordinary Share pursuant to the Warrant T&Cs (for instance, if the Company is not the surviving entity after the Acquisition), the Warrants may be exercised for such security.

Pursuant to the Warrant T&Cs, the redemption rights outlined above shall not apply to the Sponsor Warrants if at the time of the redemption such Sponsor Warrants continue to be held by the Co-Sponsors or their Permitted Transferees,

except as described above under “—*Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US\$~~10.00~~6.00 but is less than US\$~~18.00~~10.80”.*

However, once such Sponsor Warrants are transferred (other than to Permitted Transferees in accordance with the Warrant T&Cs), the Company may redeem the Sponsor Warrants pursuant to the redemption rights outlined above, provided that the criteria for redemption are met, including the opportunity of the holder of such Sponsor Warrants to exercise the Sponsor Warrants prior to redemption pursuant to the redemption rights outlined above.

Anti-dilution adjustments

The Company will take appropriate remedial actions where any of the following dilutive events occurs:

Sub-Divisions

If after the date of Admission, the number of issued and outstanding Class A Ordinary Shares is increased by a capitalisation or share dividend payable on the Class A Ordinary Shares, or by a sub-division of the Class A Ordinary Shares or other similar event, then, on the effective date of such capitalisation or share dividend, sub-division or similar event, the number of the Class A Ordinary Shares issuable on exercise of each Warrant will be increased in proportion to such increase in the issued and outstanding Class A Ordinary Shares. A rights offering to holders of the Class A Ordinary Shares entitling Warrantholders to purchase the Class A Ordinary Shares at a price less than the “historical fair market value” (as defined below) will be deemed a share dividend of a number of the Class A Ordinary Shares equal to the product of (1) the number of the Class A Ordinary Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for the Class A Ordinary Shares) and (2) one minus the quotient of (x) the price per the Class A Ordinary Share paid in such rights offering and (y) the historical fair market value. For these purposes, (1) if the rights offering is for securities convertible into or exercisable for the Class A Ordinary Shares, in determining the price payable for the Class A Ordinary Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (2) “**historical fair market value**” means the volume weighted average price of the Class A Ordinary Shares as reported during the 10 Trading Day period ending on the Trading Day prior to the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights (the ex-rights trading date).

Extraordinary Dividend

In addition, if the Company at any time while the Warrants are outstanding and unexpired, shall pay a dividend or other distribution in cash, securities or other assets, or any other distribution from the Escrow Account, to the holders of the Class A Ordinary Shares on account of such Class A Ordinary Shares (or other shares into which the Warrants are convertible), other than (a) as described above under the heading “*Sub-Divisions*”, (b) Ordinary Cash Dividends (as defined below), (c) to satisfy the redemption rights of the Class A Ordinary Shareholders in connection with the Acquisition, (d) to satisfy the redemption rights of the Class A Ordinary Shareholders in connection with a shareholder vote to amend the Memorandum and Articles (i) that would be contrary to the constitutional requirements for special purpose acquisition companies as such are provided for in Listing Rule 5.6.18AG (and UKLR TP 7), (ii) to modify the substance or timing of the Company’s obligation to allow redemption in connection with the Acquisition or to redeem 100% of the Class A Ordinary Shares if the Company does not complete the Acquisition by the Acquisition Deadline, or (iii) with respect to any other provision relating to the shareholders’ rights, or (e) in connection with the redemption of any Class A Ordinary Shares upon the Company’s failure to complete the Acquisition by the Acquisition Deadline and any subsequent distribution of assets upon liquidation (any such non-excluded event being referred to herein as an “**Extraordinary Dividend**”), then the Exercise Price will be decreased, effective immediately after the effective date of such Extraordinary Dividend, by the amount of cash and/or the fair market value (as determined by the Board, in good faith) of any securities or other assets paid on each Class A Ordinary Share in respect of such Extraordinary Dividend. For these purposes, “**Ordinary Cash Dividends**” means any cash dividend or cash distribution which, when combined on a per share basis, with the per share amounts of all other cash dividends and cash distributions paid on the Class A Ordinary Shares during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events described under the heading “—*Anti-dilution adjustments*” and excluding cash dividends or cash distributions that resulted in an adjustment to the Warrant Exercise Price or to the number of the Class A Ordinary Shares issuable on exercise of each Warrant) to the extent it does not exceed US\$~~0.50~~0.30.

Aggregation of Shares

If after the date of Admission, the number of issued and outstanding Class A Ordinary Shares is decreased by a consolidation, combination, reverse share split or reclassification of Class A Ordinary Shares or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of Class A Ordinary Shares issuable on exercise of a Warrant will be decreased in proportion to such decrease in issued and outstanding Class A Ordinary Shares.

Adjustments in Exercise Price

Whenever the number of Class A Ordinary Shares purchasable upon the exercise of the Warrants is adjusted, as described above, the Warrant Exercise Price will be adjusted (to the nearest cent) by multiplying the Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number Class A Ordinary Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment and (y) the denominator of which shall be the number of Class A Ordinary Shares so purchasable immediately thereafter. Upon every adjustment of the Exercise Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Receiving Agent, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

Replacement of Securities upon Reorganisation, etc.

In case of any reclassification or reorganisation of the issued and outstanding Class A Ordinary Shares (other than a change under the headings “*Sub-Division*” or “*Extraordinary Dividend*” above or that solely affects the par value of such Class A Ordinary Shares), or in the case of a merger or consolidation of the Company with or into another company (other than a merger or consolidation in which the Company is the surviving entity and that does not result in any reclassification or reorganisation of the Company’s issued and outstanding Class A Ordinary Shares), or in the case of any sale or conveyance to another company or entity of substantially all the assets or property of the Company in connection with which the Company will be dissolved, the Warrantholders will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of Class A Ordinary Shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares, stock or other equity securities or property (including cash) receivable upon such reclassification, reorganisation, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Warrantholder would have received if they had exercised their Warrants immediately prior to such event (the “**Alternative Issuance**”) and any terms and conditions of the Warrant T&Cs shall apply mutatis mutandis to such Alternative Issuance; provided, however, that (i) if the holders of the Class A Ordinary Shares were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such merger or consolidation, then the kind and amount of securities, cash or other assets constituting the Alternative Issuance for which each Warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by the Class A Ordinary Shareholders in such merger or consolidation that affirmatively make such election, and (ii) if a tender, exchange or redemption offer shall have been made to and accepted by the Class A Ordinary Shareholders (other than a tender, exchange or redemption offer made by the Company in connection with redemption rights held by Shareholders as provided for in the Memorandum and Articles) under circumstances in which, upon completion of such tender or exchange offer, the party (and any persons acting in concert with such party or as a “group” as defined under section 13 of the Exchange Act) instigating such tender or exchange offer owns more than 50% of the issued and outstanding Class A Ordinary Shares, the holder of a Warrant shall be entitled to receive as the Alternative Issuance, the highest amount of cash, securities or other property to which such Warrantholder would actually have been entitled as a shareholder if such Warrantholder had exercised the Warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Class A Ordinary Shares held by such Warrantholder had been purchased pursuant to such tender or exchange offer, subject to adjustment (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in this Section; provided further that if less than 70% of the consideration receivable by the Class A Ordinary Shareholders in such a transaction is payable in the form of ordinary shares in the successor entity that are listed and traded on a regulated market or multilateral trading facility in the EEA or the UK immediately following such event, and if such Warrantholder properly exercises the Warrant within 30 days following public disclosure of such

transaction, the Exercise Price will be reduced (in US\$) equal to the difference of (i) the Exercise Price in effect prior to such reduction minus (ii) (a) the per Share consideration (but in no event less than zero) minus (b) the Black-Scholes Warrant Value (as defined in the Warrants T&Cs). The purpose of such Exercise Price reduction is to provide additional value to Warrantholders when an extraordinary transaction occurs during the exercise period of the Warrants pursuant to which Warrantholders otherwise do not receive the full potential value of the Warrants.

Upon the occurrence of any event specified in in the above sections (under the heading “—*Anti-dilution adjustments*”), the Company shall give written notice of the occurrence of such event to each holder of a Warrant by way of a press release published via an RIS of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

Pursuant to the terms of the Warrant T&Cs, in case any event shall occur affecting the Company as to which none of the provisions of Section 4 of the Warrant T&Cs is strictly applicable, but which would require an adjustment to the terms of the Warrants in order to (i) avoid an adverse impact on the Warrants and (ii) effectuate the intent and purpose of the anti-dilution adjustments, then, in each such case, the Company shall appoint a firm of independent registered public accountants, investment banking or other appraisal firm of recognised national standing, which shall give its opinion as to whether or not any adjustment to the rights represented by the Warrants is necessary to effectuate the intent and purpose of the anti-dilution adjustments and, if they determine that an adjustment is necessary, the terms of such adjustment; provided, however, that under no circumstances shall the Warrants be adjusted pursuant to Section 4.8 of the Warrant T&Cs (relating to such other events) as a result of any issuance of securities in connection with the Acquisition. The Company shall adjust the terms of the Warrants in a manner that is consistent with any adjustment recommended in such opinion.

Additionally, whenever any provision of the Warrant T&Cs requires the Company to calculate volume weighted average prices or average reported closing prices, or any function thereof, over a period of multiple days, the Company will make proportionate adjustments as appropriate, if any, to such calculations to account for any adjustment to the Exercise Price (as defined in the Warrants T&Cs) that becomes effective, or any event requiring such an adjustment to the Exercise Price where the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights or effective date, as applicable, of such event occurs, at any time prior to, during or after such period (as the context requires).

Sponsor Warrants

For a description of the Sponsor Warrants and Private Placement Warrants and Sponsor Loan Warrants, see “Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Sponsor Warrants*”.

Notices

Every Warrantholder shall register with the Company and the Warrant Registrar an address to which copies of notices can be sent. Any notice or document may be given or served by the Company on any Warrantholder by any means as set out in the Warrants T&Cs. When a given number of days’ notice or notice extending over any other period is required to be given, the day of service shall, but the day upon which such notice shall expire shall not, be included in calculating such number of days or other period. The signature to any notice to be given by the Company may be written or printed. Any notice or document delivered or sent by post to or left at the registered address of any Warrantholder, or in electronic form to the relevant electronic address for that Warrantholder in pursuance of these Warrant T&Cs shall, notwithstanding that such Warrantholder is then dead, bankrupt, of unsound mind or (being a corporation) in liquidation, and whether or not the Company has notice of the death, bankruptcy, insanity or liquidation of such Warrantholder, be deemed to have been duly served in respect of any Warrant registered in the name of such Warrantholder as sole or joint holder unless their name has at the time of the service of the notice or document been removed from the Warrant Register as the holder of the Warrant, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under them) in the Warrant. Any copy notices given pursuant to the provisions of the Warrant T&Cs with respect to Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Warrant Register and such notice so given shall be sufficient notice to all the holders of such Warrants.

Every person who by operation of law, transfer or other means whatsoever becomes entitled to a Warrant shall be bound by any notice in respect of such Warrant which, before his or her name is entered in the Warrant Register, has been duly given to the person from whom he derives his or her title. If there is a suspension or curtailment of postal services within the United Kingdom or some part of the United Kingdom, the Company need only give notice of a meeting of the Warrantholders with whom the Company can communicate by electronic means and who have provided the Company with an electronic address for this purpose. The Company shall also advertise the notice in at least two national daily newspapers with appropriate circulations (and, where there is a suspension or curtailment of postal services within the United Kingdom, at least one of which shall be published in London) and such notice shall be deemed to have been duly served on all Warrantholders entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

Any Warrantholder present, either personally or by proxy, at any meeting of the Warrantholders shall for all purposes be deemed to have received due notice of such meeting, and, where requisite, of the purposes for which such meeting was called.

PART XV - ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors and the Director Nominee, whose names appear on page 67, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and the Document makes no omission likely to affect its import.
- 1.2 AMC accepts responsibility for the Competent Person's Report in respect of the Gediktepe Mine which is contained in Appendix I of this Document and those sections of this Document which include references to the information in the Competent Person's Report. To the best of the knowledge of AMC, the information contained in the Competent Person's Report or extracted from the Competent Person's Report and included in this Document, is in accordance with the facts and contains no omissions likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the laws of the British Virgin Islands under the BVI Companies Act with number 2067083, under the name ACG Acquisition Company Limited and LEI number 549300NXL2KSHKJXTU29.
- 2.2 The Company is not regulated by the FSC or the FCA or any financial services or other regulator. The Company is subject to the transitional provisions of the UKLR in relation to shell companies and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the FCA), to the extent such rules apply to companies with a Standard Listing under the Previous Listing Rules. The Company is also subject to the UK Prospectus Regulation Rules, the Market Abuse Regulation and all other laws and regulations which apply to securities sold and traded in England and Wales.
- 2.3 The principal legislation under which the Company operates, and pursuant to which the Class A Ordinary Shares and the Warrants have been created, is the BVI Companies Act. The legal position of the Class A Ordinary Shares and the Warrants is in conformity with the laws and regulations of the British Virgin Islands.
- 2.4 The Company's registered office is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.
- 2.5 On or about 5 October 2022, the Company issued 3,125,000 Class B Shares and 13,348,750 Sponsor Warrants to the Co-Sponsors (including pursuant to the Initial Co-Sponsor Overfunding). As described in the EGM Circular dated 17 October 2023, the Co-Sponsors further subscribed for an aggregate amount of 1,333,333 Additional Sponsor Class B Shares. Pursuant to the Subscription Agreement, on 1 December 2023 the 1,333,333 Additional Sponsor Class B Shares were reallocated amongst the Co-Sponsors and certain of their affiliates. The total number of Class B Shares as of the date hereof is 4,458,333. For further detail regarding the history of the Company's share capital since incorporation, see "Part I—The Acquisition—Share Capital Structure and Related Aspects".

3. Issued Shares

- 3.1 The Class A Ordinary Shares are currently listed on the FCA's Official List and have been admitted to trading on the LSE's Main Market. The following table shows the issued and fully paid shares of the Company at the date of this Document:

Class of Share	Issued and credited as fully paid	
	Number	Amount paid up
Class A Ordinary	4,112	\$41,120
Class B	4,458,333	\$2,031,250

- 3.2 The following table shows the maximum anticipated issued and fully paid shares of the Company immediately following Re-Admission (assuming, for the purposes of illustration, 100% redemptions):

Class of Share	Issued and credited as fully paid	
	Number	Amount paid up
Class A Ordinary	25,775,572	\$154,653,432

- 3.3 On Re-Admission, the New Shares will rank pari passu in all respects with the Existing Class A Shares including the rights to dividends or other distributions hereafter declared, paid or made on the Class A Ordinary Shares.
- 3.4 Applications will be made to the FCA for the Listed Warrants to be admitted or re-admitted (as applicable) to the warrants, options and other miscellaneous securities category of the Official List, and for the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the equity shares (transition) category of the Official List, and to the LSE for such Listed Warrants and Enlarged Ordinary Share Capital to be admitted to trading on the LSE's Main Market. The Class A Ordinary Shares and Warrants are not listed or traded on, and no application has been or is being made for the admission or re-admission (as applicable) of the Class A Ordinary Shares and Warrants to listing or trading on, and other stock exchange or securities market.
- 3.5 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.
- 3.6 Save as disclosed in this Document:
- a) no issued shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
 - b) no share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 - c) no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;
 - d) no persons have preferential subscription rights in respect of any share or loan capital of the Company or any subsidiary; and
 - e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.
- 3.7 Subject to the provisions of the Memorandum and Articles below and the relevant lock-up arrangements described herein, the Class A Ordinary Shares and Warrants are freely transferable.

4. Memorandum and Articles of the Company

- 4.1 As set forth in the Memorandum and Articles and subject to the BVI Companies Act, the Company has, irrespective of corporate benefit, full capacity to carry on and undertake any business or activity, do any act or enter into any transaction, and full rights, powers, and privileges in relation to such business. There are no limitations on the business that the Company may carry on.
- 4.2 The Memorandum and Articles contain provisions designed to provide certain rights and protections to the Class A Ordinary Shareholders. The rights attached to the Class A Ordinary Shares may only, whether or not the Company is being wound up, be varied with the consent in writing of or by a resolution passed at a meeting by the holders of more than 66.6% of the issued Class A Ordinary Shares (or 50% per cent if approved in connection with the first Acquisition). Additionally, the

Memorandum and Articles provide that a Reserved Matter (as defined therein) must be approved by resolution of shareholders passed by an 85% majority.

- 4.3 The Memorandum and Articles provide that any issue, transfer or disposal of any interest in a share which would result in the Company becoming a sanctioned entity shall be effectively void (in that such shares shall have no voting rights or economic rights and shall be subject to forced transfer provisions).
- 4.4 The Memorandum and Articles provide that a meeting of the shareholders of the Company will not be considered quorate if a majority of such shareholders present at such meeting are represented by a single Co-Sponsor.
- 4.5 The Memorandum and Articles contain indemnification provisions for the Directors of the Company. See “Part X—*The Company, Its Board and Corporate Governance—Liability of Directors*” for more information.

Appointment of Directors

- 4.6 Following the appointment of the Directors as named in this Document, directors of the Enlarged Group shall be elected by a resolution of shareholders or by a resolution of directors (both as defined in the Restated Articles), in each case requiring a majority vote of over 50% of the votes present at the meeting.
- 4.7 A Director may be removed from office:
 - a) with or without cause: by way of the same mechanism set out in paragraph 4.6 above, at a meeting called for such purpose, or by a written resolution of shareholders passed by at least 75% of the votes of the Company entitled to vote; provided that no director appointed from the closing of the Offering until completion of the Acquisition may be removed by a resolution of shareholders;
 - b) with cause: by a resolution of directors passed at a meeting called for such purpose.

5. Restated Articles

- 5.1 In accordance with Clause 10 of the Company’s Memorandum and Articles, the Company may only amend its Memorandum and Articles by a resolution approved at a duly convened and constituted meeting of the Shareholders by the affirmative vote of two-thirds of the votes of the Shares entitled to vote thereon which were present at the meeting and were voted or written resolutions adopted by Shareholders representing the same proportion of votes of the Shares entitled to vote thereon.
- 5.2 Provided these are approved by the Shareholders at the Acquisition EGM, the Company will adopt the Restated Articles prior to Re-Admission, mainly to reflect the completion of the Acquisition and the transition of the Company from a SPAC to an operating company or a holding company.
- 5.3 Without prejudice to differences described in other parts of this Document, the following summarises material amendments to the Memorandum and Articles that will be proposed to Shareholders for approval at the Acquisition EGM and, if so approved, will be included in the Restated Articles.
 - a) Change of the name of the Company from “ACG Acquisition Company Limited” to “ACG Metals Limited”.
 - b) Removal of all references to Class B Shares following their conversion into Class A Ordinary Shares.
 - c) Removal of all provisions relating to an Acquisition, as defined in the Memorandum and Articles, that have become obsolete as a result of the completion of the Acquisition, as

defined in this Document, including all provisions relating to the Redemption Arrangements, as defined in the IPO Prospectus.

- d) Addition of pre-emption rights as described in paragraph 6.5 below, which will constitute a reserved matter and, as a result, can be amended solely by a resolution approved at a duly convened and constituted meeting of the Shareholders by the affirmative vote of 75% of the votes of the Shares of the Shareholders entitled to vote thereon which were present at the meeting and voted or a resolution consented to in writing by 75% of the votes of the Shares entitled to vote on such resolution.
- e) Addition of a requirement that Directors of the Company convene an annual general meeting of the Shareholders once per year.
- f) Addition of a provision to provide that directors shall be elected by Resolution of Shareholders unless it is to fill a vacancy, in which case it can be by Resolution of Directors.
- g) Addition of a provision to provide that if the number of votes for and against a resolution proposed at a meeting of Directors are equal, the resolution will be deemed to have been duly approved by the Directors if a majority of the Independent Non-Executive Directors vote in favour. If there is not a sufficient number of Independent Non-Executive Directors present, the meeting must be reconvened with all Independent Non-Executive Directors present.

5.4 For a complete version of the Restated Articles, please refer to the text of the Restated Articles that will be submitted for the approval of the Shareholders at the Acquisition EGM and will be part of the materials included in the convening notice relating to the Acquisition EGM.

6. **Changes in Authorised Shares**

- 6.1 Under the Memorandum and Articles, the Company is authorised to issue an unlimited number of shares, with no par value, divided into two classes of shares being (i) Class A Ordinary Shares and (ii) Class B Shares, which have certain privileges, restrictions and conditions attaching to them as the shares in issue.
- 6.2 Under the Restated Articles, the Company will be authorised to issue an unlimited number of a single class of Class A Ordinary Shares.
- 6.3 The Company shall not issue fractional shares and fractional shares generated by any corporate action may, at the discretion of the Directors, be rounded down to the nearest whole share.
- 6.4 Shares may be issued in one or more series of shares as the directors of the Company may by resolution of Directors determine from time to time.

Pre-emption Rights

- 6.5 Under the Memorandum and Articles, BVI statutory pre-emption rights have been disapplied and there are no pre-emption rights attached to the Class A Ordinary Shares.
- 6.6 BVI statutory pre-emption rights will remain disapplied under the Restated Articles. Notwithstanding the foregoing, and as described in further detail therein, the Restated Articles will include provisions according to which the Company will be allowed to issue or allot new equity securities of the Company only if it offers such securities first to existing holders of Class A Ordinary Shares on at least the same terms on a pari passu and pro rata basis to the number of equity securities held by those holders, except for certain carved-out issuances, including a maximum of 10% of the total authorised shares of the Company subject to annual renewal of such carve-out by Shareholders at each annual general meeting of the Company, bona fide employee share schemes, bonus issues to all Shareholders, offers part of court-approved restructurings, bona fide business

combination transactions approved by 75% of the Shareholders, any rights to subscribe for equity securities of the Company (including, pursuant to any Warrants) existing as of the date that the Restated Articles come into effect, or any equity securities of the Company issued pursuant to the conversion of any convertible loans which were provided to the Company prior to the Restated Articles coming into effect.

For a complete description of the pre-emption rights available to holders of Class A Ordinary Shares under the Restated Articles, please refer to the text of the Restated Articles that will be submitted for the approval of the Shareholders at the Acquisition EGM and will be part of the materials included in the convening notice relating to the Acquisition EGM.

Variation of Rights of Shares

- 6.7 As permitted by the BVI Companies Act and as provided for in the Memorandum and Articles, the rights attached to any class of shares may be varied only with the consent in writing of or by a resolution passed at a meeting by the holders of more than 66.6% of the issued Class A Ordinary Shares.
- 6.8 The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally with such existing shares.

7. Directorships and Partnerships

In addition to their directorships of the Company, the Directors and the Director Nominee are, or have been, members of the administrative, management or supervisory bodies (“**directorships**”) or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

Current Directors

Artem Volynets

Current directorships and partnerships

1. ACG Mining Limited, being the ACG Sponsor
2. ACG Advisory Limited

Former directorships and partnerships

1. Chaarat Gold Holdings Limited
2. ACG Amur Capital Group Limited
3. International Aluminum Institute
4. EN+ Group Plc
5. United Company Rusal Plc
6. Sual International Limited

Fiona Paulus

Current directorships and partnerships

1. JSW Steel Ltd
2. Interpipe Holdings Ltd
3. Nostrum Oil & Gas plc
4. 155 Gloucester Avenue Ltd
5. Gleacher Shacklock LLP

Former directorships and partnerships

1. RHI Magnesita plc
2. Petropavlovsk PLC
3. Housing Pathways

Hendrik Johannes Faul

Current directorships and partnerships

1. Master Drilling Group Ltd
2. Centamin plc

Former directorships and partnerships

1. International Copper Association
2. Anglo American
3. Amara plc
4. Palabora mining Pty Ltd

Mark Cutis

Current directorships and partnerships

1. Apollo Singapore – APAC
2. Gulfsands Middle East Ltd
3. Abu Dhabi Investment Council

Former directorships and partnerships

1. Attica Bank

Mustafa Aksoy

Current directorships and partnerships

1. Çalık Energy

Former directorships and partnerships

None

8. Directors' Confirmations

8.1 At the date of this Document none of the Directors:

- a) has any convictions in relation to fraudulent offences for at least the previous five years;
- b) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or
- c) has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

8.2 None of the Directors are required to commit any specified amount of time to the Enlarged Group's affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities. Certain of the Directors have fiduciary and contractual duties to certain companies in which they have invested or of which they serve as board member. If these entities decide to pursue a given opportunity, the Company and the Enlarged Group may be precluded from pursuing such opportunity. The Directors, in their capacities as directors, officers or employees of the Enlarged Group or in their other endeavours, may present potential acquisition opportunities to the related entities described above, current or future entities affiliated with or managed by the Enlarged Group, or any other third parties, before they present such opportunities to the Enlarged Group, in observance of their contractual obligations, statutory duties and fiduciary duties under BVI law and any other applicable fiduciary duties. Further, the Enlarged Group is not prohibited from pursuing an acquisition with a target company or business that is affiliated with any of the Directors.

Save as described above and in paragraph 9 below, none of the Directors has any potential conflicts of interest between their duties to the Company, the Enlarged Group and their private interests or other duties they may also have.

9. Directors Interests

Save as disclosed in the table below, none of the Directors nor any member of their immediate families has or will have on or immediately following Re-Admission any interests (beneficial or non-beneficial) in the shares of the Company or any of its subsidiaries.

Interests immediately following Re-Admission

Director	No. of Class A Shares	Percentage of Enlarged Ordinary Share Capital	No. of Sponsor Warrants
Artem Volynets ⁽¹⁾	124,724	0.5%	739,451

(1) Artem Volynets holds 50.4% ownership of the ACG Sponsor. The figures above assume that Class B Shares and Sponsor Warrants have been allocated per the existing incentive arrangements (see “Part X—*The Company, Its Board and Corporate Governance—Existing Incentive Arrangements*”).

The Director Shares and the EIP Shares are expected to be issued within the three months following Acquisition closing. For a description of the Director Shares, see “Part X—*The Company, Its Board and Corporate Governance—Directors—Directors’ Remuneration and Notice Periods prior to Re-Admission*”. For a description of the EIP, see “Part X—*The Company, Its Board and Corporate Governance—Remuneration Policy—Overview of the key features of the Executive Director and other Key Personnel Remuneration Policy—Equity Incentive Plan*”.

10. Major Shareholders and Other Interests

See “Part I—*The Acquisition and the Company’s Share Capital—Major Shareholders and Other Interests*”.

11. Agreements with Directors

11.1 The Independent Director Letters of Appointment contain, inter alia, a number of confidentiality and information sharing obligations in respect of information received by the Independent Non-Executive Directors by virtue of their position on the Board, as well as information relating to the term, termination and role description of each Independent Non-Executive Director.

11.2 The Sponsor Director Consultancy Agreement contains, inter alia, a number of confidentiality and information sharing obligations in respect of information received by the Sponsor Director by virtue of his position on the Board, as well as information relating to the term, termination and role description of the Sponsor Director.

12. Working capital

12.1 Qualified working capital statement

The Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements, that is for at least 12 months from the date of this Document.

The total amount required to finance the Acquisition and the Sulphide Expansion Project for at least 12 months from the date of this Document is approximately US\$252.5 million, consisting of US\$100 million (subject to working capital adjustment) to fund the upfront consideration payable on closing of the Acquisition (the “**Upfront Amount**”) and US\$152.5 million to fund corporate working capital, transaction expenses and the Sulphide Expansion Project for the period ending 12 months from the date of this Document (the “**Subsequent Funding**”, and, such amounts in aggregate, the “**Funding Amount**”). The Company intends to fund this from multiple sources, including senior debt, mezzanine debt, cash flows of the Target’s existing oxide operation, a pre-payment in respect of the Target’s gold production, the Placing and equity investments from certain Co-Sponsors and the Funding Partners.

As of the date hereof, the Company has received binding commitments in respect of approximately US\$105 million of the Funding Amount. Therefore, not all funding in respect of both the Upfront Amount and the ongoing availability of the Subsequent Funding is subject to binding commitments

as of the date hereof. The Company has entered into non-binding term sheets with respect to the remaining portion of the Funding Amount and expects to execute binding funding agreements with respect to such remaining portion on or prior to the closing date of the Acquisition (the “**Final Funding Agreements**”). If there is any shortfall, this will therefore arise as of the closing date of the Acquisition.

So long as all such Final Funding Agreements are entered into prior to the closing date of the Acquisition, and the Base Placing Amount is raised, the Company does not expect to have a shortfall in respect of payment of the Upfront Amount at the closing of the Acquisition or the availability of amounts necessary to satisfy the Subsequent Funding as and when required following the closing of the Acquisition.

To the extent that the proceeds of the Final Funding Agreements are not available to the Company as of the closing date of the Acquisition or the Base Placing Amount is not raised, a shortfall of up to approximately US\$147.5 million is expected to arise, of which up to US\$24.5 million (subject to working capital adjustments) relates to the Upfront Amount (the “**Upfront Amount Shortfall**”) and US\$123 million relates to the Subsequent Funding (the “**Subsequent Funding Shortfall**”).

Any shortfall in respect of the payment of the Upfront Amount is expected to be funded with additional proceeds of the Placing. The Directors are highly confident that the proceeds of the Placing will be sufficient to fund any Upfront Shortfall Amount.

To the extent the proceeds of the Placing are insufficient to reach the Subsequent Funding Shortfall, the Company expects to obtain additional equity and/or debt financing for purposes of completing the Sulphide Expansion Project, on either its current or a subsequently revised timeline. The Directors are highly confident that an alternative financing solution will be available to the Company. However, the terms of any such additional financing will be subject to negotiation at the relevant time and will depend on a number of factors, including market conditions and commodity prices. Should additional financing be available only on terms not acceptable to the Company or not at all, the Company could delay certain aspects of its planned capital expenditures relating to, or reducing the scope of, the Sulphide Expansion Project. The Directors are highly confident that this course of action would result in the resolution of any remaining shortfall.

In the event that the Company is not able to raise sufficient funds to pay the Upfront Amount and the other conditions to the completion of the Acquisition pursuant to the Acquisition Agreement are met, the Company will not have sufficient funds to complete the Acquisition, and the Seller may bring a claim against the Company for a failure to complete the Acquisition. If successful in a claim against the Company, potential remedies available to the Seller include monetary damages (for losses incurred in connection with the Company’s breach of the Acquisition Agreement) and/or the equitable remedy of specific performance (seeking that a court order the Company to acquire the Target Entity). Irrespective of whether the Company has sufficient assets to satisfy a damages award or comply with a court order for specific performance, if the Seller’s claim is successful and the Company is unable to pay such damages in full, the Company would become insolvent.

Moreover, pursuant to the Acquisition Agreement, the Company’s obligation to consummate the Acquisition is not conditional on the Company’s ability to finance the Sulphide Expansion Project. To the extent the foregoing actions are unsuccessful, the Company may not be able to complete the Sulphide Expansion Project, which may reduce the Company’s return on investment. Neither the Co-Sponsors or any other party is required to provide any further financing to the Company in connection with the Acquisition or the Sulphide Expansion Project.

13. **Significant change**

13.1 There has been no significant change in the financial performance or the financial position of the Company since 31 December 2023, being the end of the last financial period for which financial information of the Company has been published.

13.2 Save as disclosed under “Part VIII—*Operating and Financial Review of Polimetal—Recent Developments*”, there has been no significant change in the financial performance or the financial position of Polimetal since 31 December 2023, being the end of the last financial period for which financial information of Polimetal has been published.

14. **Litigation and arbitration proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 month period prior to the date of this Document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company, Polimetal, the Target Asset and/or the Enlarged Group.

15. **City Code**

The City Code does not apply to the Company and there are no rules or provisions relating to mandatory takeover bids in relation to the Class A Ordinary Shares. There are no rules or provisions relating to the Class A Ordinary Shares and squeeze-out and/or sell-out rules, save as provided by section 176 of the BVI Companies Act (ability of the shareholders holding 90% of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem such shares or class of shares).

16. **Material contracts**

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into since the Company’s incorporation which: (i) are, or may be, material to the Company or the Enlarged Group; or (ii) contain obligations or entitlements which are, or may be, material to the Company or the Enlarged Group as at the date of this Document.

16.1 Acquisition Agreement

On 17 July 2024, the Company entered into the Acquisition Agreement with the Seller, as described in “Part II—*Terms of the Acquisition*”.

16.2 Transitional Support Agreement

The Company will enter into the TSA with the Seller, in the form and content agreed under the Acquisition Agreement and as described in “Part II—*Terms of the Acquisition*”.

16.3 Seller Subscription Agreement

On or prior to Re-Admission, the Company expects to enter into the Seller Subscription Agreement with the Seller, as described in “Part XI—*The Placing, Re-Admission and Dilution—Issuance of New Shares and Placing Warrants—Seller Subscription Agreement*”

16.4 The Funding Agreements

a) *ACP Subscription Agreement*

On 4 August 2024, the Company entered into a binding subscription agreement with the ACP Sponsor, through its affiliate, ACP II Trading LLC, whereby it agreed to subscribe for certain Class A Ordinary Shares of the Company (each, a Funding Share) for an aggregate amount that shall be the sum of US\$25 million and the amount paid pursuant to the Subsequent Subscription (as defined below). Pursuant to this subscription agreement, ACP II Trading LLC will initially subscribe for

4,166,667 Funding Shares at a subscription price of US\$6.00 per Funding Share and the Company shall, by written notice, have the right to require that ACP II Trading LLC subscribes subsequently for an additional 1,166,666 Funding Shares at a price equal to 90% of the volume-weighted average price of the Class A Ordinary Shares trading on the LSE in the 30-day period preceding the date on which the Company's written notice is given (subject to a maximum aggregate purchase price of US\$7 million for such Funding Shares), such subscription taking place between 15 November 2024 and 30 November 2024 (the "**Subsequent Subscription**"). The Company's right to require ACP II Trading LLC to subscribe for Funding Shares pursuant to the Subsequent Subscription is subject to the Company having actually received not less than US\$25 million in additional funding (the "**Additional Funding Amount**") for the purposes of the Acquisition and Inti SE having subscribed for up to such number of shares of the Company as is necessary to cover the Additional Funding Amount not otherwise procured by the Company.

ACP II Trading LLC will receive one Private Placement Warrant for every Funding Share for which it subscribes, including as a result of the Subsequent Subscription, for no additional consideration. ACP II Trading LLC will also benefit from the Re-Allocation. In this respect, the Company and ACP II Trading LLC have agreed that, for the purpose of the Re-Allocation, the equity contribution made by ACP II Trading LLC pursuant to the terms of the subscription agreement will be deemed to be US\$32 million provided ACP II Trading LLC subscribes for at least US\$25 million of Class A Ordinary Shares in connection therewith.

Following the completion of the Acquisition, if ACP II Trading LLC holds a number of Class A Ordinary Shares representing at least 25% of the total outstanding amount of Class A Ordinary Shares, it shall be entitled to designate one or two person(s), subject to the Company maintaining a sufficient number of independent directors to comply with any requirements of the BVI Business Companies Act 2004 or any applicable corporate codes, including the UK Corporate Governance Code, to be nominated to serve as a director of the Company.

The purchase of the Funding Shares by ACP II Trading LLC and its receipt of the Private Placement Warrants and Sponsor Warrants as described above is subject to certain closing conditions, including the completion of the Acquisition, the completion of the Re-Allocation, the absence of any material adverse effect that would reasonably be expected to result in a 20% decrease of Polimetal's revenue within six months from the date of the Acquisition Agreement (excluding any fluctuation that may arise in the mining plan of Polimetal), and the final terms of the Senior Credit Facility to be entered into with the Anchor Investor being consistent with standard market practice and acceptable to ACP II Trading LLC (acting reasonably).

In addition, ACP II Trading LLC and the Company have agreed that, in respect of any remaining amount of Sponsor Loans to be repaid to ACP II Trading LLC following the completion of the Acquisition, interest will accrue on such amounts at a rate of 16% per annum, compounding semi-annually, and shall be repaid in full no later than three months after the repayment by the Company of the amounts due to the Anchor Investor pursuant to the Senior Credit Facility.

Furthermore, the Company agreed with ACP II Trading LLC that, following the completion of the Acquisition, the Company shall not, without the prior written consent of ACP II Trading LLC (or its director nominee where one has been appointed), and solely for as long as any Sponsor Loans remain outstanding and payable to ACP II Trading LLC, incur or have any of its subsidiaries incur any new senior indebtedness of an aggregate amount which at any time exceeds 5% of the purchase price of the Acquisition, except however for indebtedness which is *pari passu* with or senior to the Sponsor Loans to be incurred by the Company and/or its subsidiaries to the Anchor Investor for the purpose of financing the Sulphide Expansion Project.

b) *Frederick Kwok Subscription Agreement*

On 6 August 2024, the Company entered into a binding subscription agreement with Frederick Kwok, whereby Mr. Kwok agreed to subscribe for certain Class A Ordinary Shares of the Company (each, a Funding Share) for an aggregate amount of US\$2 million at a price of US\$6.00 per Class

A Ordinary Share. Pursuant to this subscription agreement, Mr. Kwok will subscribe for 333,333 Funding Shares. US\$836,000 of the aggregate purchase price has been paid to the Company by Mr. Kwok as of the date hereof, and the payment of US\$1,164,000 is remaining. Mr. Kwok will receive one Private Placement Warrant for every Funding Share for which he subscribes, for no additional consideration. Mr. Kwok will also benefit from the Re-Allocation.

Following the completion of the Acquisition, if Mr. Kwok holds a number of Class A Ordinary Shares representing at least 25% of the total outstanding amount of Class A Ordinary Shares, he shall be entitled to designate one or two person(s), subject to the Company maintaining a sufficient number of independent directors to comply with any requirements of the BVI Business Companies Act 2004 or any applicable corporate codes, including the UK Corporate Governance Code, to be nominated to serve as a director of the Company.

The purchase of the Funding Shares by Mr. Kwok and his receipt of the Sponsor Warrants and Private Placement Warrants as described above is subject to customary closing conditions, including the completion of the Acquisition.

c) *PHF Subscription Agreement*

On 6 August 2024, the Company entered into a binding subscription agreement with PHF whereby PHF agreed to subscribe for certain Class A Ordinary Shares of the Company (each, a Funding Share) for an aggregate amount of US\$1 million at a price of US\$6.00 per Class A Ordinary Share. Pursuant to this subscription agreement, PHF will subscribe for 166,667 Funding Shares. PHF will receive one Private Placement Warrant for every Funding Share for which it subscribes, for no additional consideration. PHF will also benefit from the Re-Allocation.

Following the completion of the Acquisition, if PHF holds a number of Class A Ordinary Shares representing at least 25% of the total outstanding amount of Class A Ordinary Shares, it shall be entitled to designate one or two person(s), subject to the Company maintaining a sufficient number of independent directors to comply with any requirements of the BVI Business Companies Act 2004 or any applicable corporate codes, including the UK Corporate Governance Code, to be nominated to serve as a director of the Company.

The purchase of the Funding Shares by PHF and its receipt of the Sponsor Warrants and Private Placement Warrants as described above is subject to customary closing conditions, including the completion of the Acquisition.

d) *The Anchor Investor Financing Agreements*

On 6 May 2024, the Company entered into a non-binding commitment agreement with the Anchor Investor whereby it agreed to provide certain equity and debt financing to the Company in connection with the Acquisition.

Pursuant to this commitment agreement, on or around Re-admission the Company expects to enter into a binding subscription agreement with the Anchor Investor or one of its affiliates whereby it will subscribe for certain Class A Ordinary Shares of the Company (each, a Funding Share) for an aggregate amount of US\$5 million at a price of US\$6.00 per Class A Ordinary Share. The Anchor Investor is also expected to receive one Private Placement Warrant for every Funding Share for which it subscribes, for no additional consideration. The Anchor Investor will also benefit from the Re-Allocation. The Anchor Investor is not expected to have the right to nominate a person to serve as a director of the Company.

The Company also expects to enter into a binding financing agreement with the Anchor Investor or one of its affiliates whereby the Anchor Investor will commit to provide US\$110 million in senior debt financing. Repayment for such senior debt financing is expected to be due six years from the drawdown date and the interest rate is expected to be equal to 3 months term SOFR (with a 3% floor) plus a 9.00% margin.

The Company also expects to enter into a copper concentrate offtake agreement with the Anchor Investor or one of its affiliates for the life of mine covering 100% of the copper concentrate production from the Gediktepe Mine.

The extension by the Anchor Investor of the equity and debt financing described above is expected to be subject to customary closing conditions, including the completion of the Acquisition and the completion of certain documentation.

e) *Traxys Financing Agreements*

On 21 July 2024, the Company entered into a binding commitment agreement with Traxys, whereby Traxys agreed to provide certain equity and debt financing to the Company in connection with the Acquisition.

Pursuant to this commitment agreement, on or around Re-Admission the Company expects to enter into a binding subscription agreement with Traxys or one of its affiliates whereby Traxys will subscribe for certain Class A Ordinary Shares of the Company (each, a Funding Share) for an aggregate amount of US\$2.5 million at a price of US\$6.00 per Class A Ordinary Share. Traxys is also expected to receive one Private Placement Warrant for every Funding Share for which it subscribes, for no additional consideration. Traxys will also benefit from the Re-Allocation. Traxys is not expected to have the right to nominate a person to serve as a director of the Company.

The Company also expects to enter into a binding financing agreement with Traxys or one of its affiliates whereby Traxys will commit to provide US\$22.5 million in mezzanine debt financing. Repayment for such debt financing is expected to be due four years from the completion of the Acquisition and the interest rate is expected to be equal to SOFR plus a margin 2.5% higher than the margin applicable to the senior debt financing provided by the Anchor Investor, with a floor of 14% (incl. SOFR). The Company also expects to enter into a zinc concentrate offtake agreement with Traxys for the initial seven years of production at the Gediktepe Mine.

The extension by Traxys of the equity and debt financing described is expected to be subject to customary closing conditions, including the completion of the Acquisition and the completion of long form documentation.

f) *Inti SE Subscription Agreement*

On 3 August 2024, the Company entered in to a binding subscription agreement with Inti SE for an aggregate amount of US\$25 million. Pursuant to this subscription agreement, the Company shall, by written notice, have the right to require that Inti SE subscribes for up to a maximum of 4,166,667 Class A Ordinary Shares of the Company (each, a Funding Share) at a subscription price of US\$6.00 per Funding Share, to the extent necessary to cover any Upfront Amount Shortfall (as defined herein).

Inti SE will receive one Private Placement Warrant for every Funding Share for which it subscribes, for no additional consideration. Inti SE will also benefit from the Re-Allocation. In this respect, the Company and Inti SE have agreed that, for the purpose of the Re-Allocation, the equity contribution made by Inti SE pursuant to the terms of the subscription agreement will be deemed to be US\$25 million.

The purchase of the Funding Shares by Inti SE and its receipt of the Sponsor Warrants and Private Placement Warrants as described above is subject to customary closing conditions, including the completion of the Acquisition.

16.5 Gold Prepayment Agreement

On 21 July 2024, the Company entered into a binding commitment agreement with Traxys whereby Traxys agreed to provide an aggregate amount of US\$20 million in respect of a gold prepayment facility.

On or around Re-Admission, the Company expects to enter into a prepayment agreement with Traxys and the Anchor Investor (or one of their affiliates, respectively) whereby Traxys (in respect of the aforementioned US\$20 million) and the Anchor Investor (in respect of US\$5 million) will extend a prepayment facility in an aggregate amount of US\$25 million against the production of roughly 18koz of gold (20% of volumes) for a period of 12 months at a cost of SOFR plus a 10% margin. The prepayment facility will be secured against a guarantee from Traxys and the Anchor Investor and a pledge on the receivables account. This facility will be for the purposes of the Acquisition only, and will be repaid by the Company in the short term. The facility requires the Company to enter into a hedge agreement for the aforementioned 20% of volumes plus an additional 10% volume as a cover ratio. The prepayment facility is expected to be subject to standard terms and conditions, including the completion of the Acquisition and the completion of full documentation.

16.6 EPC Contract

On completion of the Acquisition, the Company expects to enter into a fixed price turn-key engineering, procurement, and construction contract with Çalık Holding's construction subsidiary, GAP iNSAAT, capped at US\$145 million. Under the terms of the EPC Contract, GAP iNSAAT will undertake the construction works for the Sulphide Expansion Project and will cover any capex overruns under the agreed terms thereof. The EPC Contract is expected to be subject to standard terms and conditions, and will specify a full scope of work with standard milestones, representations and warranties with penalty elements based on time and performance.

16.7 Placing Agreement

The Company and the Placement Agent have entered on the date of this Document into the Placing Agreement under which, subject to the terms and conditions set out therein, the Placement Agent has agreed to use its reasonable endeavours to procure Placing Investors for the Placing Shares at the Placing Price, with the number of Placing Shares to be determined following completion of the bookbuild process in respect of the Placing, and to the extent any Placing Investor defaults in paying the Placing Price in respect of any Placing Shares allocated to it, the Placement Agent has agreed, subject to certain conditions, to subscribe for such Placing Shares at the Placing Price. In the Placing Agreement, the Company has made various representations and warranties and given various undertakings to the Placement Agent. In addition, the Company has agreed to indemnify the Placement Agent and its affiliates against certain liabilities in connection with the matters the subject of this document, and to pay the Placement Agent certain fees and commissions. The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

17. **Future share plan arrangements**

Information on the principal features of the VCP and the EIP, under which share awards may be made after Re-Admission, is summarised below. Any reference in this section 17 (Future share plan arrangements) to the "Board" includes any designated committee of the Board.

17.1 The VCP

A summary of the principal terms of the VCP is set out below.

Introduction

The VCP has been designed to incentivise the CEO, CFO and senior management to deliver exceptional returns for shareholders over a five-year period (the "**Performance Period**"). Under the VCP, participants will receive (in the form of Class A Ordinary Shares) a proportion of the returns delivered for the Company's shareholders above a threshold rate (the "**Threshold Total Shareholder Return**"). If the Threshold Total Shareholder Return is delivered, participants in the VCP as a whole are eligible for a maximum of 10% share of the value created for shareholders above the Threshold Total Shareholder Return (the "**VCP Allocation**") up to a limit of 10% of the issued share capital of the Company (including awards under the EIP and any other employee share plans).

Eligibility

All employees of the Company or any of its subsidiaries (together, the “**Group**”), any individual whose services are provided to the Company or any member of the Group including through a consultancy agreement, and any personal service company of an individual providing services to the Company or any member of the Group (“**Relevant Individual**”) are eligible for selection to participate at the discretion of the Board. In practice, participation in the VCP will be focused on the CEO (through his personal service company), the CFO and senior executives who are most able to impact the Company’s shareholder returns. Participation in the VCP by any member of the Company’s senior management team is supervised by the Remuneration Committee.

Participant Rate Percentage, making of VCP Conditional Awards and Measurement Dates

Under the VCP, the Board (or, following consultation with the Board, the trustees of an employee benefit trust established by the Company) may grant an eligible participant a conditional right (a “**VCP Conditional Award**”) to receive a proportion of the Company’s total shareholder return above the Threshold Total Shareholder Return. The Threshold Total Shareholder Return is 10% compound annual growth rate measured from the Placing Price (the “**Initial Price**”) for all VCP participants. The proportion of the VCP Allocation to which the participant is entitled (the “**Participant Rate Percentage**”) is set at the time the VCP Conditional Award is granted. It is proposed that the Participant Rate Percentage for the CEO (through his personal service company) will be 40% of the VCP Allocation and for the CFO will be 30% of the VCP Allocation.

VCP Conditional Awards may be granted during the 42 days beginning on: (a) Re-Admission; (b) the day after the announcement of the Company’s results for any period; (c) the day the Board determines that exceptional circumstances exist which justify the grant of a VCP Conditional Award; or (d) if the Company is subject to dealing restrictions preventing the grant of VCP Conditional Awards, the day those restrictions are lifted. No VCP Conditional Awards may be granted after the fifth anniversary of Re-Admission.

At the time the VCP Conditional Award is granted, the Board will set the dates (the “**Measurement Dates**”) by reference to which the value of the VCP Conditional Award will be measured and which will normally be measured following the second, third and fourth anniversaries of Re-Admission. The Measurement Dates will normally be at the end of 30 days following the relevant anniversary of Re-Admission. The Board will determine the market value of a Class A Ordinary Share (the “**Measurement Price**”) in respect of each Measurement Date where market value will normally be calculated by reference to the average market value of the Class A Ordinary Shares for the 30 days following the relevant anniversary of Re-Admission.

On or as soon as practicable following each Measurement Date, the VCP Conditional Award will convert into a nil cost option over Class A Ordinary Shares (“**Nil Cost Option**”) or conditional share award (*i.e.* conditional right to acquire Class A Ordinary Shares) (“**Conditional Share Award**” and together with Nil Cost Options “**VCP Share Awards**”) over Class A Ordinary Shares with a value on conversion calculated in accordance with the following steps:

1. Calculate the Measurement Price for that Measurement Date plus the value of the dividends paid on a Class A Ordinary Share since the date of Re-Admission (the “**Measurement Total Shareholder Return**”);
2. Deduct the higher of:
 - (a) the compounded Initial Price in respect of the Measurement Date; and
 - (b) the highest Measurement Total Shareholder Return from a previous Measurement Date which led to the VCP Conditional Award converting into a VCP Share Award over Class A Ordinary Shares;
3. If the result of step two is more than zero, multiply the result of step two by the number of Class A Ordinary Shares in issue on the relevant Measurement Date;

4. Multiply the result of step three by 10% representing the percentage of the value created attributable to participants as the VCP Allocation;
5. Multiply the result of step four by the Participant Rate Percentage to determine the value attributable to the participant's VCP Conditional Award (the "**Participant Benefit**"); and
6. Determine the number of Class A Ordinary Shares awarded by dividing the Participant Benefit by the Measurement Price.

The Board shall retain the discretion to reduce the number of Class A Ordinary Shares over which a VCP Share Award is granted if it considers that the circumstances make it appropriate to do so.

Form of delivery of VCP Conditional Awards

The Board will deliver VCP Conditional Awards as Nil Cost Options or Conditional Share Awards. No VCP Share Awards may be granted after 12 months from the fifth anniversary of Re-Admission (subject to extension where dealing restrictions prevented the grant of VCP Share Awards in respect of the final Measurement Date).

Vesting of VCP Share Awards

VCP Share Awards will normally vest in four tranches:

1. At or shortly after the first Measurement Date in the Performance Period, 33% of the VCP Share Awards granted in respect of that Measurement Date will normally vest immediately. The remaining unvested VCP Share Awards granted in respect of that Measurement Date will remain available for vesting on a later Measurement Date, as set out below.
2. At or shortly after the second Measurement Date in the Performance Period, 50% of the unvested VCP Share Awards accrued up to that point will normally vest. The remaining unvested VCP Share Awards accrued up to that point will remain available for vesting on a later Measurement Date, as set out below.
3. At or shortly after the third Measurement Date in the Performance Period, 50% of the unvested VCP Share Awards accrued up to that point will normally vest. The remaining unvested VCP Share Awards accrued up to that point will remain available for vesting one year after the third Measurement Date as set out below.
4. One year after the third Measurement Date in the Performance Period, the remaining accrued unvested VCP Share Awards will vest.

Any vesting of a VCP Share Award described above is subject to the discretion of the Board to vary the level of vesting, where it considers that the formulaic vesting would not be a fair and accurate reflection of business performance, the personal performance of the participant or, where a participant is a personal service company, the Relevant Individual, or such other factors as the Board may consider appropriate. In addition, the Board retains the discretion to defer the vesting of some or all of a VCP Share Award to a date later than as outlined above, if it considers that it is appropriate in the circumstances to do so.

VCP Share Awards in the form of Nil Cost Options may normally be exercised during the period from vesting until the tenth anniversary of the grant date of the related VCP Conditional Award.

Malus and clawback

Under the rules of the VCP, the Board may, in its absolute discretion, invoke malus and/or clawback provisions in respect of a VCP Conditional Award or VCP Share Award in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited accounts of the Company or any Group company;
2. the assessment of any performance target or condition in respect of a VCP Conditional Award or VCP Share Award was based on error, or inaccurate or misleading information;
3. the discovery that any information used to determine the number of Class A Ordinary Shares over which a VCP Share Award was granted was based on error, or inaccurate or misleading information;
4. action or conduct of a participant or, where a participant is a personal service company, the Relevant Individual, which amounts to fraud or gross misconduct;
5. events or the behaviour of a participant or, where a participant is a personal service company, the Relevant Individual, have led to the censure of the Company or a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of the Company or a Group company provided that the Board is satisfied that the relevant participant or Relevant Individual was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant;
6. material failure of risk management; or
7. corporate failure.

Malus will operate throughout the operation of the VCP. Clawback will apply for 2 years following the vesting of VCP Share Awards.

Under these provisions, the Board may reduce and/or impose additional conditions on the amount of any outstanding VCP Conditional Award or VCP Share Award or require the participant to return some or all of the value of the Class A Ordinary Shares received under the VCP Share Award.

Cessation of employment or engagement

Except in certain circumstances set out below, if a participant ceases to hold office or employment with a member of the Group, ceases to be engaged to provide services to a member of the Group, through a personal service company or otherwise, or in relation to a participant which is a personal service company, if the Relevant Individual ceases to be engaged through the personal service company by a member of the Group, the participant will lose their entitlement to any VCP Conditional Award and any unvested VCP Share Award they hold.

However, if a participant who is an employee ceases to hold office or employment because of their death, injury, ill health, disability, redundancy, retirement with the agreement of his or her employer, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Board (a "**VCP Good Leaver Reason**"):

1. if the participant so ceases before the first Measurement Date, the Board may allow the VCP Conditional Award to continue until the first Measurement Date; and
2. any unvested VCP Share Award shall, unless the Board decides otherwise, continue to vest on the date when it would have vested as if they had not ceased office or employment.

Where a participant ceases to hold office or employment for a VCP Good Leaver Reason before the first Measurement Date, the number of Class A Ordinary Shares over which a VCP Share Award may be granted in respect of the first Measurement Date shall, unless the Board determines otherwise, be pro-rated to reflect the period between the start of the Performance Period and the date of cessation of office or employment as a proportion of the period between the start of the Performance Period and the first Measurement Date.

If a participant ceases to hold office or employment for a VCP Good Leaver Reason, the Board may determine that the value of any outstanding VCP Conditional Award will be determined and any unvested VCP Share Awards will vest at such date as it determines on or after the date of such cessation on the same basis as set out above for VCP Good Leaver Reasons.

In the case of a participant who ceases to be engaged to provide services to a member of the Group (or, in the case of a participant which is a personal service company, if the Relevant Individual ceases to be engaged through the personal service company by a member of the Group), because of the participant's (or Relevant Individual's) death, injury, ill health, disability or in other circumstances at the discretion of the Board, the same treatment as described above for a VCP Good Leaver Reason applies except that references to ceasing and cessation of office or employment shall be read as referring to cessation of engagement or ceasing to be engaged.

VCP Share Awards in the form of Nil Cost Options may (to the extent vested) be exercised following the participant's cessation of office or employment or engagement (or cessation of the Relevant Individual's engagement, in the case of a Nil Cost Option granted to a personal service company) during a period determined by the Board.

Corporate events

In the event of a takeover, compulsory acquisition of shares in the Company, scheme of arrangement or winding up of the Company:

1. the value of any outstanding VCP Conditional Award taking into account time and performance including the Measurement Price will be determined by the Board on such basis as it may determine; and
2. any unvested VCP Share Awards will vest.

Alternatively, the Board may decide that any outstanding VCP Conditional Awards and VCP Share Awards will be exchanged for equivalent awards agreed with the acquiring company.

If other corporate events occur such as a demerger, merger, special dividend or other event determined by the Board, the Board may determine that:

1. VCP Conditional Awards will convert on such basis as it may determine, using the date of such event as the end of a Measurement Date; and
2. VCP Share Awards will vest on the same basis as for a change of control.

Variation of share capital

If there is a variation of share capital of the Company or in the event of a demerger, special dividend or other event determined by the Board, the Board may make such adjustments as it may determine to:

1. the Threshold Total Shareholder Return, the VCP Allocation, the Participant Rate Percentage or the description of the shares that may be acquired in satisfaction of the VCP Conditional Award; and
2. the number or description of shares subject to VCP Share Awards.

Rights attaching to Class A Ordinary Shares

Any Class A Ordinary Shares allotted or transferred in connection with the VCP will normally rank equally with Class A Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue or transfer).

17.2 The EIP

A summary of the principal terms of the EIP is set out below.

Status

The EIP is a discretionary share plan permitting the grant of a variety of awards over Class A Ordinary Shares. Under the EIP, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the “**Grantor**”) may grant to eligible employees, any individual whose services are provided to the Company or any member of the Group including through a consultancy agreement and any personal service company awards over Class A Ordinary Shares (“**EIP Awards**”). EIP Awards may take the form of (i) nil-cost (or nominal cost) options or market price options over Class A Ordinary Shares (“**EIP Options**”), (ii) conditional awards (*i.e.* conditional rights to acquire Class A Ordinary Shares) (“**EIP Conditional Awards**”) and/or (iii) Class A Ordinary Shares which are subject to restrictions and the risk of forfeiture (“**EIP Restricted Shares**”). No payment is required for the grant of an EIP Award (unless the Board determines otherwise).

The EIP may be used for the grant of EIP Awards which are subject to performance conditions and continued employment or engagement (“**Performance Share Awards**”) and EIP Awards which defer part of the relevant participants’ annual bonus or performance fee into awards over Class A Ordinary Shares (“**Deferred Share Awards**”). In addition, EIP Awards may be granted which are subject to continued employment or engagement only (“**Restricted Share Awards**”). The EIP may also be used to provide buy-out awards to compensate new employees for forfeited awards from the individual’s previous employer.

Eligibility

All employees of the Company or any of its subsidiaries (the “**Group**”), any individual whose services are provided to the Company or any member of the Group including through a consultancy agreement, and any personal service company of an individual providing services to the Company or any member of the Group (“**Relevant Individual**”) are eligible for selection to participate in the EIP at the discretion of the Grantor, provided that (unless the Board determines otherwise) they have not given or received notice of termination. In addition, former employees (including any former executive Director) of the Group, individuals formerly engaged to provide services to the Company or any member of the Group or personal service companies through which a Relevant Individual was formerly engaged by the Group who are awarded an annual bonus or performance fee for a performance year may be granted Deferred Share Awards in relation to the relevant annual bonus or performance fee.

Grant of EIP Awards

EIP Awards may be granted as follows:

- (a) **One-off Performance Share Awards following Re-Admission:** It is anticipated that the CEO (through his personal service company), the CFO and certain senior executives will be granted a Performance Share Award over Class A Ordinary Shares with a market value up to 400% of their annual consultancy fee or base salary. 75% of this award will be granted over Class A Ordinary Shares following Re-Admission within the three months following the Acquisition closing, with 25% to be granted on a later date subject to completion of a further transaction. It is anticipated that these one-off awards will vest conditional on continuity of employment or engagement and subject to the achievement of performance targets in three equal annual tranches (one third on each of the first, second and third anniversaries of the date of grant). Participants in the VCP who receive a one-off award under the EIP will not receive any further EIP awards (other than Deferred Share Awards) until after the last Measurement Date under the VCP with the principal long term incentive for them being the VCP.
- (b) **Performance Share Awards:** The Grantor may grant Performance Share Awards over Class A Ordinary Shares to eligible participants with a maximum total market value in any financial year up to 100% of the relevant participant’s annual consultancy fee or base salary or in circumstances the Board considers exceptional, for example on recruitment, up to 200% of the relevant participant's annual consultancy fee or base salary.

- (c) **Deferred Share Awards:** The Grantor may defer such proportion of a participant's performance fee or annual bonus as it determines into a Deferred Share Award over Class A Ordinary Shares.
- (d) **Restricted Share Awards:** The Grantor may grant Restricted Share Awards over Class A Ordinary Shares to any eligible participants on such basis as it determines. It is currently anticipated that Restricted Share Awards will only be granted in exceptional circumstances, for example on recruitment or retention.

The limits above do not apply to buy-out awards in respect of a new executive Director or employee.

EIP Awards may be granted during the 42 days beginning on: (i) Re-Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify granting the EIP Awards at that time; or (iv) the day after the lifting of any dealing restrictions which prevent the grant of an EIP Award under (i), (ii) or (iii) above. For any EIP Awards granted during the 42 days beginning on Re-Admission, the Board reserves the right to calculate market value by reference to the Placing Price.

No EIP Awards may be granted more than 10 years from Re-Admission.

The Board may impose performance conditions on the vesting of Performance Share Awards. Where performance conditions are specified for Performance Share Awards, the performance measurement period for such conditions will be such period as the Board determines at grant. Any performance conditions applying to Performance Share Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided the Grantor considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

Vesting

Performance Share Awards will normally vest on such date or dates as the Grantor may determine on grant to the extent that any applicable performance conditions have been satisfied. Deferred Bonus Awards will normally vest on the third anniversary of the date of grant. Restricted Share Awards will normally vest on such date or dates as the Grantor may determine on grant.

EIP Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting of Performance Share Awards and Restricted Share Awards upwards or downwards if in its opinion the level of vesting resulting from the application of any applicable performance conditions is not a fair and accurate reflection of business performance, the personal performance of the participant, or where a participant is a personal service company, the Relevant Individual, and such other factors as the Board may consider appropriate.

Holding period post vesting

At its discretion, the Grantor may grant Performance Share Awards and Restricted Share Awards subject to a holding period of such length as the Grantor may determine.

In the event of cessation of employment or engagement or in relation to a participant which is a personal service company, the Relevant Individual ceasing to be engaged through the personal service company (except where cessation of employment or engagement is by reason of death), the participant will normally remain subject to any post-vesting holding requirements.

In the event of a takeover and certain other corporate events during the relevant holding period, the holding period will come to an end.

Malus

The Board may decide, at the vesting of an EIP Award or at any time before, that the number of Class A Ordinary Shares subject to a participant's EIP Award shall be reduced (including to nil) and/or that additional conditions shall be imposed on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited accounts of the Company or any Group company;
2. the assessment of any performance target or condition in respect of an EIP Award or an annual bonus to which a Deferred Bonus Award relates was based on error, or inaccurate or misleading information;
3. the discovery that any information used to determine the number of Class A Ordinary Shares subject to an EIP Award was based on error, or inaccurate or misleading information;
4. action or conduct of a participant or, where a participant is a personal service company, the Relevant Individual, which amounts to fraud or gross misconduct;
5. events or the behaviour of a participant or, where a participant is a personal service company, the Relevant Individual, have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant or Relevant Individual was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them;
6. a material failure of risk management; or
7. corporate failure.

Clawback

The Board may apply clawback to all or part of a participant's EIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of a Restricted Share Award or Performance Share Award or in the case of a Deferred Share Award during the period of three years following the payment of the cash bonus to which the Deferred Share Award relates. Clawback may be effected, among other means, by requiring the transfer of Class A Ordinary Shares, payment of cash or reduction of awards.

Cessation of employment or engagement

Except in certain circumstances set out below, an EIP Award will lapse immediately upon a participant ceasing to be employed by or engaged by or holding office with the Group, or in relation to a participant which is a personal service company, if the Relevant Individual ceases to be engaged through the personal service company by a member of the Group.

Performance Share Awards and Restricted Share Awards: If a participant who is an employee ceases to be employed by or hold office with the Enlarged Group because of their ill-health, injury, disability, redundancy, retirement with the agreement of their employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances determined at the discretion of the Board ("**EIP Good Leaver Reason**") any Performance Share Award or Restricted Share Award they hold will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the EIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an EIP Good Leaver Reason, the Board can alternatively decide that their EIP Award will vest early when they leave. If a participant dies, a proportion of their EIP Award will normally vest on the date of their death, unless the Board determines otherwise. The extent to which a EIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the EIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the EIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

In the case of a participant who ceases to be engaged to provide services to a member of the Group (or, in the case of a participant which is a personal service company, if the Relevant Individual ceases to be engaged through the personal service company by a member of the Group), because of the participant's (or Relevant Individual's) death, injury, ill health, disability or in other circumstances at the discretion of the Board, the same treatment as described above for an EIP Good Leaver Reason applies except that references to ceasing and cessation of office or employment shall be read as referring to cessation of engagement or ceasing to be engaged.

Deferred Share Awards: If a participant who is an employee ceases to be a Group employee or director for any reason other than gross misconduct, any Deferred Share Award they hold will ordinarily vest on the date when it would have vested if they had not ceased to be a Group employee or director subject to the operation of malus and clawback, unless the Board decides that it will vest when they leave.

To the extent that EIP Options vest for a participant who has ceased to be a Group employee or director, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that EIP Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

In the case of a participant who ceases to be engaged to provide services to a member of the Group (or, in the case of a participant which is a personal service company, if the Relevant Individual ceases to be engaged through the personal service company by a member of the Group), because of the participant's (or Relevant Individual's) death, injury, ill health, disability or in other circumstances at the discretion of the Board, the same treatment as described above for an EIP Good Leaver Reason applies except that references to ceasing and cessation of office or employment shall be read as referring to cessation of engagement or ceasing to be engaged.

Corporate events

In the event of a takeover, compulsory acquisition of shares in the Company, scheme of arrangement or winding up, EIP Awards will vest early. The proportion of the EIP Awards which vest shall be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the period of time the EIP Award has been held by the participant and having regard to any applicable performance conditions.

To the extent that EIP Options vest in the event of a takeover, compulsory acquisition, scheme of arrangement or winding up they may be exercised for a period of time measured from the relevant event and will otherwise lapse at the end of that period.

In the event of a demerger, merger, distribution or any other corporate event, the Board may determine that EIP Awards shall vest to the extent determined by the Board taking into account the same factors as set out above. EIP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow EIP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an EIP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that EIP Awards will not vest but that the unvested portion of the EIP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under the EIP, including the number of Class A Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

Dividend equivalents

In respect of any award granted under the EIP, the Board may decide that participants will receive a payment (in cash and/or additional Class A Ordinary Shares) equal in value to any dividends that would have been paid on the Class A Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the EIP with a payment in cash or Class A Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Class A Ordinary Shares.

Rights attaching to Class A Ordinary Shares

Except in relation to the award of Class A Ordinary Shares subject to restrictions, Class A Ordinary Shares issued and/or transferred under the EIP will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Class A Ordinary Shares. Any Class A Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Class A Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Class A Ordinary Shares subject to restrictions shall have the same rights as a holder of Class A Ordinary Shares in issue at the time that the participant acquires the Class A Ordinary Shares, save to the extent set out in the agreement with the participant relating to those Class A Ordinary Shares.

Provisions applying to each of the VCP and the EIP

Awards not transferable

VCP Conditional Awards, VCP Share Awards and EIP Awards are not transferable other than to a participant's personal representatives in the event of death, provided that the Board may at its discretion permit awards to be held by the trustees of an employee benefit trust as nominee for the participants.

Limits

The VCP and the EIP may operate over newly issued Class A Ordinary Shares, treasury Class A Ordinary Shares or Class A Ordinary Shares purchased in the market. The rules of each of the VCP and the EIP provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the VCP, the EIP and under any other employee share plan operated by the Company. Shares issued out of treasury under the VCP and EIP will count towards these limits for so long as this is required under institutional shareholder guidelines. Class A Ordinary Shares issued or to be issued pursuant to awards granted before or within 42 days beginning on Re-Admission and Class A Ordinary Shares which have been purchased in the market by trustees of an employee benefit trust to satisfy awards will not count towards these limits.

Amendments

The Board may, at any time, amend the provisions of the VCP and the EIP in any respect. To the extent required under the UKLR, the prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants in the relevant plan which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant plan, the basis for determining the entitlement to and the terms of shares provided under the relevant plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the VCP and the EIP for overseas territories. Any such plan shall be similar to the relevant plan, but modified to take account of local tax, exchange control or securities laws. Any Class A Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

Benefits not pensionable

The benefits received under the EIP and the VCP are not pensionable.

18. **Accounts and Annual General Meetings**

By a resolution of the Directors passed on 30 September 2022, RSM, whose address is 25 Farringdon Street, London, EC4A 4AB, was appointed as independent auditor to the Company. RSM is registered to carry out audit work by the Institute of Chartered Accountants of Scotland.

The Company's accounting reference date is 31 December. As such, the Company's annual report and accounts will be made up to 31 December in each year. The Company expects to publish its next set of unaudited financial statements for the six months ending 30 June 2024 and its next audited financial statements for the year ended 31 December 2024. It is expected that the Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be made available within six months of each financial year end (or earlier if possible). The Company will produce and publish half-yearly financial statements as required by the Disclosure Guidance and Transparency Rules. It is expected that the Company will make public its unaudited interim reports within three months of the end of each interim period (or earlier if possible).

The Restated Articles provide that the Company shall hold at least one annual shareholder meeting in every calendar year and that there shall be no more than one year between each such annual general meeting.

19. **Issues of Additional Shares**

The Directors are authorised to issue an unlimited number of the Class A Ordinary Shares.

20. **Competent Person's Report**

Save that royalty rates pursuant to Mining Law No. 3213 have reduced from a range of 1.25% – 18.75% to a range of 1% – 15%, which has the effect of reducing the overall state royalty payable (see "Part III—*Information on the Enlarged Group's Business—Description of the Gediktepe Project—Royalties*"), there have been no material changes since the effective date of the Competent Person's Report being 31 March 2024, the omission of which would make such report misleading.

21. Consents

- 21.1 Where third party information has been referenced in this Document, the source of that third party information has been disclosed. Where information contained in this Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 21.2 RSM UK Corporate Finance LLP has given and has not withdrawn its written consent to the inclusion in this Document of its report set out in “Part IX—*Pro Forma Financial Information—Section A*” and has authorised the contents of their report as part of this Document for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980 as it forms part of the laws of the United Kingdom by virtue of the EU (Withdrawal) Act 2018, and has given and has not withdrawn its written consent to the publication of this Document with the inclusion herein of the references to its name.
- 21.3 AMC has given and has not withdrawn its written consent to the inclusion in this Document of the Competent Person’s Report on the Gediktepe mine set out in Appendix I of this Document and has authorised the contents of the Competent Person’s Report as part of this Document for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 as it forms part of the laws of the United Kingdom by virtue of the EU (Withdrawal) Act 2018, and has given and has not withdrawn its written consent to the publication of this Document with the inclusion herein of the references to its name.

22. General

- 22.1 The Company has three contractors: (i) a Chief Executive Officer (providing services through ACG Advisory Limited, a personal services company), (ii) a Chief Financial Officer (providing services through Targa Capital Limited, a personal services company), and (iii) an M&A Execution Specialist. Following Re-Admission, the Company may appoint a consultant to act as a personal assistant to the Chief Executive Officer. The Company has outsourced its company secretary functions to a specialised external service provider, and may elect to use other external service providers, where appropriate. The Company does not own any premises.
- 22.2 The Company expects to raise gross proceeds of up to approximately US\$92,500,000 through the issue of the New Shares. The net proceeds (being 94% of the gross proceeds) will be used as described in “Part I—*The Acquisition and the Company’s Share capital—Sources and Uses for the Acquisition*”.

23. BVI Law

The Company is registered in the BVI as a BVI business company and is subject to BVI law. English law and BVI law differ in a number of areas, and certain key aspects of BVI law as they relate to the Company are summarised below, although this is not intended to provide a comprehensive review of the applicable law.

Save where noted, the Company has incorporated equivalent provisions in its Memorandum and Articles to address the material elements of these differences (further details are provided in paragraph 4 above).

23.1 Shares

Subject to the BVI Companies Act and to a company’s memorandum and articles of association, directors have the power to offer, allot, issue, grant options over or otherwise dispose of shares in a company. There are statutory pre-emption rights applicable in respect of an issuance of shares only if the memorandum and

articles of association specifically apply them. A company may amend its memorandum of association to increase, divide, combine or decrease its authorised or issued shares.

23.2 Financial Assistance

Financial assistance to purchase shares of a company or its holding company is not prohibited or controlled under BVI law.

However, such assistance may constitute a distribution under the BVI Companies Act and therefore require that the directors determine that, immediately following the grant of the assistance, the company will be able to pay its debts as they fall due and that the value of the company's assets will exceed its liabilities ("**Solvency Test**").

23.3 Purchase of Own Shares

Subject to satisfaction of the Solvency Test, the BVI Companies Act and the provisions of the company's memorandum and articles, a company may purchase, redeem or otherwise acquire its own shares.

23.4 Dividends and Distribution

Subject to the provisions of the company's memorandum and articles, directors may declare dividends in money, shares or other property provided they determine that, immediately after the dividend, the company will satisfy the Solvency Test.

23.5 Protection of Minorities

BVI law permits derivative and class actions by shareholders. In addition, shareholders may bring actions for breach of a duty owed by the company to them as shareholder or bring an action requiring the company and/or the director to comply with the BVI Companies Act or the company's memorandum and articles. The BVI Companies Act also contains protections for shareholders against unfair prejudice, oppression and unfair discrimination.

However, BVI law does not treat holders of warrants as shareholders and, as such, these rights will not be exercisable by the holders of the Warrants.

23.6 Management

Subject to the provisions of its memorandum and articles, a company is managed by its board of directors, each of whom has authority to bind the company. A director is required under BVI law to act honestly and in good faith and in what the director believes to be in the best interests of the company, and to exercise the care, diligence and skill that a reasonable director would exercise, taking into account but without limitation, (i) the nature of the company, (ii) the nature of the decision and (iii) the position of the director and the nature of the responsibilities undertaken by them. Under BVI law, shareholder approval is only required for a limited number of matters, including certain mergers, consolidations, schemes of arrangement, plans of arrangement and certain types of liquidation.

23.7 Accounting and Audit

A company is obliged to keep financial records that (i) are sufficient to show and explain the company's transactions and (ii) will, at any time, enable the financial position of the company to be determined with reasonable accuracy. There is no statutory requirement to prepare audited annual accounts unless the company is engaged in certain business requiring a licence under BVI law. The company does not have or require any such licence, and it is not anticipated that the company's activities would require such a licence in the future.

In addition to these obligations, a BVI company is required to file an unaudited financial statement with their registered agent, within nine months of the end of its financial year ("**Annual Return**"). The form of the Annual Return is specified in the Schedule to the BVI Business Companies (Financial Return) Order 2023

("Order"). There is no provision within the Order to require companies to apply any particular accounting policies and principles in their Annual Return.

For so long as the Company remains admitted to trade on the Official List, the Company will be exempt from this requirement.

23.8 Exchange Control

Companies incorporated in the BVI are not subject to any exchange control regulations in the BVI.

23.9 Stamp Duty

No stamp duty is payable in the BVI in respect of instruments relating to transactions involving shares or other securities in companies that do not hold a direct or indirect interest in land situated in the BVI.

23.10 Loans to and Transactions with Directors

Under BVI law, a transaction entered into by a company in which a director is interested is voidable unless (i) such interest is disclosed to the board of directors prior to the company entering into the transaction or (ii) it is not required to be disclosed as it is a transaction between the company and the director entered into in the ordinary course of the company's business and on usual terms and conditions.

Furthermore, a transaction entered into by a company in respect of which a director is interested is not voidable by the company if (i) the material facts of the interest of the director in the transaction are known by the shareholders entitled to vote at a meeting of shareholders and the transaction is approved or ratified by a resolution of shareholders or (ii) the company received fair value for the transaction, which is determined on the basis of the information known to the company and the interested director at the time that the transaction was entered into.

23.11 Redemption of Minority Shares

The BVI Companies Act provides that, subject to the company's memorandum and articles, shareholders holding 90% or more of all the voting shares in a company may instruct the company to redeem the shares of the remaining shareholders. The company is then required to redeem the shares of the minority shareholders, whether or not the shares are by their terms redeemable. The company must notify the minority shareholders in writing of the redemption price to be paid for the shares and the manner in which the redemption is to be effected. In the event that a minority shareholder objects to the redemption price to be paid and the parties are unable to agree the redemption amount payable, the BVI Companies Act sets out a mechanism whereby the shareholder and the company may each appoint an appraiser, who will together appoint a third appraiser, and all three appraisers will have the power to determine the fair value of the shares to be compulsorily redeemed. Pursuant to the BVI Companies Act, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

23.12 Inspection of Corporate Records

Shareholders of a company are entitled to inspect the company's memorandum and articles, its register of members (shareholders), its register of directors and the shareholder resolutions of the company on giving written notice to the company. However, the directors may refuse inspection or limit inspection rights (except a request to inspect the company's memorandum and articles of association) on the grounds that inspection would be contrary to the interests of the company.

The only corporate records generally available for inspection by members of the public are those required to be maintained with the BVI Registrar of Corporate Affairs, namely the certificate of incorporation and the memorandum and articles of association together with any amendments thereto, and a list of the names of the current directors. A company may elect to file with the BVI Registrar of Corporate Affairs a copy of its register of members and may also file particulars of charges and other security interests created over the company's assets, but this is not required under BVI law.

The original or a copy of a company's register of members, register of directors and register of charges must be kept at the office of the company's registered agent. These may be inspected with the company's consent or in limited circumstances pursuant to a court order.

23.13 Winding-up and Insolvency

BVI law makes provision for both voluntary and compulsory winding-up of a company, and for appointment of a liquidator.

The shareholders or, if permitted by the company's memorandum and articles of association, the directors may resolve to wind up a solvent company voluntarily. In either case, the directors must prepare a plan of liquidation which (except in limited circumstances) must be approved by the shareholders.

A company and any creditor may petition the court pursuant to the BVI Insolvency Act 2003, as amended, for the winding-up of a company upon various grounds, including, inter alia, that the company is unable to pay its debts or that it is just and equitable that it be wound up.

23.14 Takeovers

BVI law does not include provisions governing takeover offers analogous to those set out in the City Code.

23.15 Mergers

The BVI has a statutory merger and consolidation regime as set out in the BVI Companies Act. Generally, the merger or consolidation of a company requires approval by both its shareholders and its board of directors. However, a company's parent company may merge with one or more BVI subsidiaries without shareholder approval.

Shareholders dissenting from a merger are entitled to payment of the fair value of their shares unless the company is the surviving company and the shareholders continue to hold the same or similar shares in the surviving company. BVI law permits companies to merge with companies incorporated outside the BVI, provided the merger is lawful under the laws of the jurisdiction in which the non-BVI company is incorporated. Under BVI law, a domestic statutory merger or consolidation may take the form of one or more existing companies merging into, and being subsumed by, another existing company (being the surviving company) or the consolidation of two or more existing companies into, and being subsumed by, a new company. In either case, with effect from the effective date of the merger, the surviving company or the new consolidated company assumes all of the assets and liabilities of the other entity(ies) by operation of law and the other constituent entities cease to exist.

Under BVI law, a merger can result in the compulsory cancellation of a shareholder's shares, although in such circumstances a shareholder will have the right to demand fair value for its shares. In the event that a minority shareholder objects to the merger consideration and the parties are unable to agree a price, the BVI Companies Act sets out a mechanism whereby the shareholder and the company may each appoint an appraiser, who will together appoint a third appraiser and all three appraisers will have the power to determine the fair value of the shares to be cancelled. Pursuant to the BVI Companies Act, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

24. Documents Available

24.1 This Document will be published in electronic form and be available on the Company's website at acgcorp.co. Aside from this Document, information on, or accessible through, the Company's website is not part of this Document, nor is such content incorporated by reference herein.

24.2 Copies of this Document will also be available for viewing free of charge at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

24.3 The audited financial statements of the Company for the 18 months ended 31 December 2023 and the period from 22 June 2021 (its date of incorporation) to 30 June 2022 are incorporated by

reference herein, and are available on the Company's website and on the National Storage Mechanism.

24.4 Copies of the following documents will be available on the Company's website at acgcorp.co., and items (a) and (b) may be inspected at the registered office of the Company, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document:

- a) the Memorandum and Articles of the Company;
- b) the Restated Articles;
- c) the instruments constituting the Combined Warrants, including their respective terms and conditions;
- d) the Notice of Warrant Exercise;
- e) the Competent Persons Report; and
- f) the written consent referred to in paragraph 21.2 of this Part XV.

PART XVI - NOTICES TO INVESTORS

The distribution of this Document may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken by the Company in any jurisdiction that would permit a public offering of the Class A Ordinary Shares or Warrants, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Class A Ordinary Shares and Warrants may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Class A Ordinary Shares and Warrants, may be distributed or published in or from any country or jurisdiction where to do so would breach any securities laws or regulations of any such country or jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the New Shares and Placing Warrants, offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Due to the following restrictions, purchasers and subscribers of Placing Shares and Placing Warrants are advised to consult legal counsel prior to making any offer for the resale, pledge or other transfer of the Placing Shares and Placing Warrants.

Offer not available in the US

The Class A Ordinary Shares and Warrants have not been, and will not be, registered under the Securities Act or under any other relevant federal securities laws or the securities laws of any state or other jurisdiction of the United States. There has been and will be no offering of New Shares and Placing Warrants in the United States. The New Shares and Placing Warrants are being offered and sold only outside the United States in “offshore transactions” in compliance with Regulation S under the Securities Act.

Each person who purchases or subscribes for Placing Shares and Placing Warrants will be deemed to have represented, agreed and acknowledged that it has received a copy of this Document, and such other information, as it deems necessary to make an investment decision and that (terms defined in Regulation S shall have the same meanings when used in this Part):

- (a) it is authorised to consummate the purchase of the Placing Shares and Placing Warrants in compliance with all applicable laws and regulations;
- (b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Placing Shares and Placing Warrants have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and are subject to restrictions on transfer;
- (c) it is purchasing the Placing Shares and Placing Warrants in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S;
- (d) the Placing Shares and Placing Warrants have not been offered to it by means of any “directed selling efforts” as defined in Regulation S;
- (e) it and the person, if any, for whose account or benefit the purchaser is acquiring the Placing Shares and Placing Warrants, was located outside the United States at the time the buy order for such Placing Shares and Placing Warrants was originated and continues to be located outside the United States and has not purchased such Placing Shares for the account or benefit of any person in the United States or entered into

any arrangement for the transfer of such Placing Shares and Placing Warrants or any economic interest therein to any person in the United States;

- (f) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (g) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Placing Shares and Placing Warrants, or any economic interest therein, such Placing Shares and Placing Warrants or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with the Securities Act and all applicable securities laws of the states of the United States or any other jurisdictions;
- (h) it agrees that it will give to each person to whom it transfers Placing Shares and Placing Warrants notice of any restrictions on transfer of such Placing Shares and Placing Warrants;
- (i) if it is acquiring any Placing Shares and Placing Warrants as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- (j) it understands that any offer, sale, pledge or other transfer of the Placing Shares and Placing Warrants made other than in compliance with the above-stated restrictions may not be recognised by the Company; and
- (k) it acknowledges that the Company and the Placement Agent and its respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

For the attention of European Economic Area Investors

In relation to each EEA State, none of the Placing Shares and Placing Warrants have been offered or will be offered pursuant to the Placing to the public in that EEA State, except that an offer to the public in that EEA State of any of the Placing Shares and Placing Warrants may be made at any time to any legal entity which is a Qualified Investor as defined in Article 2 of the Prospectus Regulation, provided that no such offer of the Placing Shares and Placing Warrants shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Accordingly any person making or intending to make any offer within the EEA of the Placing Shares and Placing Warrants which are the subject of the Placing contemplated in this Document may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such Placing. Neither the Company nor the Placement Agent have authorised, nor do they authorise, the making of any offer of the Placing Shares and Placing Warrants in circumstances in which an obligation arises for the Company or the Placement Agent to publish or supplement a prospectus for such offer.

For the purposes of this provision, the expression “offer to the public” in relation to any Placing Shares and Placing Warrants in any EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares and Placing Warrants to be offered so as to enable an investor to decide to purchase, or subscribe for, any Placing Shares and Placing Warrants, as the same may be varied in that EEA State, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

The Placing Shares and Placing Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. Accordingly, the offering of the Placing Shares and Placing Warrants, is only being made to investors in the EEA who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MIFID II;(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MIFID II; or (iii) not a Qualified Investor as defined in the Prospectus Regulation. Consequently no key information document required by the PRIIPS Regulation for offering or selling the Placing Shares and Placing Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Placing Shares and

Placing Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

For the attention of UK Investors

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

The Placing Shares and Placing Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. Accordingly, the offering of the Placing Shares and Placing Warrants, is only being made to investors in the UK who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Placing Shares and Placing Warrants or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Placing Shares and Placing Warrants or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the United Kingdom, this Document is being distributed to and is directed only at, legal entities which are Qualified Investors as defined under the UK Prospectus Regulation and are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529); or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise be lawfully distributed under the Order, (all such persons together being “**Relevant Persons**”). In the United Kingdom, any investment or investment activity to which this Document relates is only available to and will only be engaged in with Relevant Persons. Persons who are not Relevant Persons should not act or rely on this Document or any of its contents.

For the attention of French Investors

Neither this Document nor any other offering material relating to the offering of the Placing Shares and Placing Warrants has been prepared in the context of a public offer of securities (*offre au public de titres financiers*) in France within the meaning of article L. 411-1 of the French Monetary and Financial Code (*Code Monétaire et Financier*) and articles 211-1 et seq. of the General Regulation of the *Autorité des Marchés Financiers* and therefore has not been and will not be submitted to the clearance procedures of the *Autorité des Marchés Financiers* or notified to the *Autorité des Marchés Financiers* by the competent authority of another member state of the EEA.

Neither the Company nor the Placement Agent have offered, sold or otherwise transferred or will offer, sell or otherwise transfer, directly or indirectly, the Placing Shares and Placing Warrants to the public in France, or have distributed, released or issued or caused to be distributed, released or issued, or will distribute, release or issue or cause to be distributed, released or issued to the public in France, this Document or any other offering material relating to the Placing Shares and Placing Warrants. Such offers, sales and distributions have been made and will be made in France only (i) to a restricted circle of investors (*cercle restreint d'investisseurs*), investing for their own account or to Qualified Investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L. 411-2 and D. 411-4 of the French Monetary and Financial Code or (ii) in any other transaction that, in accordance with articles L.411-2, L.411-2-1, D.411-2 and D.411-2-1 of the French Monetary and Financial Code and article 211-2 of the General Regulation of the *Autorité des marchés financiers*, does not require to log or register a prospectus or other offering documents with the *Autorité des Marchés Financiers*.

French investors are informed that: (i) no prospectus or other offering documents in relation to the Placing Shares and Placing Warrants have been lodged or registered with the *Autorité des Marchés Financiers*; and (ii) the direct or

indirect offer or sale, to the public in France, of the Placing Shares and Placing Warrants, can only be made in accordance with applicable laws and regulations, and in particular articles L. 411-1, L.411-2 and L.411-2-1 of the French Monetary and Financial Code.

This Document does not constitute and may not be used for or in connection with either an offer to any person to whom it is unlawful to make such an offer or a solicitation (*démarchage*) by anyone not authorised so to act in accordance with articles L. 341-1 to L. 341-17 of the French Monetary and Financial Code. Accordingly, no Placing Shares and Placing Warrants will be offered, under any circumstances, directly or indirectly, to the public in France.

The Placing Shares and Placing Warrants may not be resold directly or indirectly other than in compliance with applicable laws and regulations, and in particular articles L.411-1, L.411-2 and L.411-2-1 and L.341-1 to L.341-17 of the French Monetary and Financial Code.

For the attention of Hong Kong investors

No advertisement, invitation or document relating to the Placing Shares and Placing Warrants may be issued or may be in the possession of any person for the purpose of being issued (in each case, whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if otherwise permitted under the laws of Hong Kong), other than with respect to Placing Shares and Placing Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

You have been provided with this Prospectus on the basis that you have also confirmed to the sender of this Prospectus that if you purchase securities described in this Prospectus in Hong Kong, you are a “professional investor” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the offering of the Placing Shares and Placing Warrants. If investors are in any doubt about any of the contents of this document, they should obtain independent professional advice.

For the attention of Italian Investors

No offering of the Placing Shares and Placing Warrants has been cleared by the relevant Italian supervisory authorities. Thus, no offering of the Placing Shares and Placing Warrants can be carried out in the Republic of Italy, and this Document or any other document relating to the Placing Shares and Placing Warrants shall not be circulated therein—not even solely to professional investors or under a private placement—unless the requirements of Italian law concerning the offering of securities have been complied with, including (i) the requirements of Article 43 and Article 94 and seq. of Legislative Decree no. 58 of 24 February 1998 and CONSOB Regulation no. 11971 of 14 May 1999, and (ii) all other Italian securities and tax laws and any other applicable laws and regulations, all as amended from time to time.

For the attention of Swiss Investors

This Document is not intended to constitute an offer or solicitation to purchase or invest in the Placing Shares and Placing Warrants. The Placing Shares and Placing Warrants may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”), except to any investor that qualifies as a professional or institutional client within the meaning of Article 4(3) and Article 4(4) of the FinSA, and provided that no such offer of the Placing Shares and Placing Warrants shall require the publication of a prospectus and/or the publication of a key information document (“**KID**”) (or an equivalent document) pursuant to the FinSA.

The Placing Shares and Placing Warrants have not and will not be listed or admitted to trading on any trading venue in Switzerland.

Neither this Document nor any other offering or marketing material relating to the Placing, the Placing Shares and Placing Warrants, or the Company constitutes a prospectus or a KID (or an equivalent document) as such terms are understood pursuant to the FinSA, and neither this Document nor any other offering or marketing material relating to the Placing, the Placing Shares and Placing Warrants or the Company may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus or a KID (or an equivalent document) in Switzerland pursuant to the FinSA.

Neither this Document nor any other offering or marketing material relating to the Placing, the Placing Shares and Placing Warrants or the Company have been or will be filed with or approved by any Swiss regulatory authority.

For the attention of British Virgin Islands Investors

This Document does not constitute, and there will not be, an offering of securities to the public in the British Virgin Islands. Any member of the public receiving this Document within the British Virgin Islands is expressly disqualified from eligibility for any offer or invitation contained herein, unless such persons are persons to whom the offering of securities in the British Virgin Islands is permitted pursuant to the Securities and Investment Business Act 2010, as amended.

For the attention of Canadian Investors

The Placing Shares and Placing Warrants may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Placing Shares and Placing Warrants must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105") neither the Placement Agent nor its affiliates through whom sales of the Placing Shares and Placing Warrants will be made in Canada are required to comply with the disclosure requirements of NI 33-105 regarding conflicts of interest in connection with the Placing.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this Document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Placing Shares and Placing Warrants, and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Placing Shares and Placing Warrants, or with respect to the eligibility of the Placing Shares and Placing Warrants, for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Restrictions on receipt and exercise of the Placing Warrants

The Placing Warrants will only be capable of being exercised by persons who represent, amongst other things, that they are outside the United States, and are acquiring Class A Ordinary Shares upon exercise of the Placing Warrants in reliance on Regulation S.

PART XVII - DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

2019 PFS	means the pre-feasibility study commissioned by Polimetal under NI 43-101 during 2019;
2022 FS	means the feasibility study undertaken by Polimetal in July 2022;
ACG Sale Shares	means the Class A Ordinary Shares to be issued and allotted as acquisition consideration to the Seller upon completion of the Acquisition pursuant to the terms of the Acquisition Agreement and the Seller Subscription Agreement;
ACG Sponsor	means ACG Mining Limited;
ACG Sponsor Shareholders	means Artem Volynets, Symonds and Michael Tory;
ACP Sponsor	means Argentem Creek Partners LP;
Acquisition	means the proposed acquisition of Polimetal by the Company;
Acquisition Agreement	means the agreement entered into between the Company and the Seller on 17 July 2024 to acquire a 100% interest in the issued and to-be-issued share capital of Polimetal, as supplemented or amended;
Acquisition Date	means that date on which the Acquisition will be complete;
Acquisition Deadline	means the date by which the Company must complete an acquisition, which is 15 October 2024, subject to Further Extensions;
Acquisition EGM	means the general meeting that the Company must convene in order to complete the Acquisition, by proposing the Acquisition to be considered by the Public Shareholders;
Additional Sponsor Class B Shares	means the aggregate amount of 1,333,333 Class B Shares for which the Co-Sponsors have agreed to further subscribe at a price of US\$1.50 per Class B Share;
Additional Funding Amount	has the meaning given to it on page 197 herein;
Admission	means the original admission of the Company to the Official List, which occurred on 12 October 2022;
Alternative Issuance	has the meaning given to it on page 185 herein;
AMC	means AMC Consultants Pty Ltd;
Annual Return	means the unaudited financial statement that a BVI company is required to file with their registered agent within nine months of the end of its financial year;
Antitrust Condition	means the clearance by the Turkish antitrust authority (<i>Rekabet Kurumu</i>) of the investment in Polimetal by the Company, resulting from the Acquisition and the investment in Polimetal by the Company;
Appian Acquisition	means the terminated acquisition of the Atlantic Nickel nickel sulphide mine and the Mineração Vale Verde copper mine from funds advised by Appian Capital Advisory LLP;
Approved Extensions	means the First Extension, the Second Extension and the Third Extension, together;
assay	means a chemical analysis to determine the amount or proportion of the element of interest contained within a sample of ore;
Atlantic Nickel	means Atlantic Nickel Mineração Ltda;
Au	means gold;
Audit Committee	means the Company's audit committee;
Base Placing Amount	means US\$15 million in respect of the Placing;
Board	means the board of directors of the Company;
Bookbuild	means the process commenced by the Placement Agent to determine demand for participation in the Placing by Placing Investors;
BVI	means the British Virgin Islands;
BVI Companies Act	means the BVI Business Companies Act 2004, as amended;
CBA	means the collective bargaining agreement executed between Polimetal and Öz Maden Labour Union on 8 June 2022;

Citigroup	means Citigroup Global Markets Limited;
City Code	means the UK City Code on Takeovers and Mergers;
Class A Ordinary Shareholders	means holders of Class A Ordinary Shares;
Class A Ordinary Shares	means the class A ordinary shares of the Company;
Class B Shares	means the class B ordinary shares of the Company;
Combined Warrants	means the Sponsor Warrants, the Private Placement Warrants, the Placing Warrants and the Existing Warrants, together;
Company	means ACG Acquisition Company Limited;
Competent Person’s Report or CPR	means the competent persons’ reports set out in Appendix I of this Document;
Conditional Share Award	means the conditional right to acquire Class A Ordinary Shares;
Constitution	means the Constitution of the Republic of Turkey;
Converted Shares	means the Class A Ordinary Shares to be issued upon conversion of the Company’s existing Class B Shares into Class A Ordinary Shares;
Copper Discovery Bonus	has the meaning given to it on page 78 herein;
Copper Price	means the daily average closing price of copper on the London Metals Exchange over the 12-month period preceding the Copper Price Bonus date;
Copper Price Bonuses	means the First Copper Price Bonus and the Second Copper Price Bonus, together;
Co-Sponsors	means the ACG Sponsor, the De Heerd Sponsor and the ACP Sponsor;
CPI	means the consumer price index;
Credit Facilities	means the Junior Credit Facility and the Senior Credit Facility, together;
CREST or CREST System	means the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations), in accordance with which securities may be held in uncertificated form;
Cu	means copper;
cut-off grade	means a calculated minimum metal grade at which material can be mined and processed at break-even cost;
CWP	means the Clean Water Pond to be constructed as part of the Sulphide Expansion Project;
Data Protection Law	means Turkey’s Law on the Protection of Personal Data No. 6698;
data subjects	has the meaning given to it on page 29 herein;
De Heerd Sponsor	means De Heerd Investments Limited;
December 2023 Financials	means the audited historical financial information of the Company as at and for the 18 months ended 31 December 2023;
Deferred Share Awards	has the meaning given to it on page 205 herein;
Depository	means Link;
Depository Interests	means the dematerialised depository interests in respect of the Class A Ordinary Shares and Warrants issued or to be issued by the Depository;
dilution	means the effect of waste or low-grade ore which is unavoidably included in mined ore;
Directors	means the directors of the Company, whose names appear on page 67 of this Document, or the board of directors from time to time of the Company, as the context requires, and “Director” is to be construed accordingly;
Director Nominee	means Mustafa Aksoy;
Director Shares	has the meaning given to it on page 43 herein;
directorships	means memberships of certain administrative, management or supervisory bodies;
Disclosure Guidance and Transparency Rules	means the Disclosure Guidance and Transparency Rules published by the FCA under section 139A of FSMA, as amended from time to time;
Document	means this prospectus dated 7 August 2024;
EEA	means the European Economic Area;
EEA Product Governance Requirements	means MiFID II local implementing measures;
EEA State	means a member state of the European Union and the European Economic Area;

EGM	means extraordinary general meeting;
EIA	means environmental impact assessment;
EIA Regulation	means the Turkish Environmental Impact Assessment Regulation;
EIP	means the Company's equity incentive plan;
EIP Awards	means awards over Class A Ordinary Shares that may be granted to eligible participants under the EIP;
EIP Conditional Awards	means conditional rights to acquire Class A Ordinary Shares;
EIP Good Leaver Reason	has the meaning given to it on page 207 herein;
EIP Options	means the nil-cost (nominal cost) options or market price options over Class A Ordinary Shares;
EIP Restricted Shares	means Class A Ordinary Shares which are subject to restrictions and the risk of forfeiture;
EIP Shares	has the meaning given to it on page 43 herein;
EL 20054077	means the exploration license in the possession of the Gediktepe Project numbered 20054077;
Election Cut-off Time	means 1:00 pm BST on 21 August 2024;
EMX Royalty	has the meaning given to it on page 16 herein;
Enlarged Group	means the post-Acquisition entity, structured as set out in Part III of this Document, comprising the Company and Polimetal;
Enlarged Ordinary Share Capital	means the Existing Class A Shares and the New Shares;
Environmental Law	means the Turkish Environmental Law No. 2872;
Environmental Permit and License Regulation	means the Environmental Permit and License Regulation dated 16 October 2021;
EPC Contract	has the meaning given to it on page 20 herein;
ESCC	means the single listing category for equity shares in commercial companies, to replace the standard and premium listing categories, as part of the UKLR;
Escrow Account	means the escrow account opened by the Company in connection with the IPO and held with Citibank N.A. London;
Escrow Agent	means Citibank N.A. London;
Escrow Agreement	has the meaning given to it on page 174 herein;
EU	means the European Union;
EU GDPR	means the European Union's General Data Protection Regulation (EU) 2016/697;
Euroclear	means Euroclear UK & International Limited;
EUWA	means the European Union (Withdrawal) Act 2018 of the United Kingdom, as amended;
EV	means electric vehicle;
Exchange Act	means the U.S. Securities Exchange Act of 1934, as amended;
Executive Director	means the executive directors of the Company;
Exercise Price	has the meaning given to it on page 43 herein;
Existing Class A Shares	means all the issued Class A Ordinary Shares of the Company;
Existing Warrants	means all the issued public warrants of the Company as of the date of this Document;
exploration	means the process of ascertaining the existence, location, extent or quality of a mineral deposit;
Extraordinary Dividend	has the meaning given to it on page 184 herein;
fair market value	means the volume-weighted average price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the Company publishes the Redemption Notice;
FCA	means the UK Financial Conduct Authority;
First Copper Price Bonus	means the bonus payment paid by the Company to the Seller after 12 months from the commencement of commercial production of the Sulphide Expansion Project;
First Extension	means the extension of the deadline by which the Company must complete an acquisition from 12 October 2023 to 25 January 2024;

Fitch	means Fitch Ratings Inc.;
Final Funding Agreements	has the meaning given to it on page 195 herein;
FinSA	means the Swiss Financial Services Act;
FSC	means the BVI Financial Services Commission;
FSMA	means the Financial Services and Markets Act 2000;
Fundamental Warranties	has the meaning given to it on page 80 herein;
Funding Agreements	has the meaning given to it on page 72 herein;
Funding Amount	has the meaning given to it on page 194 herein;
Funding Partners	means the Anchor Investor, Traxys, Inti SE, the ACP Sponsor, PHF and Frederick Kwok, together;
Funding Shares	means any Class A Ordinary Shares to be issued to the Funding Partners pursuant to the terms of the Funding Agreements;
g	means gram;
g/t	means grams per tonne;
GAP İNSAAT	means Gap İ nşaat Yatırım ve Dış Ticaret Anonim Şirketi;
GDMA or GDMPA	means the Turkish General Directorate of Mining Affairs;
GDMA Condition	means the approval by the GDMA of the Acquisition;
GDPR	means the UK GDPR and the EU GDPR, together;
Gediktepe Project	means the Gediktepe mine site;
Glencore	means Glencore International AG;
Golder	means Golder Associates (Turkey) Ltd. STI;
grade	means the concentration of an element of interest expressed as relative mass units (percentage, parts per million, ounces per tonne, etc.);
Grantor	has the meaning given to it on page 205 herein;
ha	means hectare;
historical fair market value	means the volume weighted average price of the Class A Ordinary Shares as reported during the 10 Trading Day period ending on the Trading Day prior to the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights (the ex-rights trading date);
Historical Financial Information	means Polimetal's historical financial information for the three-year period ended 31 December 2023;
Historical Financial Statements	has the meaning given to it on page 57 herein;
HMT	means Hacettepe Mineral Technologies;
HPX	means High Power Exploration;
IFRS	means the International Financial Reporting Standards as issued by the International Accounting Standards Board;
Independent Director Letters of Appointment	means the Independent Director Letters of Appointment entered into between the Independent Directors, respectively, and the Company;
Independent Non-Executive Director	means Mark Cutis, Hendrik Johannes Faul and Fiona Paulus who are Independent Directors and are also non-executive directors;
Initial Co-Sponsor Overfunding	means the additional funds committed by the Co-Sponsors to the Company through subscription for 4,062,500 Sponsor Warrants at a price of US\$1.00 per Sponsor Warrant;
Initial Price	has the meaning given to it on page 201 herein;
IPO	means the Company's initial public offering of the Warrants and Class A Ordinary Shares;
IPO Anchor Investors	means Aristeia, Cladrius, HGC, LMR, Millais, Mint Tower and Radcliffe as defined in the IPO Prospectus;
IPO Closing Date	means 12 October 2022;
IPO Cornerstone Investor	means System 2 Master Fund Limited, an institutional investor incorporated in the Cayman Islands with registered number 350895;
IPO Institutional Investors	means the IPO Anchor Investors and the IPO Cornerstone Investor;
IPO Investment Agreements	means the agreements between the Company and each IPO Anchor Investor dated 5 October 2022, and the agreement between the Company and the IPO Cornerstone Investor dated 5 October 2022;

IPO Prospectus	means the prospectus relating to the admission to the Official List of all Class A Ordinary Shares and Warrants of the Company, dated 7 October 2022;
IPO Sponsor Insider Letter	means the sponsor insider letter entered into by the Co-Sponsors, the Sponsor Director and the Company on 5 October 2022;
IPO Underwriting Agreement	means the underwriting agreement dated 7 October 2022 between the Company, the Co-Sponsors, the IPO Directors, and the IPO underwriter;
ISIN	means the international securities identification number;
Ivanhoe Capital	means Ivanhoe Capital Corporation;
Ivanhoe Mines	means Ivanhoe Mines Ltd.;
JORC Code	the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves;
June 2022 Financials	means the audited historical financial information of the Company from 22 June 2021 (its date of incorporation) to 30 June 2022;
Junior Credit Facility	means the US\$22.5 million junior secured credit facility entered into by the Company and Traxys in connection with the closing of the Acquisition;
KID	means a key information document;
km	means kilometre;
kt	means a thousand tonnes;
kV	means a thousand volts;
lb	means pound;
LEI	means legal entity identifier;
LIBOR	means the London Interbank Offered Rate;
Lidya or Seller	means Lidya Madencilik Sanayi ve Ticaret A.S.;
Link	means Link Market Services Limited and Link Market Services Trustees Limited, together;
Listed Warrants	means the Existing Warrants and the Placing Warrants, together;
London Bullion Market Association or LBMA	means the London Bullion Market Association (LBMA), an international trade association which represents the London market for gold and silver bullion;
Long Stop Date	means 31 August 2024;
LSE	means the London Stock Exchange plc;
m	means metre;
m³	means cubic metre;
m³/h	means cubic metres per hour;
Market Abuse Regulation	means Regulation (EU) No 596/2014;
Market Value	has the meaning given to it in the Warrant T&Cs;
MCS	means a master composite sample;
Measurement Dates	means the dates set by the Board by reference to which the value of the VCP Conditional Award will be measured;
Measurement Price	means the market value of each Class A Ordinary Share determined by the Board in respect of each Measurement Date;
Measurement Total Shareholder Return	means the Measurement Price for a specific Measurement Date plus the value of the dividends paid on that Share since the date of Re-Admission;
Memorandum and Articles	means the Company's memorandum and articles of association as in force at the date of Admission and at the date of this Document;
MENR	means the Ministry of Energy and Natural Resources of the Republic of Turkey;
MEU	means the Ministry of Environment, Urbanisation and Climate Change of Turkey;
MiFID II	means EU Directive 2014/65/EU on markets in financial instruments, as amended;
mill	means a facility where ore is finely ground and where ore undergoes physical or chemical treatment to extract the valuable metals;
Mine	means the Gediktepe mine;

**Mine Plan
mine site**

means the Polimetal mine plan;
means an economic unit comprised of an underground and/or open pit mine, a mill and equipment and other facilities necessary to produce metal concentrates, in existence at a certain location;

Mineral Reserve

means the economically mineable part of a measured or indicated Mineral Resource demonstrated by at least a preliminary feasibility study, which studies must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. The following are different types of mineral reserve:

“Probable Mineral Reserve” means the economically mineable part of an Indicated and, in some circumstances, a measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“Proven Mineral Reserve” means the economically mineable part of a measured mineral resource. A proven mineral reserve implies a high degree of confidence in the modifying factors;

Mineral Resource

means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilised organic material including base and precious metals, coal, and industrial minerals in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The following are different types of mineral resource:

“Inferred Mineral Resource” means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“Indicated Mineral Resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“Measured Mineral Resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration,

	sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity;
mineralisation	means the process or processes by which a mineral or minerals are introduced into a rock, resulting in a potentially valuable deposit;
Mining Lands Regeneration Regulation	means the Regulation on Regeneration of the Lands Destroyed by Mining Activities dated 23 January 2010;
Mining Law	means the Mining Law No. 3213;
Mining Regulation	means the Mining Regulation dated 21 September 2017;
Mining Waste Regulation	means the Mining Waste Regulation dated 15 July 2015;
Moody's	means Moody's Corp;
Mt	means million tonnes;
Mtpa	means million tonnes per annum;
MW	means megawatt;
NAG	means non-acid-generating;
National Storage Mechanism	means the official online facility for the storage of regulated information in the UK;
NATO	means the North Atlantic Treaty Organization;
New Shares	means the Funding Shares, the Converted Shares, the ACG Sale Shares and the Placing Shares, together;
Newly Issued Price	has the meaning given to it in the Warrant T&Cs;
NGO	means non-governmental organisation;
NI 43-101	means Canadian Nation Instrument NI 43-101;
Nil Cost Option	has the meaning given to it on page 201 herein;
Nil Rate Amount	means a nil rate of income tax that applies to the first £500 of dividend income received by an individual Class A Ordinary Shareholder in the tax year 2024/25;
Nomination Committee	means the Nomination Committee of the Company;
Non-Executive Director	means a non-executive director of the Company;
Notice of Warrant Exercise	has the meaning given to it on page 173 herein;
NSR	means net smelter return;
Official List	means the Official List of the FCA;
OL 20054077	means the operation license numbered 20054077;
OL 85535	means the operation license numbered 85535;
Ondra	means Ondra LLP, trading as Ondra Partners;
open pit	means the use of surface mining to extract ore from an open pit. The geometry of the open pit may vary with the characteristics of the ore;
Order	means the BVI Business Companies (Financial Return) Order 2023;
Ordinary Cash Dividends	has the meaning given to it on page 184 herein;
ore	means a mineral or aggregate of minerals from which metal can be economically mined or extracted;
Ore Reserve	means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified;
Oxide Project	means the Gediktepe open pit mine and 0.864 Mtpa heap leach and Merrill Crowe oxide ore processing plant owned and operated by Polimetal;
oz	means ounce;
PAG	means potentially acid-generating;
Participant Benefit	has the meaning given to it on page 202 herein;
Participant Rate Percentage	means the proportion of the VCP Allocation to which the participant is entitled;

Performance Period	means the five-year period designed to incentivise the Executive Directors and senior management to deliver exceptional terms to Shareholders;
Performance Share Awards	means EIP Awards which are subject to performance conditions and continued employment;
Permitted Transferees	has the meaning given to it on page 172 herein;
PHF	means Pembroke Heritage Fund Limited;
Placing	means the placing of the Class A Ordinary Shares and Warrants to certain institutional investors following the date of this Document;
Placement Agent	means Stifel Nicolaus Europe Limited;
Placing Agreement	means the agreement entered into by the Company and the Placement Agent;
Placing Investors	means certain institutional investors subscribing for Placing Shares;
Placing Price	means US\$6 per Class A Ordinary Share;
Placing Shares	means any Class A Ordinary Shares to be issued in an offering to the Placing Investors following the date of this Document;
Placing Warrants	means any Warrants to be issued to the Placing Investors pursuant to the terms of the Placing Agreement;
Polimetal	means Polimetal Madencilik Sanayi ve Ticaret A.Ş.;
PPE	means the Mine's property, plant and equipment;
Previous Listing Rules	has the meaning given to it on page 1 herein;
PRIIPS Regulation	means regulation (EU) No 1286/2014, as amended;
Private Placement Warrant	has the meaning give to it on page 71 herein;
Product Governance Requirements	means the EEA Product Governance Requirements and the UK Product Governance Requirements, together;
Prospectus Regulation	means Regulation (EU) No 2017/1129, as amended;
Prospectus Regulation Rules	means the prospectus regulation rules of the FCA made under section 73A of FSMA;
PTL	has the meaning give to it on page 100 herein;
Public Shareholder	means Class A Ordinary Shareholders who are not the Co-Sponsors, the Directors or the advisor and the founding shareholders;
QAQC	means routine quality control and assurance;
Re-Admission	means the expected admission or re-admission (as applicable) of the Enlarged Ordinary Share Capital (to the equity shares (transition) category) and of the Listed Warrants (to the warrants, options and other miscellaneous securities category) of the Official List, and to trading on the LSE's main market for listed securities;
Receiving Agent	means Link;
reclamation	means the process of stabilising, contouring, maintaining, conditioning and/or reconstructing the surface of land used or affected by mining activities to a state of equivalent land capability. Reclamation standards vary widely, but usually address issues of ground and surface water, topsoil, final slope gradients, overburden and revegetation;
Redeeming Shareholder	means a Class A Ordinary Shareholder wishing to redeem all or a portion of their depository interests in Class A Ordinary Shares;
Redemption Arrangements	means the arrangements pursuant to which the Company will redeem the Class A Ordinary Shares held by the Redeeming Shareholders;
Redemption Notice	means written notice of redemption;
Reference Value	has the meaning given to it on page 49 herein;
Registered Holder	means a person in whose name a Warrant is registered in the Warrant Register;
Regulations	has the meaning given to it on page 57 herein;
Relevant Persons	has the meaning given to it on page 218 herein;
Remuneration Committee	means the Company's remuneration committee;
Representatives	means the Placement Agent and their respective affiliates, directors, officers, partners, employees, advisers and agents, collectively;
reserve	means the part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination;

Restated Articles	means the Company's amended and restated memorandum and articles of association, to be adopted prior to Re-Admission;
Restricted Share Awards	means the EIP Awards that are subject to continued employment only;
Reverse Takeover	means a reverse takeover as defined in the UKLR;
RIS	means a Regulatory Information Service provider;
RSM	means RSM UK Audit LLP;
SAG	means semi-autogenous primary grinding;
SDRT	means UK stamp duty reserve tax;
Second Extension	means the extension of the deadline by which the Company must complete an acquisition from 25 January 2024 to 30 June 2024;
Second Copper Price Bonus	means the bonus payment paid by the Company to the Seller after 24 months from the commencement of commercial production of the Sulphide Expansion Project;
SOFR	means the Secured Overnight Financing Rate;
Securities Act	means the U.S. Securities Act of 1933, as amended;
Senior Credit Facility	means the US\$110 million senior secured credit facility entered into by the Company and the Anchor Investor in connection with the closing of the Acquisition;
Senior Independent Non-Executive Director	means a senior independent non-executive director of the Company;
Subsequent Subscription	has the meaning given to it on page 197 herein;
Subsequent Funding	has the meaning given to it on page 194 herein;
Subsequent Funding Shortfall	has the meaning given to it on page 195 herein;
SES	means SES AI Corporation;
Shareholders	means holders of the Shares;
Shares	means the shares of the Company outstanding from time to time and including the Class A Ordinary Shares and the Class B Shares, if any;
Solvency Test	has the meaning given to it on page 212 herein;
SPAC	means a special purpose acquisition company;
Sponsor Director	means Artem Volynets;
Sponsor Director Consultancy Agreement	has the meaning given to it on page 148 herein;
Sponsor fair market value	means the average reported closing price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the notice of warrant exercise is sent to the Receiving Agent;
Sponsor Funding Agreement	means the sponsor funding agreement dated 5 October 2022 between the Co-Sponsors and the Company, as amended and supplemented;
Sponsor Loans	has the meaning given to it on page 172 herein;
Sponsor Loan Shares	has the meaning given to it on page 172 herein;
Sponsor Loan Warrants	has the meaning given to it on page 172 herein;
Sponsor Warrants	means the warrants issued to the Co-Sponsors and IPO Institutional Investors prior to the IPO;
Sponsor Warrant Holders	means the Co-Sponsors and Symonds, PHF and Frederick Kwok;
SSB	means the Savunma Sanayii Başkanlığı (<i>Defence Industry Agency</i>);
Standard Listing	means a standard listing on the Official List under the Previous Listing Rules;
State Right	has the meaning given to it on page 32 herein;
Seller Subscription Agreement	means the subscription agreement between the Company and the Seller for the issue of the ACG Sale Shares, to be completed on or prior to Re-Admission;
Sulphide Expansion Project	means the plan to invest in mining and processing the sulphide ore underlying the oxidised cap currently being mined and processed with a mine life of approximately 10 years, which might be extended further with market conditions and technical updates on reserve;
Sustainability and Technical Committee	means the Company's sustainability and technical committee;
Symonds	means Symonds Securities Limited;

t or tonne tailings	means a measure of weight equal to 1,000 kilograms or 2,204 pounds; means the finely ground rock from which valuable minerals have been extracted from concentration;
Target Asset	means the Gediktepe mine;
Target Market Assessment	has the meaning given to it on page 62 herein;
Threshold Total Shareholder Return	means the proportion (in the form of Class A Ordinary Shares) of the returns delivered for the Company's shareholders above a threshold rate;
Third Extension	means the extension of the deadline by which the Company must complete an acquisition from 30 June 2024 to 12 October 2024;
TPC	means the Turkish Penal Code;
Trading Day	means a day on which the main market of the London Stock Exchange (or such other applicable securities exchange or quotation system on which the Class A Ordinary Shares or Warrants are listed) is open for business (other than a day on which the main market of the London Stock Exchange (or such other applicable securities exchange or quotation system) is scheduled to or does close prior to its regular weekday closing time);
Traxys	means Traxys Europe S.A.;
Treasury	means the Ministry of Treasury and Finance of the Republic of Turkey;
TSA	has the meaning given to it on page 80 herein;
TSF	means the tailings storage facility;
Turkish Central Bank	means the Central Bank of the Republic of Turkey;
UK	means the United Kingdom;
UKLR	means the new UK listing rules published by the FCA under FSMA, as amended from time to time;
UK Corporate Governance Code	means the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;
UK GDPR	has the meaning given to it on page 28 herein;
UK Market Abuse Regulation	means Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018;
UK PRIIPs Regulation	means Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA, as amended;
UK Product Governance Requirements	means Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook;
UK Prospectus Regulation	means Regulation (EU) No 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018;
UK Target Market Assessment	has the meaning given to it on page 5 herein;
Unaudited Pro Forma Financial Information	means the unaudited pro forma financial information of the Company and Polimetal;
Upfront Amount	has the meaning given to it on page 194 herein;
Upfront Amount Shortfall	has the meaning given to it on page 195 herein;
Vakifbank	means Türkiye Vakıflar Bankası;
VCP	means the Company's value creation plan;
VCP Allocation	has the meaning given to it on page 200 herein;
VCP Conditional Award	has the meaning given to it on page 201 herein;
VCP Good Leaver Reason	has the meaning given to it on page 203 herein;
VCP Share Awards	has the meaning given to it on page 201 herein;
Warrant Adjustments	has the meaning given to it on page 177 herein;
Warrant Amendments	has the meaning given to it on page 177 herein;
Warrant Register	means the books for the registration of original issuance and the registration of transfer of the Warrants;
Warrant Registrar	has the meaning given to it on page 179 herein;
Warrant T&Cs	means the terms and conditions attaching to the Warrants, as supplemented or amended from time to time;
Warrantholders	has the meaning given to it on page 179 herein;
Warrants	means redeemable public warrants;

waste

means barren rock in a mine, or mineralised material that is too low in grade to be mined and milled at a profit; and

YAMAS

means Yeni Anadolu Mineral Madencilik San. Tic. Ltd. Sti.

APPENDIX I – COMPETENT PERSONS REPORT

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Report

Gediktepe Competent Person's Report Polimetel Madencilik Sanayi Ticaret A.Ş.

Effective date: 31 March 2024

AMC Project 0224006
Report date: 31 July 2024

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Distribution list

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- 1 e-copy to AMC Perth office

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1 Summary

1.1 Background and purpose of the Competent Person's Report (CPR)

Polimetal Madencilik Sanayi Ticaret A.Ş. (Polimetal) owns and operates the Gediktepe open pit gold and silver mine and 0.864 Mtpa heap leach and Merrill-Crowe oxide ore processing plant (the Oxide Project) located in the Balıkesir Province of Western Türkiye. The process plant currently treats gold and silver ore contained in the Gediktepe oxidized zone and, as a stand-alone project, the Oxide Project, has a remaining life until 2025.

Polimetal undertook a feasibility study during 2022-2023 (2022 FS) compiled by AMC Consultants Pty Ltd (AMC) from the work of AMC and others, dated June 2022, on development of the sulphide mineralization underlying the oxide cap currently being mined by the Oxide Project (Sulphide Project). Polimetal is considering raising finance for development of the Sulphide Project, which may involve a listing on the London Stock Exchange (LSE). This CPR is based on the work undertaken for the 2022 FS and was prepared by AMC in support of Polimetal's listing on the LSE.

AMC was engaged by Polimetal to undertake geology and mine planning work for the 2022 FS and compile the 2022 FS report from the contributions of AMC, Polimetal, and third-party technical specialists engaged directly by Polimetal. Polimetal was responsible for project organization, environmental and social assessment, and government licensing and approvals. The work for which AMC and third-party technical specialists were engaged was:

- AMC for the sulphide Mineral Resource, mine planning and sulphide Ore Reserve, pre-tax economic evaluation with input from others, and compilation of this 2022 FS Report.
- Golder Associates (Turkey) Ltd (Golder) for open pit and waste rock storage geotechnical assessment.
- SRK Consulting (SRK) for hydrogeology, hydrology, waste rock management, and mine closure.
- Hacettepe Mineral Technologies (HMT) for metallurgical testwork and process metallurgy.
- GR Engineering Services Ltd (GRES) for metallurgy and ore processing and the project implementation schedule.
- EN-SU Engineering (EN-SU) for tailings storage facility (TSF) and clean water pond (CWP) design and tailings management.
- CMW Geosciences Pty Ltd (CMW) for review of the TSF design.
- Link Investment and Consulting UK (Link) for product marketing, metal prices, metal payability, concentrate treatment costs and penalties, metal refining costs, and concentrate land and ocean transport costs.

AMC confirms that it is independent of Polimetal and has no interest in the assets of Polimetal or the LSE listing, should it proceed. The persons nominated as Competent Persons in this proposal are Members or Fellows of the Australasian Institute of Mining and Metallurgy or Chartered Geologists with the Geological Society of London and are bound by the codes of ethics of those industry professional institutes whose charters include the upholding of standards and developing and promoting professional best practice in the mining industry.

1.2 Project description

Gediktepe is approximately 90 km by road south-east of Balıkesir, the provincial capital, and is well serviced by local infrastructure and communities. The Sulphide Project, as set out in the 2022 FS, comprises an expanded and deeper open pit mine, a sulphide ore processing plant and supporting infrastructure to treat copper, zinc, gold, and silver

minerals to produce copper and zinc concentrates with gold and silver credits, an expanded clean water pond (CWP), larger waste dump to store mine waste rock, and a tailings storage facility (TSF) to store processing plant waste material.

Oxide ore will continue to be mined and processed through 2024-2025 while the sulphide plant is constructed and commissioned, and in 2026 when the sulphide plant is operating. The sulphide plant will be commissioned in Q4 of 2025 and will start processing sulphide ore. In 2026, oxide and sulphide mining and processing will continue concurrently. When the current Oxide Project pit is depleted in Q3 of 2025, the heap leach pregnant solution will continue to be processed in the Merrill-Crowe plant in 2026.

Gediktepe has an operations licence (Licence number: 85535) obtained from the General Directorate of Mining and Petroleum Affairs (MAPEG). This licence was merged with the operations licence 20054077 (Access number: 2060132) and an exploration licence (Licence number: 201400291, Access no: 3316107).

All costs are expressed in real Quarter 2 (Q2) 2022 US dollars (\$ or US\$) and a discount rate of 10% per annum was used to estimate discounted cash flows. Year 1 was assumed to be 2024.

1.3 Mineral Resource and Ore Reserve

Mineralization currently defined at Gediktepe displays complex interplays of lithologies, mineralogy, metal grade distributions and structural effects.

The Gediktepe Mineral Resource estimate at 31 March 2024 was prepared by AMC and is presented by classification in accordance with the guidelines of the JORC Code¹ in Table 1.1. Mineral Resources are estimated at a net smelter return (NSR) cut-off, as stated in the notes below the table.

The Gediktepe open pit Ore Reserve estimate at 31 March 2024 was prepared by AMC and is presented by classification and in accordance with the guidelines of the JORC Code, in Table 1.2.

¹ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2012 Edition. Effective 20 December 2012 and mandatory from 1 December 2013. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (JORC).

Table 1.1 Gediktepe Mineral Resource Estimate Summary – 31 March 2024

Resource Classification	Tonnes (Mt)	Grade					Contained Metal			
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Au (koz)	Ag (Moz)	Cu (kt)	Zn (kt)
Measured Oxide	-	-	-	-	-	-	-	-	-	-
Indicated Oxide	1.3	2.79	67	0.11	0.1	0.44	113.0	2.7	1.4	1.1
Measured + Indicated (Oxide)	1.3	2.79	67	0.11	0.1	0.44	113.0	2.7	1.4	1.1
Inferred Oxide	0.01	0.90	23	0.08	0.1	0.17	0.4	0.01	0.01	0.01
Measured Sulphide	3.8	0.68	26	0.99	1.9	0.35	83	3.2	38	73
Indicated Sulphide	21.0	0.76	28	0.79	1.7	0.35	511	19.0	166	367
Measured + Indicated (Sulphide)	24.8	0.74	28	0.82	1.8	0.35	594	22.2	204	440
Inferred Sulphide	3.1	0.53	21	0.77	1.2	0.28	54	2.1	24	37
Total Measured (Oxide + Sulphide)	3.8	0.68	26	0.99	1.9	0.35	83	3.2	38	73
Total Indicated (Oxide + Sulphide)	22.3	0.87	30	0.75	1.7	0.36	624	21.7	167	368
Measured+Indicated (Oxide+Sulphide)	26.1	0.84	30	0.79	1.7	0.36	707	24.9	205	441
Total Inferred (Oxide + Sulphide)	3.1	0.53	21	0.77	1.2	0.28	54	2.1	24	37

Notes:

- JORC definitions were followed for Mineral Resources.
- Mineral Resources are inclusive of Ore Reserves.
- Effective Date of Mineral Resource is 31 March 2024
- Mineral Resources are estimated at NSR cut-offs of US\$19.00/t for oxide and US\$23.90/t for sulphide.
- Mineral Resources constrained using optimized shell to reflect reasonable prospects of economic extraction.
- Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.
- Totals may not match due to rounding.

Table 1.2 Gediktepe Ore Reserve Estimate Summary – 31 March 2024

Ore Reserve classification	Ore tonnes (Mt)	Copper grade (%)	Zinc grade (%)	Gold grade (g/t)	Silver grade (g/t)	Contained metal			
						Copper (Mlb)	Zinc (Mlb)	Gold (koz)	Silver (Moz)
Proved Oxide	-	-	-	-	-	-	-	-	-
Probable Oxide	1.4	-	-	2.0	48	-	-	93	2.2
Total Oxide	1.4	-	-	2.0	48	-	-	93	2.2
Proved Sulphide	3.4	0.92	1.9	0.67	25	70	140	70	3
Probable Sulphide	13.7	0.72	1.9	0.85	32	220	590	380	14
Total Sulphide	17.1	0.76	1.9	0.82	30	290	730	450	17

Notes:

- Totals may not equal the sum of the component parts due to rounding adjustments.
- Ore tonnes are rounded to 0.1 Mt and grade and contained metal to two significant figures.
- Probable ore includes buffer material from boundary with enriched material.
- Estimates are based on forecast metal prices of US\$3.63/lb Cu, US\$1.27/lb Zn, US\$1,500/oz Au and US\$20/oz Ag and an expected value calculation to report tonnes above a zero US\$/t net expected value.

Sulphide ore mined before the sulphide processing plant is commissioned is treated as waste and removed from the Ore Reserve. Enriched mineralization can't be processed and plant feed can't contain more than 10% buffer material on the boundary with enriched mineralization at any time. Buffer material and enriched mineralization that is not included in the processing schedule is classified as waste. Approximately 141 Mt of associated fresh waste material will be mined including mineralized waste, resulting in a waste material to sulphide Ore Reserve ratio of 7.6 to 1.0 (t:t).

1.4 Mining and mine planning

Mining at the Oxide Project is undertaken by a local mining contractor and uses conventional open pit methods and an equipment fleet typical of the region. Polimetal will use a similar approach for the Sulphide Project, although larger equipment may be required to meet Sulphide Project targets. AMC considers this is appropriate.

Geotechnical engineering on the project was undertaken and documented by Golder, who provided recommendations for the geotechnical parameters for mine planning. Pit slope performance monitoring at the site identified that pit slopes in the south-east sector should be reduced, resulting in the final pit slope parameters used for mine planning shown in Table 1.3. AMC has reviewed the geotechnical assessment and recommendations and considers that a range of rock strength should have been used in geotechnical assessment rather than average values, so that there is a risk that some pit slopes may be too steep.

Table 1.3 Pit slope assumptions

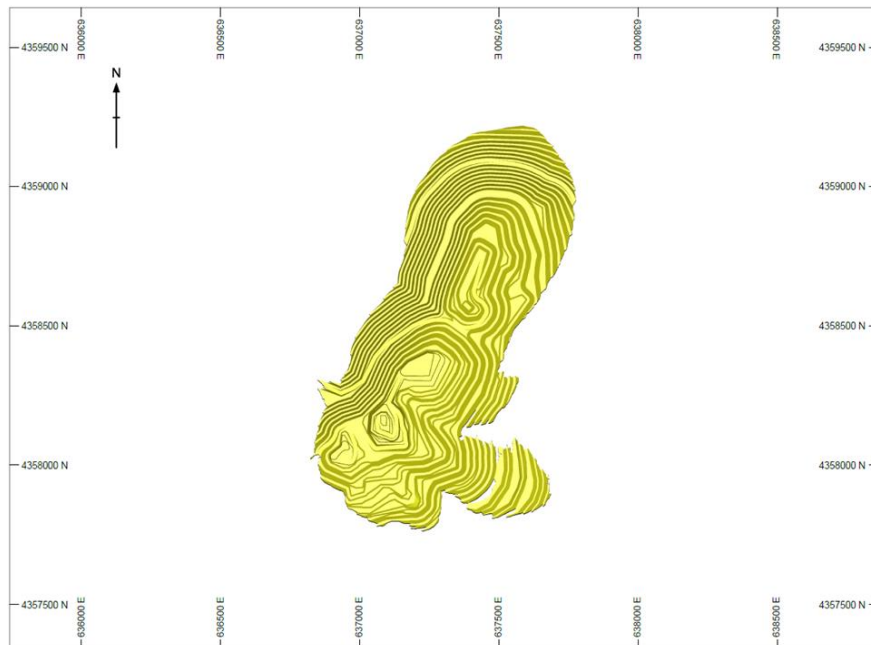
Sector	Zone	Batter Angle (°)	Batter Height (m)	Berm Width (m)	Overall Slope (°)	No of Benches
North-west	0	45	15	6.5	39	12
Weathered	1	45	15	5.7	39	12
Fresh	2	63.5	15	6.5	39	12
South-east wall	3	35	10	5.0	20	12
Below 1130 mRL	4	63	15	6.5	39	12

Note: Geotechnical berm 30 m wide at 1,280 mRL and 1,300 mRL

The hydrogeological assessment, hydrogeology model, pit dewatering and pit water management recommendations were undertaken by Golder in conjunction with their geotechnical assessment. Phreatic surfaces from this assessment were used by Golder in developing their geotechnical model.

Final pit limits were defined by AMC using Whittle Four-X pit optimization software and inputs provided by Polimetal, HMT, GRES, and Link. AMC developed seven pit stages to smooth material movements during scheduling, the first of which is the final oxide pit design. The Gediktepe final pit design, based on the revenue factor 0.74 pit optimization shell is shown in Figure 1.1.

Figure 1.1 Gediktepe pit design

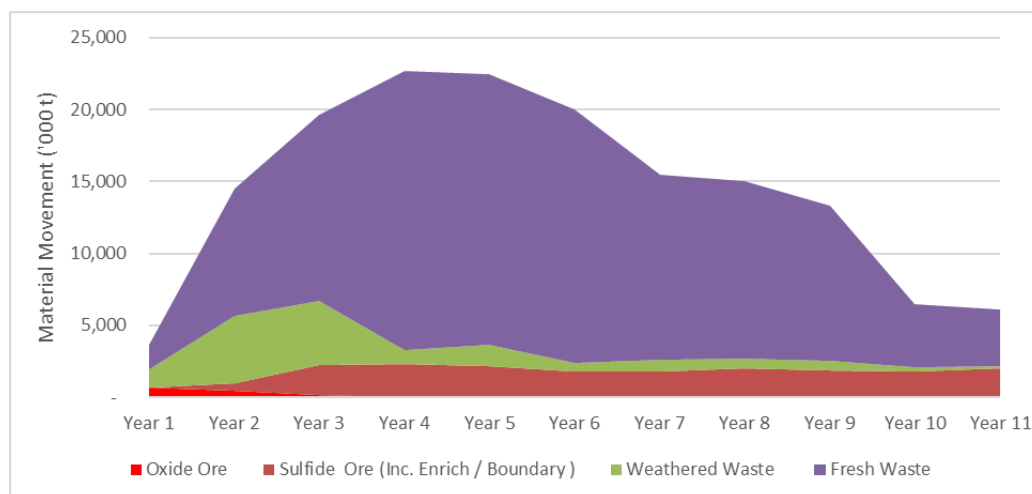


SRK was contracted to provide multi-disciplinary support for the Sulphide Project concerning geochemistry, hydrogeology and hydrology. A regional groundwater model was constructed to provide pit inflow estimates and evaluate groundwater resource impacts. Pit water inflows were used to support the Owners costs and site water balance.

AMC developed a mining and processing production schedule using Minemax schedule optimization software. Scheduling identified a viable life-of-mine (LOM) operating schedule for 12 years of mining and 10 years of sulphide ore processing. Sulphide mineralization was subdivided into buffer material (up to 10% of annual total process feed), enriched mineralization (not processed), and sulphide mineralization (massive pyrite and disseminated, all process feed).

Annual material movements from the mining schedule are shown in Figure 1.2.

Figure 1.2 Gediktepe annual material movement



Total scheduled mining ore tonnes, grade and waste tonnes; processing plant tonnes, grade, and contained metal; and concentrate tonnes and metal production is shown in Table 1.4. Sulphide ore includes enriched and buffer ore.

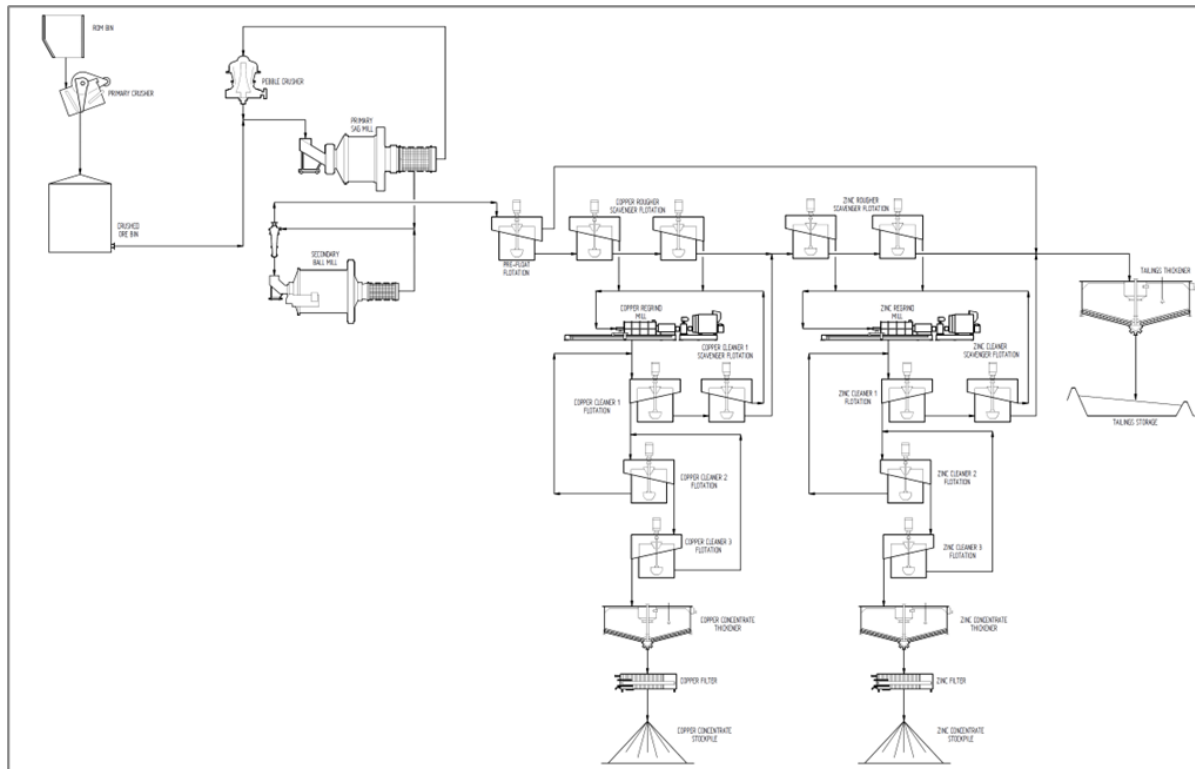
Table 1.4 LOM mining and processing production

Description	Units	Value
Mine Production		
Oxide Ore	Mt	1.4
Oxide Grade Au	g/t	2.08
Oxide Grade Ag	g/t	50
Sulphide Ore	Mt	18.4
Sulphide Grade Cu	%	0.89
Sulphide Grade Zn	%	1.96
Sulphide Grade Au	g/t	0.83
Sulphide Grade Ag	g/t	31
Weathered Waste	Mt	16
Fresh Waste	Mt	124
Total Material	Mt	159
Process Plant Production		
Metal recovered to Doré	-	-
Gold in doré	koz	73
Silver in doré	koz	760
Sulphide Ore Processed	Mt	17.3
Sulphide Grade Cu	%	0.77
Sulphide Grade Zn	%	1.94
Sulphide Grade Au	g/t	0.81
Sulphide Grade Ag	g/t	30
Contained Metal		
Copper	Mlb	294
Zinc	Mlb	743
Gold	koz	544
Silver	Moz	19
Concentrate Production		
Copper Concentrate Tonnes	kt	375
Copper	Mlb	209
Gold	koz	178
Silver	Moz	3.6
Zinc Concentrate Tonnes	kt	491
Zinc	Mlb	572
Gold	koz	29
Silver	Moz	3.1

1.5 Metallurgical testwork and recovery methods

The processing facility has been designed to treat 1.82 Mt per annum of copper and zinc-bearing sulphide ore. The sulphide flowsheet shown in Figure 1.3 includes primary crushing, two stage grinding, sequential flotation (pre-float of talc/silicate minerals, and production of separate copper and zinc concentrates), regrind (copper and zinc), concentrate thickening, concentrate filtration, and tailings disposal (thickening).

Figure 1.3 Gediktepe sulphide ore processing flowsheet



Four main lithologies have been used to describe the sulphide mineralization which occurs as thin veins or lenses hosted in a chlorite-sericite schist:

- Massive pyrite.
- Magnetite rich massive pyrite.
- Disseminated or transitional pyrite.
- Enriched massive pyrite.

Test work used master composites that reflected the proportion of ore types determined by the resource model at the time of each phase of the Project. The test conditions established for the master composite were then applied to variability samples in each phase of work. A total of 78 samples from 40 drillholes were tested in the 2021 – 2022 variability programme. The test work identified variable performance due to mineralogical and head grade variations, material type blends, surface oxidation (aging effects) and pulp chemistry conditions.

Gediktepe sulphides requires a fine primary grind 80% passing size (P_{80}) of 38 μm and a fine regrind of the copper rougher concentrate to a P_{80} of 15 μm and of the zinc rougher concentrate to a P_{80} of 20 μm to achieve acceptable liberation of the fine-grained mineral assemblage. Selectivity between copper and zinc minerals is affected by pre-activation of zinc minerals, due to the presence of secondary copper minerals in situ and/or due to galvanic effects between galena (lead mineral) and pyrite.

A depressant reagent regime of sodium sulphide, zinc sulphate and metabisulphite is needed to effect selectivity between the copper minerals and the zinc and iron sulphide minerals. Depending on the ore feed, some non-sulphide gangue (NSG) is removed in a pre-flotation stage prior to copper rougher flotation. Circulated water (tailings from zinc rougher and cleaner flotation) containing residual organics, such as xanthate ions and other reagent breakdown products, causes flotation of sulphide minerals in the pre-flotation stage and loss of copper, zinc and precious metal with the rejected pre-flotation

concentrate. Treatment of the process water using activated carbon to remove the residual organics has been included in the flowsheet and plant design.

A 40 kg/h pilot plant operation was conducted treating a total of 1.8 tonnes of material to generate rougher concentrates for regrind signature plot tests, final concentrates for thickening, filtration and transport tests, and final tailing (zinc rougher tail and zinc cleaner scavenger tail) for thickening tests.

Concentrates will be dewatered using thickeners and pressure filters prior to road transport to a port for bulk shipment to smelters.

Copper concentrate grades above 23% Cu (23% to 32% Cu) with greater than 68% copper recovery, and zinc concentrate grading over 49% Zn (49% to 53% Zn) with greater than 76% recovery being targeted. Both concentrates will contain credits for gold and silver. The copper concentrate may have variable penalties for arsenic, lead, zinc, bismuth and fluorine at times. Similarly, the zinc concentrate may have iron and cadmium penalty levels at times.

Results of ore processing schedules are summarized in Figure 1.4 (concentrate production), Figure 1.5 (copper and zinc metal production) and Figure 1.6 (gold and silver metal production).

Figure 1.4 Gediktepe annual concentrate production (dry)

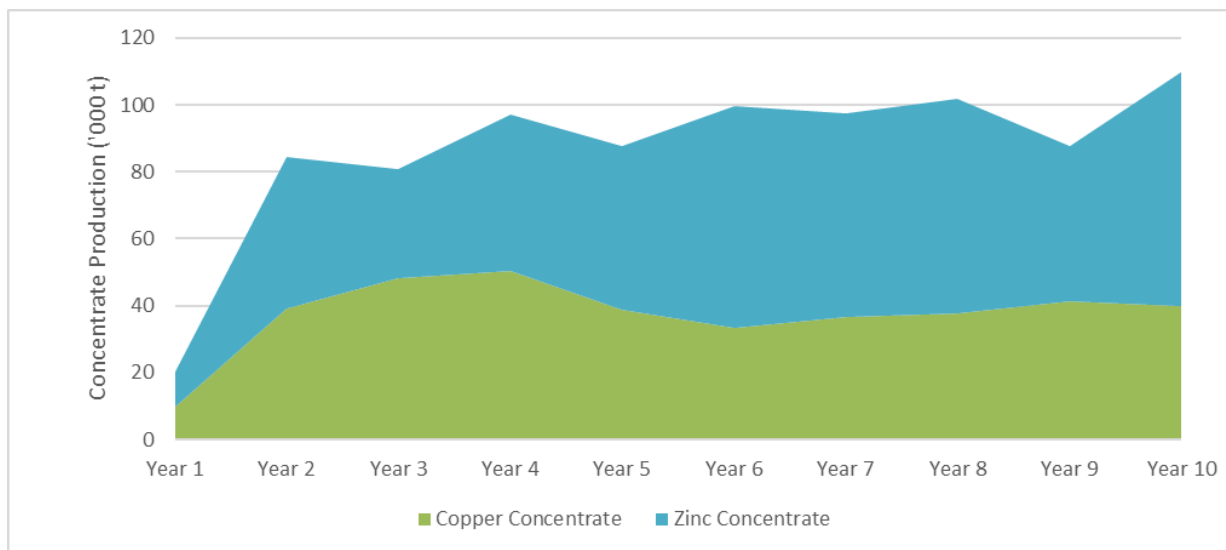


Figure 1.5 Gediktepe annual copper and zinc metal production

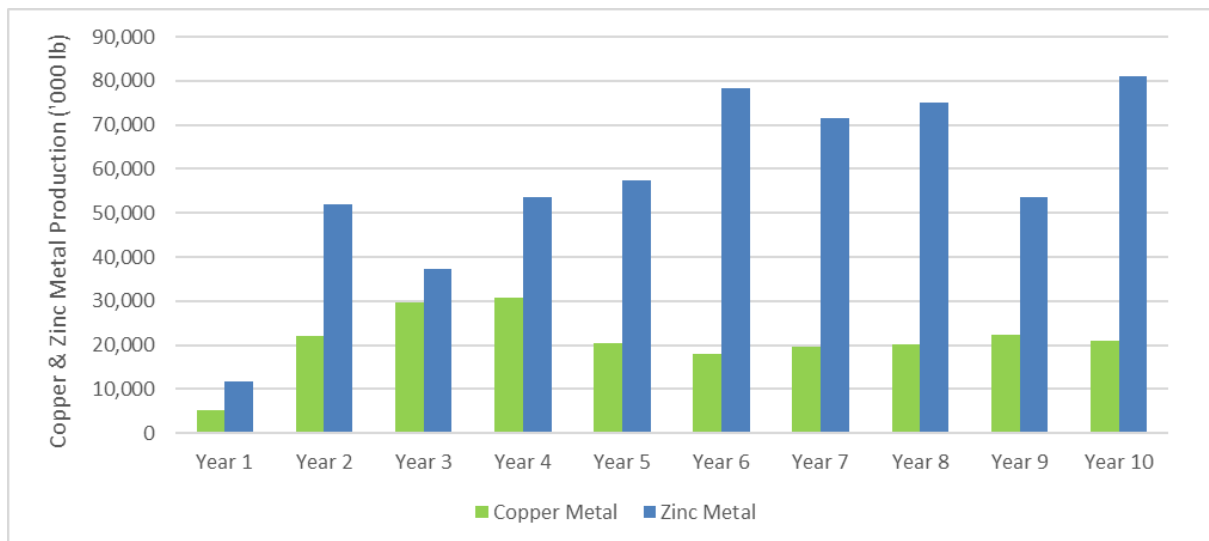
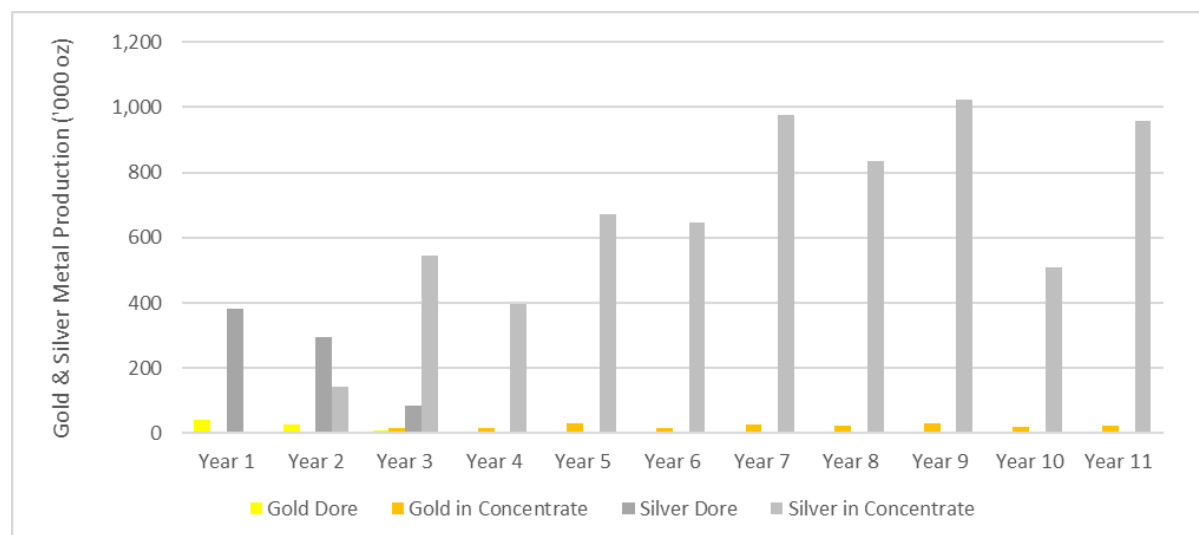


Figure 1.6 Gediktepe annual gold and silver metal production



1.6 Infrastructure and services

Access to site and transport and logistics to supply the Oxide Project are well established. The Oxide Project has access to the open pit, heap leach area, and other facilities all year round. For the Sulphide Project, a new 6.4 km access road will be constructed by the mining contractor using cut and fill and sealed with cold asphalt or concrete. Access to the Sulphide Project plant will be from haul roads leading to the ROM pad.

The Sulphide Project will use the Oxide Project infrastructure and the following:

- The expanded TSF.
- The CWP, which will provide water to the project.
- The expanded non-acid generating (NAG) waste dump located at the west of the mining licence. The current design has 76 Mm³ of capacity, but can be increased to 122 Mm³.
- Additional power transmission line.
- Mine buildings, such as offices, warehouse, workshops, changing room, and canteen.

Tailings from the flotation circuits will be combined and thickened to 65% solids prior to being pumped to the TSF. The TSF and CWP will be located in a steep-sided valley. Geotechnical investigations were conducted which included boreholes, test pits and sampling, and laboratory testing of both borrow and foundation materials. Seismic assessments were also carried out. The TSF will cover 60 ha with a storage volume of 11 Mm³, for tailings storage of 17.4 Mt. The TSF embankment will be constructed using waste rock from the mine. A liner system comprising a 0.5 m thick clay material with a textured 2 mm thick HDPE geomembrane. An over drainage system (above the lining system) will be constructed to capture leachate from the tailings profile and to reduce the phreatic surface within the TSF. An underdrain system will be installed under the TSF lining system to recover water from springs within the TSF valley and to act as a leak detection system.

A clean water pond, located downstream of the TSF, will accept runoff diverted around the mining operations and from the underdrain system of the TSF. The closest settlements to the facilities are the Asidere and Meyvali neighbourhoods, which are 300 m downstream, and Haciomerderesi neighbourhood, which is 600 m downstream.

1.7 Market studies and contracts

Polimetal requested Link to assess the value and the marketability of the copper and zinc concentrates to be produced from the Sulphide Project, including payability, deductions, forecasts of smelting charges and metal prices.

Link noted that continued urbanization and industrialization and the growth in demand for electrical vehicles will continue to be the major drivers of copper demand and pricing, and that construction and transportation, ongoing urbanization and industrialization of the developing world will continue to be the major drivers of zinc demand and pricing.

Metal prices, royalties and concentrate treatment and refining costs for the copper and zinc concentrates are shown in Table 1.5.

Table 1.5 Metal prices, royalties and treatment costs

Metal	Metal Price	Payability Lesser of		Royalty (% Metal Price)	Treatment and Refining Cost
Copper concentrate					US\$90/dmt
Copper	US\$3.63/lb	96.5%	Cu -1%	5.5	US\$0.09/lb Cu
Gold	US\$1,500/oz	90%	Au - 1 g/t	4.8	US\$10.00/oz Au
Silver	US\$20.00/oz	90%	Ag - 30 g/t	3.6	US\$1.00/oz Ag
Zinc concentrate					US\$200/dmt
Zinc	US\$1.27/lb	85%	Zn - 8%	4.5	-
Gold	US\$1,500/oz	70%	Au - 1 g/t	4.8	US\$10.00/oz Au
Silver	US\$20.00/oz	70%	Ag - 108.862 g/t	3.6	US\$1.00/oz Ag

Source: Link and Polimetal.

1.8 Environmental studies, permitting and social impact

Environmental impact assessment (EIA) studies for the Oxide Project were carried out by SRK. The EIA was given an "EIA Positive" decision by the Ministry of Environment and Urbanization in 2016. The environmental impacts of the Oxide Project and Sulphide Project were previously evaluated within the scope of that EIA. Because the Oxide Project is already constructed and operating, site-specific conditions are well-defined. Dust, noise, and vibration measurements are all controlled and reported to the Regional Environmental and Urbanization Department. Assays of surface and underground water monitoring wells are shared with legal authorities. All permits are in place for the Oxide Project and local authorities visit to confirm that adequate controls are in place. Periodic reporting to regulatory authorities for the Oxide Project is in place.

Diversion channels are planned to prevent contamination of water coming from natural drainage entering the site. Diversion channels built around the open pit, waste dumps, heap leach facility, and TSFs have been sized for an average recurrence interval of 1 in 1000 extreme peak flow rates. The operational water needs will be met from the CWP and surface water. Water from the CWP will be distributed after treatment at the water treatment plant.

The level of environmental noise to be generated by equipment during open pit mining was evaluated, with an estimated cumulative sound level of 56 dBA in Meyvalı, 51 dBA in Hacıömerderesi and 52 dBA in Aşidere, against statutory limits of 65 dBA in the day, 60 dBA in the evening, and 55 dBA at night. In the worst-case scenario where all equipment operates simultaneously, noise will be below the daytime and evening legislated limits.

Geochemical studies were carried out to determine the acid mine drainage (AMD) and metal leaching potential of waste rock. Geochemical characterization of the waste showed potential net acid production in lithologies from the sulphide zone. Kinetic analysis samples showed long delay times in some sulphide rocks, associated with the sulphur oxidation reaction rates and the neutralization potential content. Therefore, it will be possible to prevent or minimize the risk of net acidic drainage during operations with appropriate waste management.

Potentially acid-generating (PAG) waste with high sulphur content will be stored within the existing PAG waste dumps and PAG waste with lower sulphur contents will be blended with NAG waste and stored in a NAG WRD. Blending PAG waste with lower sulphur content with NAG waste will minimize acid formation during both operations and closure phases.

Closure and rehabilitation works will be carried out upon completion of operations. The pit base will be 1,155 m above mean sea level (AMSL) in the north and 1,120 m AMSL in the south. Hydrogeological studies identified that a lake will be formed in the open pit on closure after dewatering ceases, with the north pit lake expected to reach a final level of 1,175 m AMSL 5-6 years after closure and then spill into the south pit lake. The south pit will reach 1,145 m AMSL within 6.5-7 years from the end of dewatering and begin to overflow into natural drainage within 2-7 years, depending on upstream diversions.

Water quality and quantity evaluation of the pit lake after closure is still in progress, and will determine treatment requirements, with both passive and active treatment options. The TSF is located 160 m downstream of the spill-over point, with its perimeter embankment at 1,160 m AMSL. Water management of mine closure will focus on transferring spill-over water downstream without allowing ponding behind the TSF.

At closure, the TSF will be covered with rock and levelled. The minimum total top-surface cover thickness will be 2 m. While the overall cover thickness of 2 m is appropriate, it is recommended that alternative cover designs be considered.

Polimetal reports significant local support since the start of exploration and into operation of the Oxide Project. Local residents were recruited during construction activities of the Oxide Project, and currently 60% of the workforce is from the nearby villages, of Bigadiç or Balıkesir, strengthening the relationship between Polimetal and local residents. The community relations department of Polimetal has communicated with local authorities, local villagers, and other stakeholders about the development progress of the Sulphide Project. The same employment approach will be used for sourcing labour for the Sulphide Project, with Polimetal receiving positive feedback on providing long term employment. Unionization of the workforce gives security of personal rights and built trust between local residents, the workforce and Polimetal.

1.9 Capital and operating costs

Operating costs were developed for Gediktepe from the following sources:

- Operating costs for the Oxide Project were provided by Polimetal.
- Mining costs for the Sulphide Project derived from contract unit rates, owner costs derived from Oxide Project costs, and forestry costs were provided by Polimetal.
- Sulphide ore processing and general and administration (G&A) fixed costs, variable operating costs, and sustaining capital costs were provided by GRES.

Both operating and capital costs have a base date of Q2 2022 and are expressed in US\$. The operating cost life of mine total and average unit costs are shown in Table 1.6.

Table 1.6 Gediktepe LOM operating cost summary

Operating Cost Elements	Units	Unit Cost (US\$/t)	Total Cost (US\$'000)
Mine			
Owner's personnel	US\$/t rock	0.20	22,981
Mining contractor's cost	US\$/t rock	1.67	195,499
Total mining cost	US\$/t rock	1.86	218,480
Processing			
Oxide direct cost	US\$/t feed	19.94	27,170
Sulphide direct cost	US\$/t feed	22.58	391,497
Total processing cost	US\$/t feed	22.39	418,667
Owner's cost			
Sitewide general and administration	US\$/t feed	1.01	18,816
Land usage and forestry fee	US\$/t feed	1.64	30,652
Licence and compliance fees	US\$/t feed	0.11	2,116
Total Owner's cost	US\$/t feed	2.76	51,585
Total operating cost	US\$/t feed	36.83	688,732

Capital costs were developed for the Project from the following sources:

- Sulphide ore processing plant construction costs were provided by GRES.
- TSF and CWP capital construction and closure costs were provided by EN-SU.
- Mine closure, environmental monitoring, and Owner's costs were provided by Polimetal.

Gediktepe capital costs, inclusive of US\$14.28M of contingency, are summarized in Table 1.7.

Table 1.7 Gediktepe LOM capital cost summary

Description	Units	Initial Capital	Other Capital	Total Capital
Sulphide ore process plant	US\$'000	95,964	832	96,796
TSF and CWP	US\$'000	28,366	39,014	67,380
Mining	US\$'000	992		992
Mine closure	US\$'000	-	11,421	11,421
Contingency	US\$'000	8,029	6,248	14,276
Total Capital	US\$'000	133,350	57,514	190,864

Contingency allowances were estimated for each component, ranging from 6% for the capital cost of the sulphide ore processing plant estimated by GRES, to 8% for the TSF and CWP developed by EN-SU, and 25% for mine closure estimates developed by Polimetal.

1.10 Economic assessment

Project revenues were developed from the mining and processing schedule developed by AMC, metal prices, government and third-party royalties, concentrate treatment and refining costs, and penalties for copper and zinc concentrates provided by Link. Key revenue inputs are shown in Table 1.5 and total Project revenues in Table 1.8.

Table 1.8 Gediktepe LOM revenue summary

Revenue Elements	Total (US\$'000)
Revenue	
Gold in doré	108,456
Silver in doré	14,889
Copper concentrate	730,695
Zinc concentrate	619,615
Au in Cu concentrate	240,025
Ag in Cu concentrate	64,080
Au in Zn concentrate	14,481
Ag in Zn concentrate	19,964
Subtotal	1,812,205
Sales cost	
Doré Sales Cost	1,564
Cu Concentrate Transport Cost	41,496
Zn Concentrate Transport Cost	54,318
Copper Conc. Treatment	33,790
Zinc Conc. Treatment	98,291
Copper Conc. Cu Refining Charge	18,123
Copper Conc. Au Refining Charge	1,697
Copper Conc. Ag Refining Charge	4,202
Copper Conc. Insurance	1,942
Zinc Conc. Insurance	1,111
Subtotal	256,534
Penalties	
Lead in Copper Conc	5,996
Zinc in Copper Conc	271
Arsenic in Copper Conc	781
Lead in Zinc Conc	32
Copper in Zinc Conc	-
Arsenic in Zinc Conc	-
Subtotal	7,080
Total Revenue	1,548,591
Government Royalty on Ore	55,488
EMX Royalty	45,248
Subtotal	100,736
Revenue less royalties	1,447,855

AMC developed a high-level Microsoft Excel-based pre-tax cash flow economic assessment model for Gediktepe using the cost and revenue information described above. Polimetal provided taxation calculations to be applied to the economic assessment to develop post-tax cash flows and financial indicators such as internal rate of return (IRR), net present value (NPV), and payback periods. Undiscounted cash flow, net present value discounted at 10% (NPV 10%), internal rate of return, and payback period (discounted) are shown in Table 1.9.

Table 1.9 Gediktepe LOM pre-tax cash flow summary

Cash Flow Elements	Total (US\$'000)
Total operating cost	688,732
Total revenue	1,548,591
Total royalty	100,736
Operating cash flow	759,123
Capital cost	190,864
Cash (operating and capital) flow	568,536
NPV (10%)	264,530
Internal rate of return	60%
Payback period (years)	3.4

The Project returns a positive undiscounted cash flow and NPV at a 10% discount rate. The payback period for discounted cash flows is 3.4 years. The cumulative undiscounted and discounted (NPV) cash flows are shown in Figure 1.7.

Sensitivity of the NPV to the key drivers of operating cost, capital cost and revenue for a range of +/-15% is shown in Figure 1.8. This shows NPV changes by 47% for a 15% change in revenue related items (such as metal price, recovery or grade), 23% for a 15% change in operating cost and 9% for a 15% change in capital cost.

Figure 1.7 Cumulative undiscounted and discounted cash flow

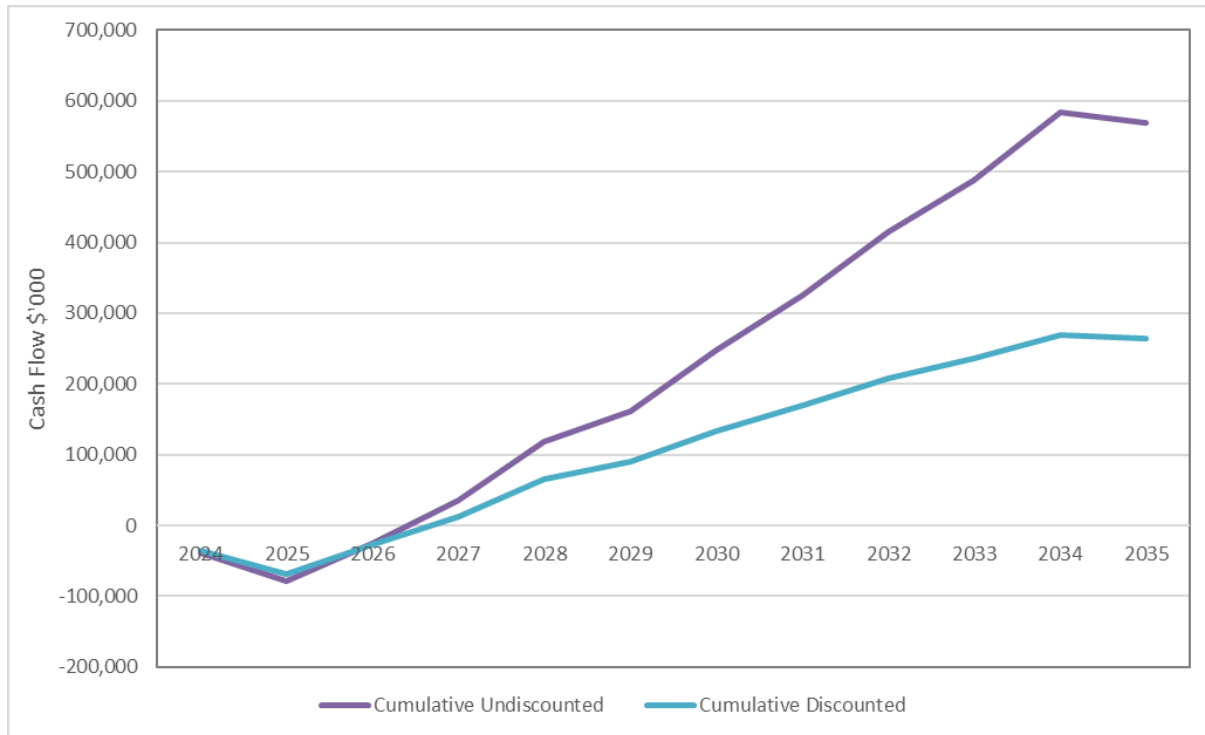
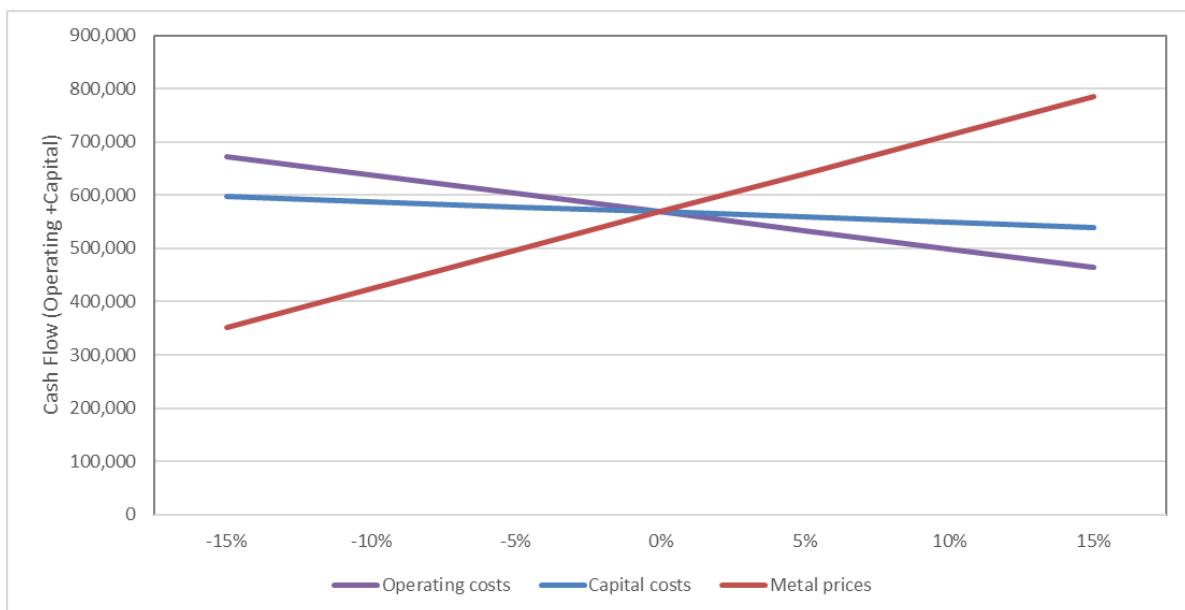


Figure 1.8 Economic sensitivity of cash flow



1.11 Other relevant data

Project implementation

Polimetal will use an engineering, procurement, and construction management (EPCM) approach for project delivery and appoint a Managing Engineer to arrange suitable installers to carry out design, procurement, fabrication and construction works to deliver the completed project. The Owner will pay for all direct costs of plant, equipment, materials, supply, fabrication and erection orders, as approved by the Managing Engineer. The works will be divided into packages and construction is estimated to take 116 weeks up to the time of commissioning from approval of finance. Project implementation strategy

is driven by relying on Turkish construction companies and fabricators where practical and/or competitive.

Project organization

Gediktepe has a conventional mining organization structure with a predominantly unionized workforce. The Oxide Project has the functional areas of mining, process, maintenance, health, safety and the environment, administration, purchasing, warehouse, public relations, information technology and communications, finance and accounting, and human resources departments. The same departmental structure will be used for managing the Sulphide Project. A marketing department will be included in the organization.

The mining team is currently managing all open pit and waste rock mine planning and operations and will manage all open pit and waste rock mining during the sulphide operation. The current Oxide Project process team will be strengthened with flotation-experienced engineers and operators. Türkiye has a significant amount of flotation plants and has enough experienced engineers and operators with flotation experience and training. The marketing department will manage off take agreements, selling concentrates and organizing ports.

Where possible, Polimetal proposes that the increase in the size of the workforce during sulphide construction and operation be sourced from local villages, Bigadiç and Balıkesir, the Simav district, the Sındırgı district and the Kütahya province.

1.12 Interpretations and conclusions

Mineral Resource estimate

The regional and Gediktepe geology is well understood and reflected in the geological model used in the Mineral Resource estimate. Gediktepe has been extensively drilled through a combination of reverse circulation (RC) and diamond drillholes (DD) enabling a robust interpretation of the geology and mineralization. AMC is of the opinion that the Mineral Resource is a fair representation of the sample and geological data. AMC has carried out a series of visual and statistical validation checks on the Mineral Resource block model, and the validation checks show that the Au, Ag, Cu, Zn and Pb grade estimates correlate with the sample data.

Mineral Resource classifications are suitable and consider data quality, geological continuity, grade variability, and performance of the grade estimates. Areas classified as Measured are limited to the massive pyrite domain (MSPY), where there is good coverage by drilling data and a good understanding of geological and grade continuity. Areas classified as Indicated are well supported by drilling data. Mineral Resources are reported on an NSR basis. Metal prices for Ag, Cu and Zn appear reasonable. The Au price of US\$1,725/oz appears conservative and may present some upside potential.

Exploration

Geochemical and geophysical exploration surveys have identified anomalies which correspond to known mineralization occurrences, supporting the use of these methods for exploration purposes. Additional exploration targets have been identified through the exploration methods beyond the current Mineral Resource. Polimetal have outlined four near mine target areas with oxide potential. These are situated around the existing open pit and comprise:

- Area 1: situated immediately SW of the open pit.
- Area 2: situated on the NW flank of the open pit.
- Area 3: situated NE of the open pit.
- Area 4: located approximately 1.3 km west of the open pit.

AMC has compared the four near mine oxide target areas with the geochemistry and geophysical data. The target areas correspond to areas exhibiting soil and rock geochemistry results with anomalous elevated gold grades, indicating potential oxide hosted gold mineralization.

Ore Reserve estimate

AMC completed an assessment at feasibility level to determine appropriate Modifying Factors to convert Measured and Indicated Mineral Resource to Ore Reserve. The Ore Reserve takes account of diluting materials and allowances for losses that may occur when the material is mined and processed. Economic assessment, using reasonable financial assumptions, shows that extraction of the Ore Reserve can reasonably be justified. Inferred Mineral Resources are considered as waste rock in the mine plan and economic assessment of the Ore Reserve. Enriched mineralization and buffer material that are not included in the processing schedule are not included in the Ore Reserve.

AMC considers that Modifying Factors are at an appropriate level of confidence for an Ore Reserve estimate and that the Ore Reserve and classification are reasonable. However, confidence in geotechnical Modifying Factors are not as high as other factors and additional work on pit stability assessment is recommended.

Mining and mine plan

The drill and blast, load and haul mining methods currently being used at the Oxide Project with an experienced mining contractor are considered appropriate for the operation, as is the scaling up the current methods and equipment fleet to account for larger movements required for the Sulphide Project.

The mine plan developed by AMC is reasonable and robust. The Oxide Project is well understood through extensive experience over four years. The Sulphide Project is less well understood, with enriched mineralization and buffer material complications making mine planning and mine scheduling more complex.

Additional work on geotechnical assessment of pit slopes using the full range of rock strengths identified in geotechnical testing is recommended prior to implementation to confirm that pit slopes are stable.

Mineral Processing

The Oxide Project heap leach and Merrill-Crowe ore processing infrastructure and processes are well understood and will continue until the Sulphide Project is in production.

The sulphide processing facility has been designed to treat 1.82 Mt per annum of copper and zinc bearing sulphide ore. The sulphide flowsheet includes primary crushing, two stage grinding, sequential flotation (pre-float of talc/silicate minerals, and production of separate copper and zinc concentrates), regrind (copper and zinc), concentrate thickening, concentrate filtration, and tailings disposal (thickening). This is all well tested technology, and multiple similar operations are in production around the world. Metallurgical testwork and flowsheet development was undertaken using extensive testwork and analysis by well-respected metallurgical consultants, GRES in partnership with HMT.

The process plant design has been based on the key parameters, with the metallurgical balance and flotation circuit equipment selection based on median values achieved in the locked cycled flotation testing. The maximum concentrate production rate and grade from locked cycle tests has been used as a check on the capacity of the equipment to handle higher concentrate rates and the expected short term maximum head grades from the mine.

Infrastructure

Existing Oxide Project infrastructure will be used as much as possible for the Sulphide Project, with the addition of an expanded TSF, a CWP, additional power transmission lines, and additional office, warehouse, workshop, changing room, and canteen buildings. Operational water needs will be met from the CWP and surface water. Water from the CWP will be distributed after treatment at the water treatment plant.

The TSF was designed with a storage volume of 11.1 Mm³, sufficient for the LOM. To provide this volume with the lowest cost, the Acisu Stream valley adjacent to the pit and processing facilities was selected. The TSF and CWP pond are located in a steep sided valley, with the closest settlements to the facilities being the Asidere and Meyvali neighbourhoods 300 m downstream and Haciomerderesi neighbourhood 600 m downstream. The TSF has a 'Very High' consequence classification (refer Global Industry Standard on Tailings Management (GISTM), 2020), assigned from a 'potential population at risk' of at least 100.

The design criteria adopted by EN-SU were based on Turkish standards and were considered compatible with ANCOLD 2019 hazard rating. TSF design and all construction drawings and reports were approved by Ministry of Environment & Urbanization. International guidelines were subsequently changed since the original TSF design was compiled.

Markets and Contracts

The Project will produce a copper concentrate and a zinc concentrate between years 1 and 11 to generate revenue. Formal discussions have commenced, and smelters have confirmed their interest in both concentrates under long-term agreements and have indicated willingness to sign Letters of Intent when final qualities and quantities are known.

The copper concentrates are expected to be attractive for western copper smelters, however, attention should be given to the contents of Pb to maintain the level below 2.5% and as low as possible to reduce penalty charges. The zinc concentrates are clean, without any deleterious elements and with payable precious metal contents, generating additional income in the concentrates.

Based on the expectation that growth in copper smelting capacity will be greater than the growth in concentrate supply, it is expected that global smelting capacity for copper remains sufficient to absorb the new production. The rising demand for zinc metal will come from higher utilization of existing smelters, new smelters or expansions at existing smelters.

Environment, approvals and social

All permits are in place for the Oxide Project, local authorities visit to confirm that adequate controls are in place, and periodic reporting to regulatory authorities is in place. Because the Oxide Project is operating, site-specific conditions are well-defined. Dust, noise, and vibration measurements are all controlled and reported, along with assays of surface and underground water monitoring wells. Diversion channels have been built around the open pit, waste dumps, heap leach facility, and TSFs, with further channels planned to prevent contamination of water from natural drainage entering the site during the Sulphide Project.

Geochemical studies were carried out to determine the acid mine drainage and metal leaching potential of waste rock. Geochemical characterization of the waste showed potential net acid production in lithologies from the sulphide zone. Kinetic analysis samples showed long delay times in some sulphide rocks, so that it will be possible to prevent or minimize the risk of net acidic drainage during operations with appropriate waste management. High sulphur potentially acid-generating (PAG) waste will be stored within

the existing PAG waste dump and PAG waste with lower sulphur contents will be blended with non-acid-generating (NAG) waste and stored in a NAG WRD.

Closure and rehabilitation works will be carried out on completion of operations. A pit lake will be formed after dewatering ceases and is expected to overflow into natural drainage. The TSF will be covered with rock, levelled, and with a minimum top-surface cover thickness of 2 m.

Polimetal reports significant local support since the start of exploration and into operation of the Oxide Project, with 60% of the workforce from nearby villages. The community relations department of Polimetal has communicated with local authorities, local villagers, and other stakeholders about the development progress of the Sulphide Project. The same employment approach will be used for sourcing labour for the Sulphide Project.

Capital Cost Estimates

Capital cost estimates were prepared using international engineering standards by appropriately qualified and experienced engineering consultants using a combination of first principles estimates and supplier quotes and budget estimates. Initial capital costs for construction are estimated at US\$133M, with a further US\$58M in capital throughout the mine life for an overall capital cost of US\$191M, inclusive of approximately US\$14M in contingency.

Contingency allowances were estimated for each component, ranging from 6% for the capital cost of the sulphide ore processing plant, to 8% for the TSF and CWP, and 25% for mine closure estimates. Capital costs are considered reasonable and reflective of the proposed operation.

Operating Cost Estimates

Operating cost estimates were prepared using international engineering standards by appropriately qualified and experienced engineering consultants using a combination of first principles estimates and experience with operating the Oxide Project. Mining operating costs averaged US\$1.86/t rock mined, oxide processing costs averaged US\$19.94/t processed, sulphide processing costs US\$22.58/t processed, and overall operating costs averaged US\$36.83/t processed.

Operating costs are considered reasonable and reflective of the current Oxide Project and the proposed Sulphide Project.

Economic Analysis

Economic analysis of the Project returns a positive undiscounted cash flow and NPV of US\$264M at a 10% discount rate and an IRR of 60%. The payback period for discounted cash flows is 3.4 years.

Sensitivity of the NPV to the key drivers of operating cost, capital cost and revenue for a range of +/-15% shows NPV changes by 47% for a 15% change in revenue related items (such as metal price, recovery or grade), 23% for a 15% change in operating cost and 9% for a 15% change in capital cost.

Risks and opportunities

The Project risks identified as high are:

- Penalties will be applied by smelters for off-specification concentrates and there is a risk that penalties may be higher than planned. Lead reporting to copper concentrate from disseminated ore can result in penalties from Chinese smelters. Therefore, European or Japanese smelters should be targeted for sales of copper concentrate.

- The natural variability of this type of deposit will return variable, and at times, material levels, of uncertainty (lower confidence). These uncertainties are not evenly distributed throughout the deposit.
- Unidentified faults not included in the geological fault model could form large plane shears and wedges and affect bench stability.
- Pit slopes may be too high in some areas and require additional waste stripping to form stable slopes.
- Groundwater trapped behind faults and foliation could result in localized high pore pressures that impact slope stability.
- The pit lake could overflow from the south portion of the pit at the level of 1,145 m above mean sea level during the closure period.
- Mine planning, if not properly undertaken, could result in incorrect areas of the pit being scheduled for mining and result in mining of sulphide ore prior to the sulphide plant commissioning and result in wastage of sulphide ore.
- Stockpiling of sulphide ore for extended periods is not possible due to alteration in the characteristics of the ore which results in low recoveries. A risk exists that the current allowance for stockpiling, in covered areas, is insufficient to meet the mine schedule. This must be critically reviewed in the next stage of mine planning.
- The rate of rise during the initial years of operation, considering unexpected heavy rain and a narrow settling area for tailings, may be quicker than planned. Phase 3 of TSF construction may, therefore, start sooner than planned.
- Geotechnical analysis of the process plant area is required prior to beginning construction and may result in site infrastructure changes and increased costs.
- There is the risk that prices continue to increase at a significant rate and that the capital cost increases substantially prior to implementation of the Sulphide Project.

The major project opportunities are:

- Off-take agreements with smelters for concentrates from Gediktepe will ease financing.
- Sulphide ore is open and dipping at the north and north-west sides. The open part of the sulphide deposit is around 60 m thick. With resource drilling from inside the open pit, more Mineral Resource may be identified and converted to Ore Reserve.
- Additional exploration activities have identified other areas of potential oxide mineralization in the near mine area. Subject to further successful exploration works including drilling, there is the potential to increase the oxide Mineral Resources and extend the duration of oxide operations.
- Alternative markets may be identified to allow mining and transport of enriched mineralization as a directly saleable ore product.
- Mining may be more selective than assumed and result in less tonnes classified as buffer material around enriched mineralization, resulting in more sulphide ore suitable for plant feed.
- Calık Holding, a Holding company of Polimetal, has a construction company within its corporate group, which may assist with the procurement and construction of the Project.
- Processing enriched mineralization may add significant economy to the Project.

1.13 Recommendations

The following studies are recommended prior to project implementation:

- Update the resource model with new drilling data (drilling underway on site) and learnings from the reconciliation between resource and reserve models and mine production from Oxide Project mining and processing operation.
- Review the classification criteria for low confidence blocks.

- Update mine plans with the new resource model and results of other work.
- More detailed geotechnical study should be undertaken during the Oxide Project to confirm fault characteristics and locations, increase the confidence level of the geotechnical model, and adjust the in-pit geometry of production faces accordingly.
- A geophysical study should be undertaken over the areas for which there is little or no drill core data to identify potentially problematic ground conditions.
- Revise the open pit slope stability study based on production phases and possibly for each production year with the information obtained during the Oxide Project.
- Update the groundwater model with test data from new dewatering drillholes.
- Revise the method for identifying PAG waste rock and updating the NCV model when additional data is available from the waste characterization programme.
- Provide additional detail on waste characterization modelling and the scheduling of potentially acid-generating (PAG) and non-acid-generating (NAG) waste rock dumping.
- Update detailed short-term quality scheduling for sulphide process plant feed to ensure any areas of high impurity grades are blended to achieve a saleable product quality.
- Final plant layout to be confirmed.
- Power supply and voltage to be confirmed and final design to be confirmed.
- Start off-take agreement discussions with potential customers.
- Review hedging strategies to assess value of hedging a proportion of planned production.
- List any permit updates required for the Project investment and commissioning and schedule the required permit applications and deadlines based on the construction and commissioning schedule.
- Review closure plans every two years and update the closure cost.
- Put aside closure funds to cover closure costs and any future requirements.
- Seek EPCM contractor expressions of interest, then proceed to evaluation, contractual arrangements, and appointment.

2 Introduction

2.1 Purpose of the CPR

This CPR was prepared for Polimetal Madencilik Sanayi Ticaret A.Ş. (Polimetal) by AMC Consultants Pty Ltd.

Polimetal owns mineral assets located in the Balıkesir Province of Western Türkiye (Mineral Assets). The Mineral Assets consist of:

- Gediktepe open pit gold and silver mine and 0.864 Mtpa heap leach and Merrill-Crowe oxide ore processing plant (Oxide Project). The process plant currently treats gold and silver ore contained in the oxidized zone and, as a stand-alone project, the Oxide Project, has a remaining life to 2025.
- Gediktepe sulphide development project (Sulphide Project), which will mine and process the sulphide ore underlying the oxidized cap currently being mined and processed. This sulphide zone contains copper, zinc, gold, and silver minerals and Polimetal will produce copper and zinc concentrates with gold and silver credits. The Sulphide Project comprises an expanded and deeper open pit mine, a sulphide ore processing plant and supporting infrastructure, and expanded clean water pond (CWP), waste dump, and tailings storage facility (TSF).
- Exploration properties.

Mineral Resource and Ore Reserve estimates, classified and reported under the guidelines of the JORC Code, have been prepared for the Sulphide Project (AMC 2022) and separately for the Oxide Project.

Polimetal has requested AMC Consultants Pty Ltd (AMC) to prepare a Competent Person's report (CPR) on the Mineral Assets to support a potential listing on the London Stock Exchange (Proposed Transactions).

The CPR conforms with the Financial Conduct Authority's Technical Note 619.1 and is for inclusion in offering documents, including but not limited to the offering circular, and the prospectus or marketing materials in relation to the Proposed Transactions.

2.2 AMC's independence

AMC confirms that it is independent of Polimetal and has no interest in the Mineral Assets or the LSE listing, should it proceed. The key AMC employees are Members or Fellows of the Australasian Institute of Mining and Metallurgy or the Institute of Mining and Metallurgy, UK, or the Australian Institute of Geoscientists, or Chartered Geologists with the Geological Society of London and are bound by the codes of ethics of those industry professional institutes whose charters include the upholding of standards and developing and promoting professional best practice in the mining industry.

Notwithstanding the below declaration of independence, it should be noted that AMC has, in recent years, undertaken other technical consulting assignments for Polimetal on the Gediktepe Sulphide Project. An AMC consultant has signed off as Competent Person for the Gediktepe Sulphide Mineral Resources and Ore Reserve estimates in accordance with the JORC Code, even though the statements of those estimates were not publicly released. Therefore, this CPR will include descriptions of those estimates, plus coverage of the other technical aspects of the Mineral Assets.

AMC has no interest in the Mineral Assets or the Proposed Transactions.

Neither AMC nor the contributors to this CPR will receive benefits other than the fees paid to AMC and the contributors in connection with preparation of this CPR. The fee paid to AMC is not dependent on the findings of this CPR. AMC does not, nor do its directors or employees, have any business relationship with Polimetal or its shareholders other than

the carrying out of individual consulting assignments as engaged. Based on the above, AMC concludes that it is independent for the purposes of preparing this CPR.

2.3 Qualifications on the CPR contents

For the purposes of preparing the CPR, AMC has reviewed material technical reports and management information. AMC has not audited the information provided to it but has aimed to satisfy itself that all the information was prepared in accordance with proper industry standards and is based on data that AMC considers to be of acceptable quality and reliability.

In preparing the CPR, AMC relied on information provided by Polimetal and specialist third party providers engaged to undertake work on the 2022 FS, and AMC has no reason to believe that information is materially misleading or incomplete or contains any material errors.

By way of Polimetal's acceptance of AMC's proposal to prepare the CPR, Polimetal has agreed to release and indemnify AMC for any loss or damage howsoever arising from AMC's reliance on any information provided by Polimetal in connection with the CPR that is materially inaccurate or incomplete.

Polimetal was provided with drafts of the CPR to enable correction of any factual errors and notation of any material omissions. The views, statements, opinions, and conclusions expressed by AMC are based on the assumption that all data provided to it by Polimetal are complete, factual and correct to the best of its knowledge. The CPR and the conclusions in it are effective at 31 March 2024. Those conclusions may change in the future with changes in relevant metal prices, exploration and other technical developments regarding the Mineral Assets and the market for mineral properties.

All currency values in this report are United States dollars (US\$ or \$) unless otherwise stated.

2.4 Reporting standard and compliance

The JORC Code is the mineral reporting standard adopted by Polimetal and used in this CPR for reporting and classifying Mineral Resources and Ore Reserves, and reporting exploration results and exploration targets. The JORC Code is a reporting code aligned to the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) reporting template. Accordingly, AMC considers the JORC Code to be an internationally recognized reporting standard which is recognized world-wide for market-related reporting and financial investment.

This CPR was prepared under the direction of a Competent Person who, according to the May 2022 Primary Market Technical Note on disclosure requirements under the Prospectus Regulation, should:

- Be professionally qualified and a member in good standing of an appropriate recognised professional association, institution or body relevant to the activity being undertaken, and who is subject to the enforceable rules of conduct.
- Have at least five years relevant professional experience in the estimation, assessment and evaluation of the type of mineral or fluid deposit being or to be exploited by the company and to the activity which that person is undertaking.
- Be independent of the company, its directors, senior management and its other advisors and have no economic or beneficial interest (present or contingent) in the company or in the mineral assets being evaluated and is not remunerated by way of a fee that is linked to the admission or value of the issuer.

Each Competent Person is independent of Polimetal, its directors, senior management and its other advisers, and has no economic or beneficial interest (present or contingent) in Polimetal or in any of the Mineral Assets being assessed and is not remunerated by way of a fee that is linked to the admission or value of Polimetal.

The Competent Person assumes overall professional responsibility for this CPR. This CPR is, however, published by AMC, the commissioned entity and, accordingly, AMC assumes responsibility for the views expressed herein. Consequently, where relevant, all references to AMC shall include the Competent Person and vice-versa.

Those who have prepared and accept responsibility for this CPR satisfy the above requirements.

2.5 Qualifications of consultants

This CPR has been prepared by AMC.

AMC is a firm of independent geological, mining geotechnical, mine engineering and mine management consultants offering expertise and professional advice to the exploration, mining and mining finance industries from its offices in Australia (Melbourne, Perth, Brisbane, and Adelaide), United Kingdom (Maidenhead), Canada (Vancouver), and South Africa (Capetown). AMC's activities include the preparation of due diligence reports on, and reviews of, mining and exploration projects for equity and debt funding, and for public reports.

AMC's project manager and the Competent Person for preparation of this CPR is Mr Glen Williamson. Glen is AMC's Operations Consulting Manager and Principal Mining Engineer and has managed a team of AMC consultants that contributed to this CPR. Mr Williamson is a Fellow and Chartered Professional (CP Mining) of The Australasian Institute of Mining and Metallurgy (AusIMM). He has over 40 years of experience in the mining industry, with broad experience in copper and gold and other open pit operations in both mine planning and management roles. In these roles, he has been responsible for public reporting of Ore Reserves in accordance with the JORC Code, Canadian Institute of Mining, Metallurgy and Petroleum (CIM, Canadian National Instrument 43-101, NI 43-101), and United States Securities and Exchange Commission Regulation S-K 1300, and has managed feasibility studies in Australia, Türkiye, and other countries for copper, gold and other natural resources, and has conducted operational reviews and provided information for valuations of mineral assets.

The Competent Person for Mineral Resources is Mr Nick Szebor, MCSM, MSc, Cgeol, EurGeol, who is a full-time employee and Regional Manager, Maidenhead (UK)/Principal Geologist (Resource Geology) at AMC. Nick has 17 years of experience within the mineral industry, working in roles, including consultancy and production. His experience covers a range of commodities, geological settings, and exploration and production environments. This experience has been obtained across the mining life cycle from early-stage to production and mine closure. Nick is a member in good standing of the European Federation of Geologists (License #1174) and a Chartered Geologist and Fellow of the Geological Society of London (License #1015279). Nick is a Competent Person and Qualified Person and has carried out Mineral Resource estimates to international reporting codes, including CIM (NI 43-101), JORC Code and SAMREC Code.

The Competent Person for mine planning is Mr Koray Gundem, BEng (Mining), MAusIMM, who is a full-time employee and Open Pit Manager, Perth and Principal Mining Engineer at AMC. Koray has more than 30 years' experience in the mining industry. He has extensive mine technical and managerial experience across a number of commodities including gold, iron ore, copper, diamonds, uranium and rare earths. He has worked on projects based in Australia, South Africa, Türkiye, USA, Russia, Philippines, South America and Kazakhstan.

He is experienced in executive, operations management as well as project management and consulting. Koray has managed many feasibility studies for AMC over the last 27 years.

The Competent Person for metallurgy and ore processing is Mr Peter Allen, BEng (Met), MAusIMM (CP-Metallurgy), who is a full-time employee and Manager – Technical Services at GR Engineering Services Ltd (GRES). Peter has more than 40 years' experience in the mining industry. He has worked with a team of GRES engineers and technical personnel contributing to this CPR. Mr Allen has experience in mineral processing operations, plant design, commissioning and feasibility studies for commodities including base metals, precious metals, industrial minerals and iron ore. Other duties with GRES have included operational and project reviews, consultation and contribution to due diligence investigations both within Australia and overseas.

Mr Chris Hogg, BE (Civil), GradCertBus (Mineral Economics), MIEAust, CPEng, is an associate of AMC and a full-time employee and Principal Tailings Engineer for CMW Geosciences, an independent specialist in civil and geotechnical engineering and tailings management. Chris has over 35 years of industry experience across civil engineering, geotechnical engineering, and tailings storage design with a number of well credentialed civil engineering companies and reviewed the Gediktepe tailings storage facility.

Mr Bruce Gregory has peer reviewed this CPR in accordance with AMC's internal peer review policy. Mr Gregory is an AMC Principal Mining Engineer and is AMC's Perth office General Manager. He is a Fellow and Chartered Professional of the AusIMM. He has over 40 years of experience in the mining industry and has been the peer reviewer to numerous public independent technical reports.

All of the persons noted as Competent Persons meet the requirements of the JORC Code for Competent Persons. The qualifications and experience of the Competent Persons and contributing specialists for this CPR and their area of contribution are listed in Table 2.1.

Table 2.1 Key contributors to this CPR

Name	Qualifications	Affiliations	Review Area
Glen Williamson	BEng. (Mining Hons)	FAusIMM (CP Mining)	Competent Person for open pit mining, Ore Reserves and the CPR
Nicholas Szebor	MSc (MCSM) Mining Geology, BSc Ocean Science	CGeol, EurGeol, FGS	Competent Person for geology, Mineral Resources, and exploration
Koray Gundem	BEng. (Mining)	MAusIMM	Competent Person for mine planning
Peter Allen	BEng (Metallurgy)	MAusIMM (CP Metallurgy)	Competent Person for metallurgy and ore processing
Chris Hogg	BE (Civil), GradCertBus (Mineral Economics)	MIEAust, CPEng,	Independent specialist for Tailings Storage Facility
Bruce Gregory	BEng (Mining)	FAusIMM (CP Mining)	Peer review

2.6 Site inspections

AMC personnel visited the Gediktepe site during 2023 and did not consider re-visiting the site was necessary for the purposes of preparing this CPR.

AMC Principal Geologist, Chris Arnold, visited the Gediktepe mine on two occasions in 2018 and 2019 for five days each visit. In addition to inspecting the project site and reviewing a suite of representative drill core, the visits facilitated regular interactions with site professionals. No field or sampling operations were being conducted at the time of the site visits, and AMC did not inspect the ALS laboratory in Izmir.

The Competent Persons for mine planning and Ore Reserves, Glen Williamson and Koray Gundem visited the Gediktepe mine for two days in July 2023, where they undertook an inspection of the open pit and ore processing operations to evaluate site conditions, the performance of the mining operation, the condition of the open pit walls, the hardness of ore and waste materials, the equipment employed on site, and the general layout of the operation. AMC's mine planning engineer has also visited the site on multiple occasions to undertake briefings with mine planning personnel and develop mine plans.

The Competent Person for metallurgy and ore processing, Peter Allen, visited the Gediktepe mine for four days in September 2017, where he undertook an inspection of the ore processing operations, the equipment employed in the plant, the general layout of the operation, the proposed plant and infrastructure locations, and inspected drill core to observe the hardness of ore. He also had briefings from Polimetal project, mining, geology, and exploration personnel, visited potential equipment vendors, participated in technical meetings with Polimetal and Alacer personnel in Ankara from 4 to 6 July 2018, and observed some of the test work completed by ALS for the variability programme in 2021-2.

The independent specialist for tailings management, Chris Hogg visited the Gediktepe mine in December 2017, where he undertook discussions with ENSU designers, a site reconnaissance of the mine area including CWP, TSF areas and communities immediately downstream, viewed core from geotechnical investigations and provide recommendations including additional investigations and testing requirements.

AMC has also relied on information and feedback provided by other AMC consultants who have visited the site together with AMC's familiarity with Gediktepe from previous consulting assignments.

2.7 Sources of information

The information in this CPR was derived primarily from the 2022 FS. Contributions to the 2022 FS and therefore for this CPR from Polimetal and third-party technical specialists engaged directly by Polimetal are included in this CPR. The work for which AMC and third-party technical specialists were engaged during the 2022 FS comprises:

- AMC for geology and sulphide Mineral Resources, mine planning and Sulphide Ore Reserves, pre-tax economic evaluation with input from others, and compilation of this FS Report.
- Golder Associates (Turkey) Ltd. ŞTI (Golder) for open pit and waste rock storage geotechnical assessment.
- SRK Consulting (SRK) for hydrogeology, hydrology, waste rock management, and mine closure.
- Hacettepe Mineral Technologies (HMT) for metallurgical testwork and process metallurgy.
- GR Engineering Services Ltd (GRES) for metallurgy and ore processing and the Project implementation schedule.
- CMW Geosciences Pty Ltd (CMW) and EN-SU Engineering (EN-SU) for tailings storage facility (TSF) and clean water pond (CWP) design and tailings management.
- Link Investment and Consulting UK (Link) for product marketing, metal prices, metal payability, concentrate treatment costs and penalties, metal refining costs, and concentrate land and ocean transport costs.

AMC did not direct or oversee the work of Polimetal or third-party technical specialists and has not reviewed their work, except as required by AMC to estimate Mineral Resources and undertake the mine planning and estimate the Ore Reserve, and the conclusions and recommendations of third-party specialists remain their own.

2.8 Conventions and abbreviations

Costs are expressed in Q2 2022 United States dollars (US\$ or \$), unless otherwise specified. All references to pounds (lb) of copper (Cu), zinc (Zn), or lead (Pb) are imperial pounds (454 g) and references to ounces (oz) of gold (Au) and silver (Ag) are troy ounces (31.1035 g).

Commonly used abbreviations and definitions are shown in Table 2.2.

Table 2.2 Abbreviations

Unit	Description	Unit	Description
\$ or US\$	United States dollar	LECO	LECO Corporation
US\$/oz	United States dollars per troy ounce	Link	Link Investment and Consulting UK
US\$M	million United States dollars	LME	London Metals Exchange
%	per 100	LOM	life-of-mine
/t	per tonne	LP	low pressure
<	less than	LV	low voltage
>	greater than	m	metre
≤	less than or equal to	M	mega (million)
≥	greater than or equal to	m AMSL	metres above mean sea level
°C	degrees Celsius	mμ	micron
2019 PFS	pre-feasibility study undertaken by Polimetal in 2018-2019	m ²	square meter
2D	two dimensional	m ³	cubic meter
3D	three dimensional	MAE	mean absolute error
AACE	Association for the Advancement of Cost Engineering	MAP	moisture active passive
ABA	acid base accounting	MBS	metabisulphides
AC	air core	MC	Merrill-Crowe
Ag	silver	MCC	motor control centre
AGI	stream flow measurement station	MCS	master composite sample
Ai	Abrasion Index	MDE	maximum design earthquake
Alacer	Alacer Gold Corp	MEL	mechanical equipment list
ALS	ALS Metallurgy Pty Ltd	mg/L	milligram per litre
AMC	AMC Consultants Pty Ltd	MGM	General Directorate of Meteorology
AMD	acid mine drainage	mi	Hoek-Brown intact rock parameter
AMSL	above mean sea level	mm	millimetre
ANC	acid neutralizing capacity	MoC	materials of construction
ANCOLD	Australian National Committee on Large Dams	MoEU	Ministry of Environment and Urbanization
ANFO	ammonium nitrate and fuel oil	Moz	million ounces
AoI	area of influence	mRL	metres reduced level
AP	acid potential	Mt	million tonnes
ARD	acid rock drainage	Mtpa	million tonnes per annum
ARI	average recurrence interval	MTTF	mean time to failure
As	arsenic	MTTR	mean time to repair
ASTM	American Society for Testing and Materials	MW	megawatt
Au	gold	MWh	megawatt-hour
AUD	Australian dollar	NAG	net acid generating

Unit	Description	Unit	Description
AVR	acidification, volatilization and recovery	NaHS	sodium hydrosulphide
bcm	bank cubic meter	NAPP	net acid producing potential
BFI	base flow index	NCV	net carbonate value
BOCO	base of complete oxidation	NI 43-101	Canadian Nation Instrument 43-101
BQR	budget quotation request	NP	neutralization potential
BV	Bed Volume	NPR	neutralization potential ratio
BWi	Bond Ball Mill Work Index	NPV	net present value
C	celsius	NQ	47.6 mm diameter core
CIF	cost, insurance and freight	NRMSE	normalised root mean squared error
CIP	Carbon in Pulp	NSG	non-sulphide gangue
CLC	Cobre las Cruces operation	NSR	net smelter return
cm	centimetre	OCS	open circuit cleaner test
cm2	square centimetre	OK	ordinary kriging
CMC	carboxymethylcellulose	OD Pond	over-drain pond
CMW	CMW Geosciences Pty Ltd	oz	Troy ounce (31.1035 g)
Competent Person	person defined in JORC to supervise Mineral Resource or Ore Reserve estimates	P&ID	Piping and Instrumentation Diagram
COS	coarse ore stockpile	P80	size at which 80% passes
CRMs	certified reference materials	PAG	potentially acid-generating
CSTR	continuously stirred reactors	PAP	potentially affected person
Cu	copper	PAR	population at risk
CuEq	copper equivalent	Pb	lead
CWP	clean water pond	PDC	Process Design Criteria
DBOCS	discounted best case operating cash surplus	PEA	Preliminary Economic Assessment
DETA	diethylenetriamine	PFD	process flow diagram
DGPS	Differential Global Positioning System	PFS	Prefeasibility Study
dmt	dry metric tonne	POF	probability of failure
DSI	General Directorate of State Hydraulic Works	Polimetal	Polimetal Madencilik Sanayi Ticaret A.Ş.
DSO	directly saleable ore	PPAR	potential population at risk
DTM	digital terrain model	PPE	personal protective equipment
Dwi	drop weight index	ppm	parts per million
DWOCS	discounted worst case operating cash surplus	PQ	85 mm core
EIA	Environmental Impact Assessment	Project	Gediktepe Copper and Zinc Project
EN_SU	EN-SU Engineering	PSD	particle size distribution
EPCM	engineering, procurement and construction management	PTL	power transmission line
ESIA	Environmental and Social Impact Assessment	PVC	polyvinyl chloride
EUR	Euro	QA/QC	quality assurance and quality control
F80	feed size at which 80% passes the required size test	RC	reverse circulation
FA	face angle	Rdi	Resource Development Inc
FEED	front end engineering design	RF	revenue factor
FEL	front end loader	RL	reduced level

Unit	Description	Unit	Description
FGD	focus group discussions	RMR76	average rock mass rating
FOS	factor of safety	RMS	root mean squared
FS	Gediktepe Sulphide Project Feasibility Study	RMSE	root mean squared error
g	gram	ROM	run-of-mine
G	giga (billion)	RQD	rock quality designation
G&A	general and administration	S	sulphur
g/t	gram per tonne	S&P IQ Capital	S&P Global Commodity Insights Capital IQ
GDMA	General Directorate of Mining Affairs	SABC	SAG mill, ball mill, and pebble crusher
Gediktepe	Gediktepe Project	SAG	semi-autogenous grinding
Gediktepe AWOS	Gediktepe Automatic Meteorology Observation Station	SART	sulphidisation, acidification, recycle and thickening
GIS	geographic information system	SCSE	standard circuit specific energy
GISTM	Global Industry Standard on Tailings Management 2020	SEP	Stakeholder Engagement Plan
Golder	Golder Associates (Turkey) Ltd	SG	specific gravity
GPM	global precipitation measurement	SI	selectivity index
GPS	global positioning system	SIA	Social Impact Assessment
GRES	GR Engineering Services Ltd	SIPX	sodium isopropyl xanthate
GSL	Grinding Solutions Ltd	SMAP	NASA-USDA soil moisture active passive
GSM	Workplace Opening and Working Permit	SMD	stirred media detritor
h/a	hours per annum	SMU	selective mining unit
ha	hectare	SRK	SRK Consulting Pty Ltd
HMT	Hacettepe Mineral Technologies	t/h	tonnes per hour
HDPE	high density polyethylene	TCRC	treatment costs and refining costs
HG	high-grade	TDS	total dissolved solids
HMT	Hacettepe Mineral Technologies	TL	Turkish lire
HQ	63.5 mm diameter core	TML	transportable moisture limit
HV	high voltage	TOF	top of fresh
I/O	inputs and outputs	tpd	tonnes per day
ICA	International Copper Association	TSF	tailings storage facility
ID2	inverse distance squared	UCS	unconfined compressive strength
IFCPS	International Finance Corporation Performance Standards	UOCS	undiscounted operating cash surplus
IRA	inter-ramp angle	V	volt
IRR	internal rate of return	VAC	volts alternating current
ISO	International Organization for Standardization	VDC	volts direct current
IT	Information Technology	VDU	visual display units
JK	Julius Kruttschnitt Mineral Research Centre	VVVF	Variable Voltage Variable Frequency
JORC Code	Australasian Joint Ore Reserves Committee (JORC), Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), 2012 edn, effective December 2012	VWP	vibrating wire piezometer
K	hydraulic conductivity value	w/w	weight percent

Gediktepe Competent Person's Report

Polimetal Madencilik Sanayi Ticaret A.Ş.

0224006

Unit	Description	Unit	Description
kg	kilogram	W4X	Whittle Four-X pit optimization software
km	kilometre	WAI	Wardell Armstrong International
km ²	square kilometre	Whittle	Whittle Programming Pty Ltd
koz	thousands of ounces	wmt	wet metric tonne
kt	kilotonnes	WPCR	Water Pollution Control Regulation
kV	thousand volts	WRS	waste rock storage
kW	kilowatt	WTP	water treatment plant
L	litre	YAMAS	Yeni Anadolu Mineral Madencilik San. Tic. Ltd. Sti
L/s	litres per second	ZAR	South African rand
LAP	Land Acquisition Plan	Zn	zinc
LCT	locked cycle tests		

3 Reliance on other experts

3.1 Reliance on other experts

The qualifications and experience of other key contributors to this CPR and their area of contribution are listed in Table 3.1.

Table 3.1 Reliance on other experts

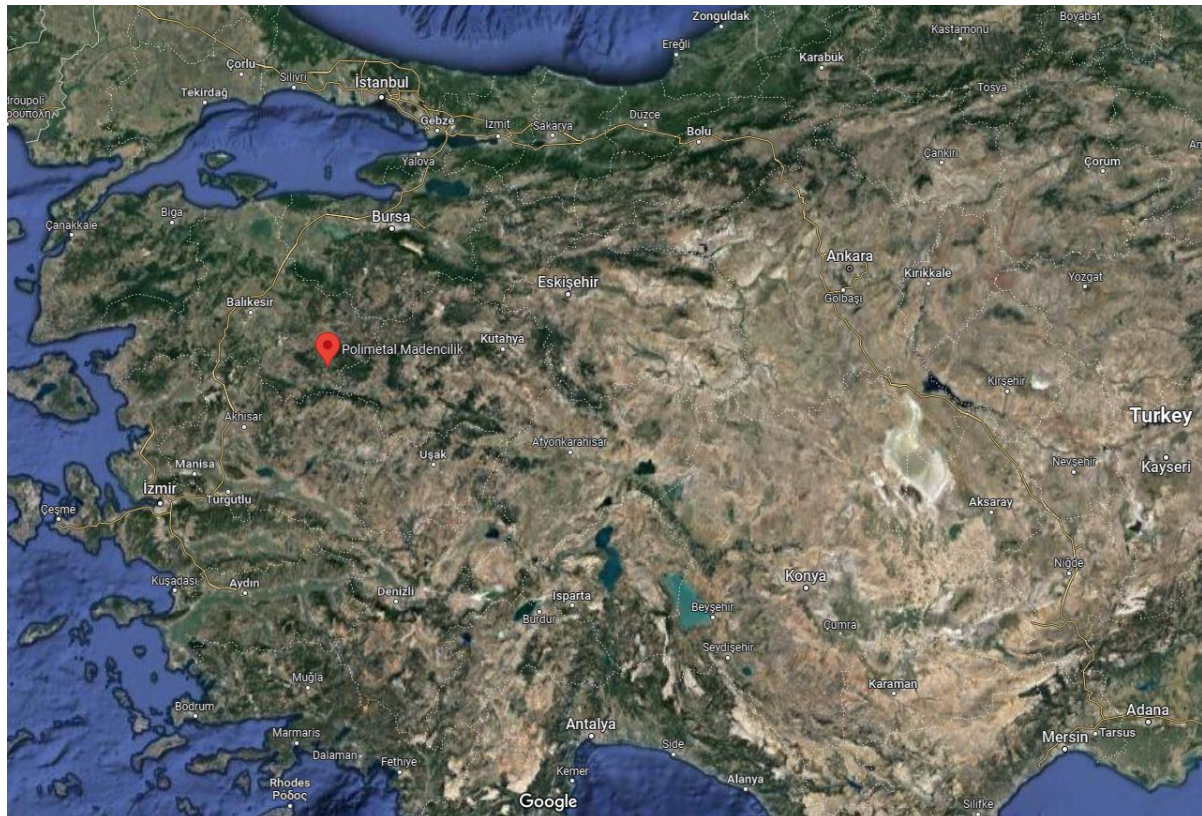
Name	Qualifications	Affiliations	Contribution Area
Rob Cheshier	BEng (Minerals Process)	MAusIMM CP (Metallurgy)	Review of metallurgy, ore processing and infrastructure
Asoka Herath	BSc (Geology – Hons) MSc (Engineering Geology)	MAusIMM	Review of open pit geotechnical engineering

4 Project description and location

4.1 Project location

Gediktepe is located in the Balıkesir Province of Western Türkiye, approximately 90 km by road south-east of Balıkesir, the provincial capital, 510 km by road west of Ankara, and 38 km by road east-south-east of the nearest town of Bigadiç (see Figure 4.1 from Google Earth).

Figure 4.1 Project location (Google Earth)



4.2 Project description

Gediktepe is a massive sulphide deposit hosted in metamorphic schist units. The upper portions of the deposit are weathered, leached, and oxidised by naturally occurring acidic surface water and ground water. The oxide zone is nearly devoid of base metals, but gold and silver remain relatively intact. The sulphide zone is polymetallic, with potentially economic values of zinc, copper, gold, and silver. The major economic minerals are sphalerite and chalcopyrite. Pyrite is ubiquitous.

The current Oxide Project at Gediktepe comprises an open pit mining operation, a 0.864 Mtpa heap leach and Merrill-Crowe oxide ore processing plant, run-of-mine (ROM) ore pad, workshops and offices, mining contractor's area, various borrow pits and camp accommodation close to the site. The Gediktepe site layout is shown in Figure 4.2.

Figure 4.2 Gediktepe site layout (January 2024)



Oxide Project facilities comprise:

- Three open pit areas (South pit, Middle pit, North pit).
- Two borrow pits (Aggregate pit and Clay pit).
- Two waste rock dumps (NAG (non-acid-generating) waste dump and PAG (potentially acid-generating) waste dump).
- NAF waste dump deviation channel.
- Mining contractor's facilities.
- ROM pad.
- Heap leach pads.
- Processing facilities comprising a Merrill-Crowe facility, agglomerator, crusher control room, screen room, transfer tower, laboratory, and chemical warehouse.
- Clear water tank, two stormwater ponds, a process pond, PLS pond, and industrial wastewater treatment pond and plant.
- Cyanide destruction unit.
- Concrete plant.
- Two temporary hazardous waste storage areas.
- Three dressing rooms.
- Three offices.
- Garages for ambulance and emergency vehicles.
- Truck weigh-scale.
- Electrical transformers.

The 2022 FS evaluated mining and processing the sulphide mineralization underlying the oxide cap and comprised an expanded and deeper open pit mine, a sulphide ore process plant and supporting infrastructure, and expanded clean water pond, waste dump and TSF facilities. Facilities planned to be constructed as part of the Sulphide Project includes:

- Expanded waste dumps, ROM stockpile area, and topsoil stockpile areas.
- TSF for sulphide ore tailings disposal.
- CWP and water diversion structures.
- Power transmission line.
- Fixed plant workshops, warehouse, control room, and change rooms.
- Security gate house.
- Mine administration building.
- Services, such as a kitchen and dry mess, laboratory, and fuel storage.

Proposed off-site infrastructure includes the operations personnel camp and facilities and concentrate storage and blending bays at the selected export facility.

4.3 Land tenure

The Project operates under two operational licences and an exploration licence (see Figure 4.3 for location and Table 4.1 for licence details).

Figure 4.3 Project mining licence location

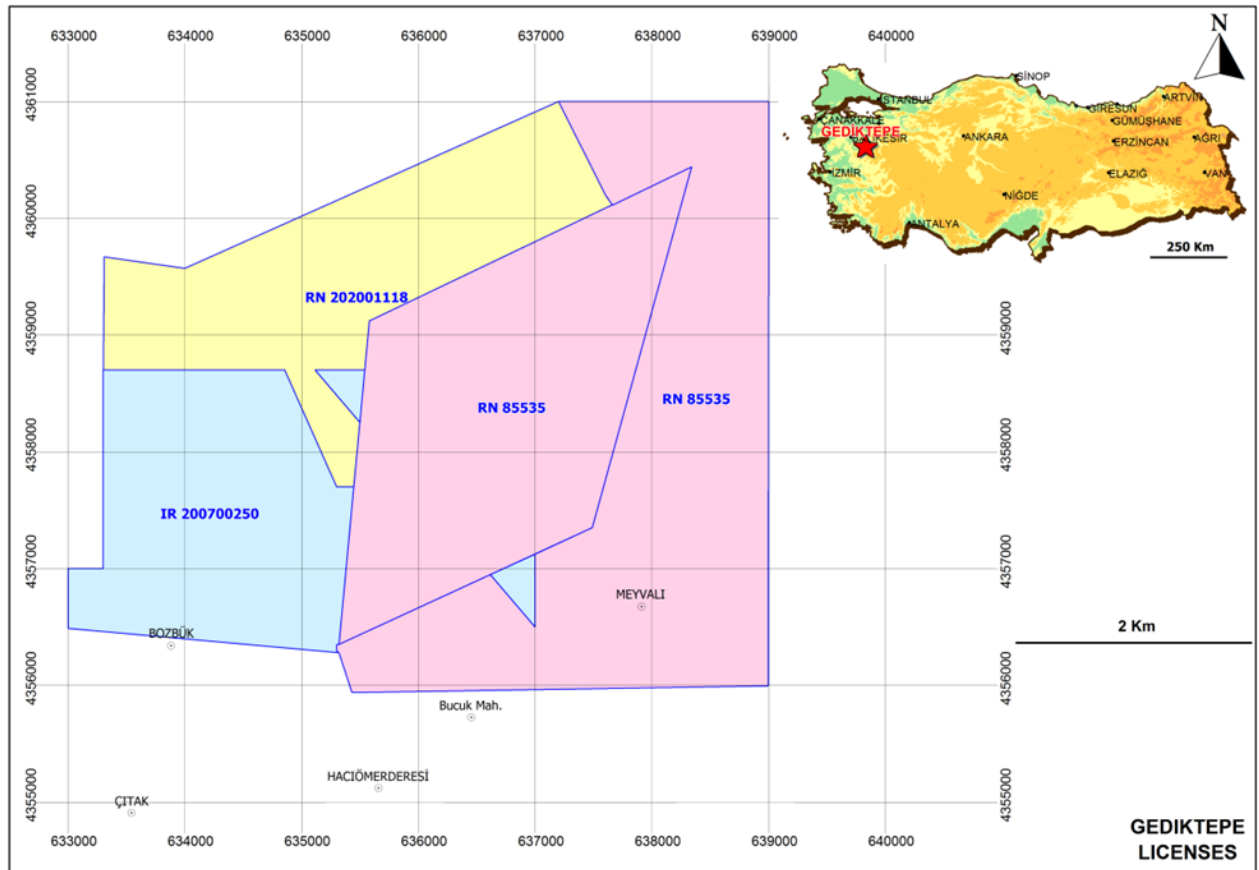


Table 4.1 Project mining licence details

Licence Type	Licence Number (IR)	Area (ha)
Operating	85535	1,486.99
Operating	200700250	492.16
Exploration	202001118	496.73

Operating Licence – 85535

The Gediktepe exploration license (EL 20054077) covering the central area (diamond shape) of the Project was acquired from the General Directorate of Mining Affairs (GDMA) by tender in July 2005 on behalf of Yeni Anadolu Mineral Madencilik San. Tic. Ltd. Sti. (YAMAS). The EL covers an area of 657.87 ha.

The EL was changed to an operation license (OL 20054077) in June 2011 and was valid for ten years. The OL was transferred to Polimetal from YAMAS in July 2011.

An Environmental Impact Assessment (EIA) permit application was submitted, and the EIA Permit was granted in March 2012. A Forest Permit was granted in October 2013 and a Workplace Opening and Working Permit (GSM) was granted in October 2013.

After obtaining all of the necessary permits, the Operation Permit was granted on in January 2014 for OL 20054077.

EL 201400291 on the east side of EL 20054077 was acquired by Polimetal from GDMA in September 2014 by auction tender. EL 201400291 covers an area of 829.12 ha.

OL 20054077 was subsequently merged with EL 201400291 in July 2016.

GDMA approved the merging of OL 20054077 and EL 201400291 in July 2016. (OL- 85535) Currently, the merged OL is valid until 23 June 2036 and covers an area of 1,486.99 ha, of which approximately 76% is forest area.

GDMA approved Polimetal's application for a production permit for clay and aggregate for three locations within RN 85535 operating license in February 2018

Operating Licence – 200700250

Polimetal purchased the OL from Hakki Musa Nogay in June 2014. Transfer of the OL to Polimetal was completed in November 2015. The OL covers an area of 492.16 ha.

Exploration Licence – 202001118

EL 202001118 was acquired by Polimetal from GDMA in September 2020 by auction tender. The EL covers an area of 496.73 ha.

5 Accessibility, climate, local resources, infrastructure and physiography

5.1 Accessibility

The Project site is centrally located with access by road to the following ports, with approximate road distances via Balıkesir:

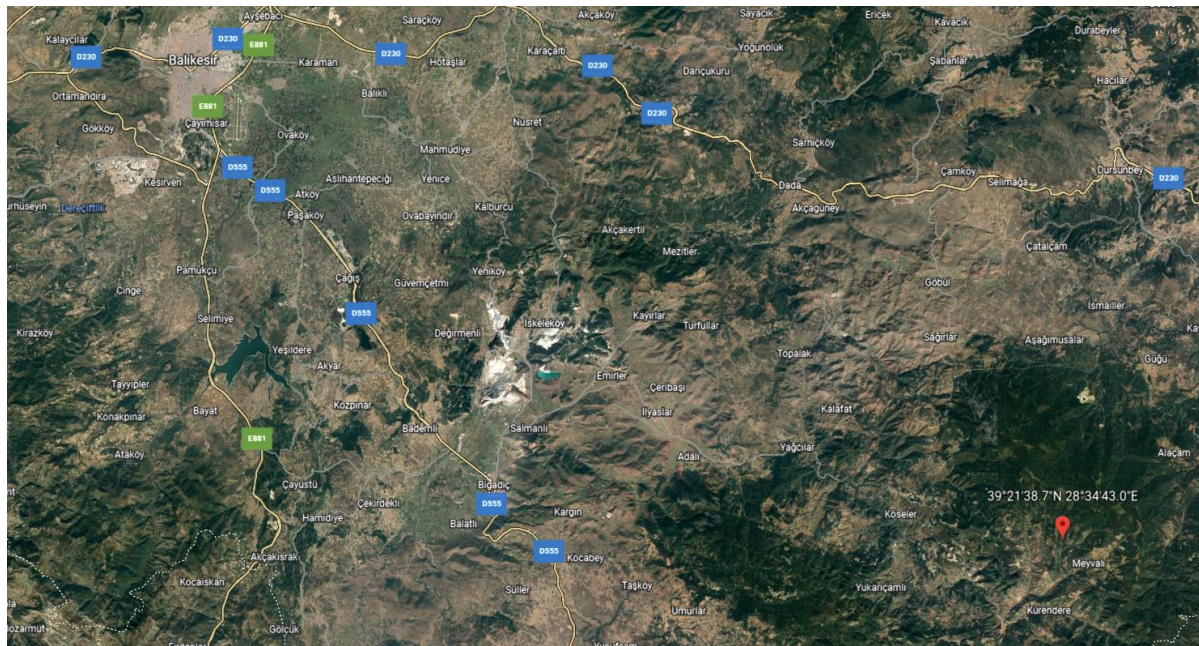
- Bandırma port is 194 km to the north.
- Dikili port is 207 km to the west.
- Aliağa port is 224 km to the west.
- İzmir port is 225 km to the south-west.

The closest settlements to the Project site are:

- Hacıömerderesi neighbourhood.
- Aşideresi neighbourhood, affiliated to Hacıömerderesi neighbourhood.
- Meyvalı neighbourhood.

Gediktepe is accessed via 102 km of paved road from the regional centre of Balıkesir on Highway D555 through the town of Bigadiç (see Figure 5.1 from Google Earth).

Figure 5.1 Project access roads from Balıkesir (Google Earth)



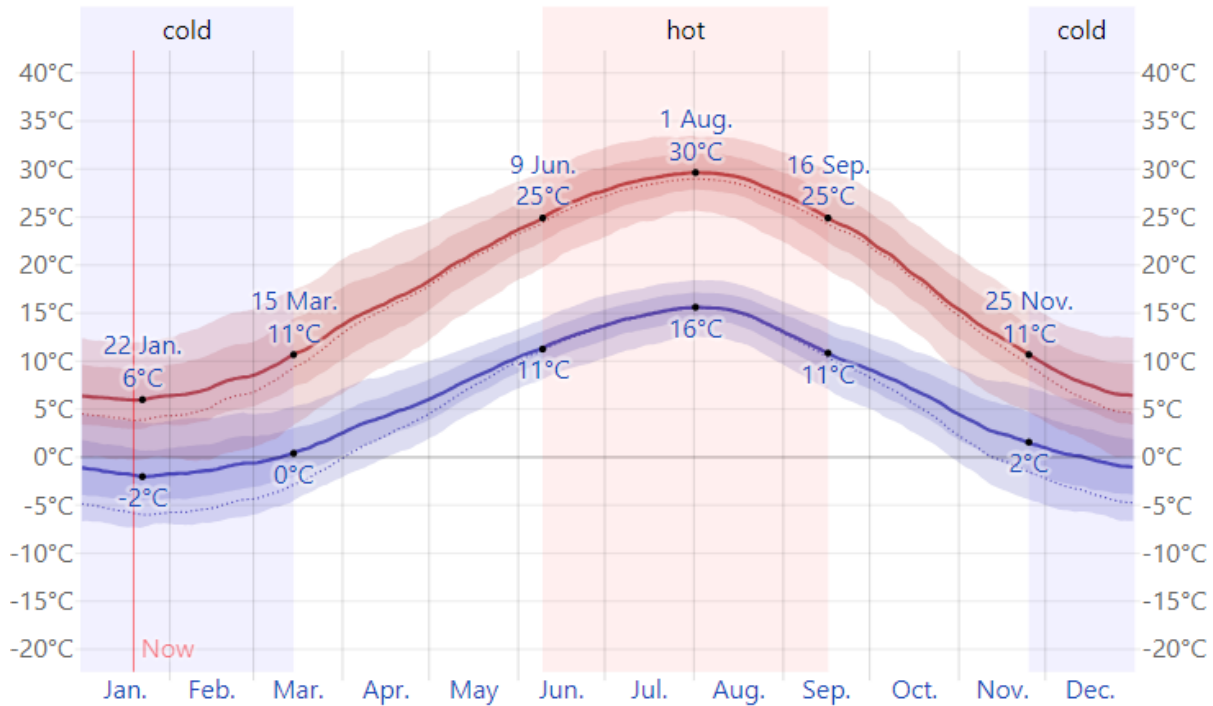
The nearest airport, Balıkesir Koca Seyit Airport serving Balıkesir and Edremit, is approximately 185 km by road from site. There are also air services to the city of İzmir, approximately 290 km by road from the site. The nearest railway stations are in Dursunbey to the north and Balıkesir to the north-west. The closest hospital is the Bigadiç State Hospital, and there is a university hospital in Balıkesir Province.

5.2 Climate

Three climates are dominant in Balıkesir Province. The Mediterranean climate is predominant on the Aegean coast, the Marmara climate in the north, and a Continental climate in the inner regions. The temperature difference between summer and winter is small on the coastline. In the interior of the province, this difference is larger. In the mountainous eastern region, winters are harsh, and summers are cool.

The local climate is hot and arid during the summer and warm during autumn. There is snow from December through February but not significant accumulation. Spring is often the rainy period. Over the course of the year, the temperature typically varies from -2°C to 30°C (see Figure 5.2).

Figure 5.2 Average high and low temperatures in Dursunbey



The daily average high (red line) and low (blue line) temperature, with 25th to 75th and 10th to 90th percentile bands. The thin dotted lines are the corresponding average perceived temperatures.

Source: <https://weatherspark.com/y/95394/Average-Weather-in-Dursunbey-Turkey-Year-Round>, accessed 19/01/2024

According to data from Dursunbey Meteorological Station for the years 1965–2014, the annual average temperature is 12.2°C. The highest measured temperature was recorded as 40.3°C in 2007 and the lowest temperature was recorded as -16°C in 1985.

The wind is generally from the north or north-east.

Average evaporation from the Dursunbey Meteorological Station data is 943 mm per year with the highest average monthly evaporation of 190 mm experienced during July.

A meteorological station was installed at site at the end of 2014 as part of the environmental base line data collection.

5.3 Local resources

There is an open pit borax mine in Bidagiç, operated by the State Enterprise, and an open pit gold mine in Sındırgı, operated by a private company. Regionally, gold, silver, lead, copper, zinc, molybdenum, and chromite mines have operated for many years. The other main economic income sources in the area are forestry, agriculture, and animal husbandry.

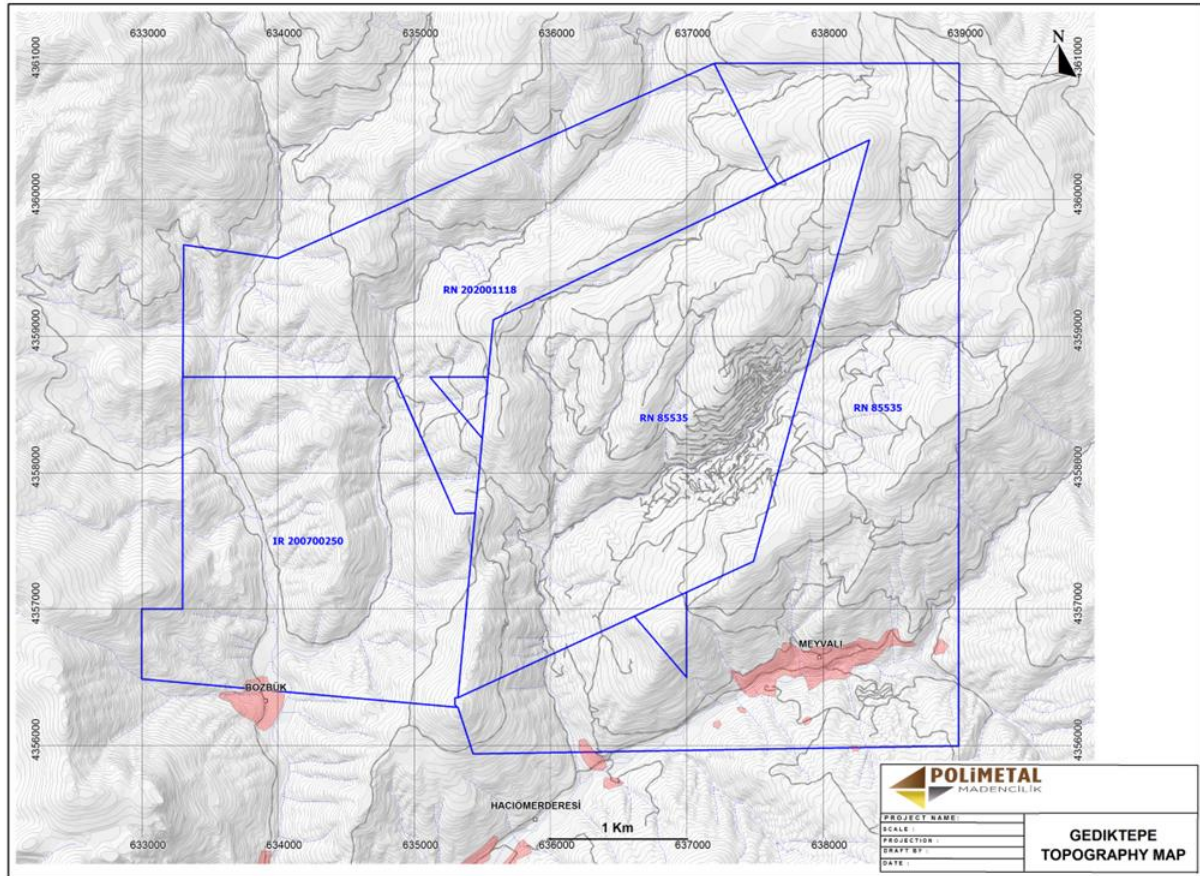
A 39.6 km-long 34.5 kV power transmission line was constructed by Polimetal between Dursunbey substation and Kürendere to provide power to the Project.

5.4 Physiography

The terrain at Gediktepe is mountainous with steep erosional valleys. Elevations in the Project area range from 974–1,482 m above mean sea level (AMSL). Coniferous trees cover most of the Project site, with occasional open meadows in areas of less-steep terrain.

Figure 5.3 shows the topography of the area. The contour interval is 10 m, illustrating the steep nature of the terrain.

Figure 5.3 Project topography



5.5 Other considerations

The region covering the Project area is classified as "1st Degree Earthquake Zone" according to the Seismic Zone Map of Türkiye.

5.6 Forestry status

A forestry permit is required for any forest land that will be used in the Project. To obtain a forestry permit, an application must be prepared by the forest engineer and should be submitted to the Regional Management of Forestry Department. Permit applications are assessed and approved by the Operation Chief of Forestry Department, Regional Management of Forestry Department, General Management of Forestry Department and Presidency, respectively.

The cost of obtaining a forestry permit depends on the location of the project, type of project (such as an operating a mine, infrastructure or power line), type of forest and the quantum of trees.

After obtaining approval, an agreement needs to be signed, and the forestry land permit fee must be paid every year until the end of the permit period, as well as a re-forestation fee and a deposit. After reclamation of the used area, the deposit will be reimbursed.

For the current Oxide Project, a 167 ha forest land permit was granted in 2020. An additional 47 ha permit was granted for the Oxide project in 2022. A 230.89 ha forest land permit application was made to the Regional Forestry Department for the Project and the permitting process is on-going.

6 History

6.1 Project history

Alacer Gold Corp (Alacer) was granted OL RN 85535 for Gediktepe in 2005 and completed geochemical stream sampling. Permit applications were submitted at various times for greenfields exploration, drilling, and installation of a meteorological station, and other site activities necessary to support technical investigations for the Project.

Project development activity related to Gediktepe is summarized below:

- A Phase 1 drilling EIA permit was obtained in August 2012 for 21 drill locations and a forestry permit granted for 11 drill locations in March 2013. An EIA permit for drilling at 234 drill locations was obtained in March 2012 and June 2013 and a forestry permit in October 2013.
- Polimetal commissioned a Preliminary Economic Assessment (PEA) of the project under the Canadian National Instrument 43-101 (NI 43-101) mineral reporting code in mid-2014 to determine economic potential. The PEA identified a combined oxide and sulphide Indicated Mineral Resource of approximately 10 Mt. Oxide processing was proposed by heap leaching and the subsequent sulphide processing through a concentrator. The PEA did not estimate a Mineral Reserve.
- A Phase 2 drilling EIA permit was obtained in December 2013 and February 2014 and a forestry permit in September 2014 for 139 drill locations.
- A Phase 3 drilling EIA permit was obtained in April 2014 and a forestry permit in September 2014 for 264 drill locations.
- A Phase 4 drilling EIA permit for 344 drill locations was obtained in June 2014, 175 of which received subsequent forestry approval.
- The meteorological station EIA permit was obtained in February 2014 and a forestry permit in September 2014.
- Based on the positive PEA findings, a revised project operation was submitted to the GDMA in September 2014 to enlarge the operation permit area and to change the annual production and processing capacity up to 2.375 Mt of ROM ore.
- A Phase 5 drilling EIA Permit was obtained in June 2014 for 242 drill and trench locations and a forestry permit for 17 drill and trench locations was obtained in November 2015. Forestry permit approval of another 61 drill and trench locations planned for Stage 2 geotechnical investigations followed.

An EIA application for oxide and sulphide mining and processing was submitted in July 2015 and a public participation meeting was held in August 2015. The EIA report was submitted to the Ministry of Environment and Urbanization in December 2015.

Polimetal commissioned a pre-feasibility study on the Project during 2015. Using drilling to August 2015, the results of that pre-feasibility study were published in June 2016 and estimated a significant increase in combined oxide and sulphide Measured and Indicated Resource of 36 Mt and a combined oxide and sulphide Mineral Reserve of 25 Mt, reported under NI 43-101, and a potential mining and processing operation with a 12-year mine life.

Polimetal commissioned another pre-feasibility study under NI 43-101 during 2019 (2019 PFS) using drilling to January 2018, at which point 616 drillholes had been completed totaling 68,822 m of drilling. The 2019 PFS estimated a combined oxide and sulphide Measured and Indicated Resource of 30 Mt and a combined oxide and sulphide Mineral Reserve of 19 Mt, reported under NI 43-101, and a potential mining and processing operation with a 11-year mine life.

Polimetal commissioned the current Oxide Project in 2021 and started to produce gold and silver doré as of 6 November 2021. Polimetal confirms that all of the legal and other necessary permits are in place for the operation.

6.2 Historical production

Historical production from the Gediktepe gold and silver mine over the period 2021 to Q1 2024 is shown in Table 6.1.

Table 6.1 Gediktepe historical production

Description	Units	Q1 2024	2023	2022	2021
Ore mined	'000 t	8	772	709	170
Waste mined	'000 t	1,962	5,601	5,224	1,008
Total mined	'000 t	1,969	6,372	5,933	1,178
Strip ratio	t:t	NA	7.26	7.37	5.91
Ore Processed	t	49,196	678,559	741,461	136,024
Gold grade processed	g/t Au	2.53	2.28	1.82	0.93
Silver grade processed	g/t Ag	47.3	57.74	51.64	21.35
Gold produced	oz	14	34,019	29,711	576
Silver produced	oz	156	360,510	308,691	3,062

7 Geological setting

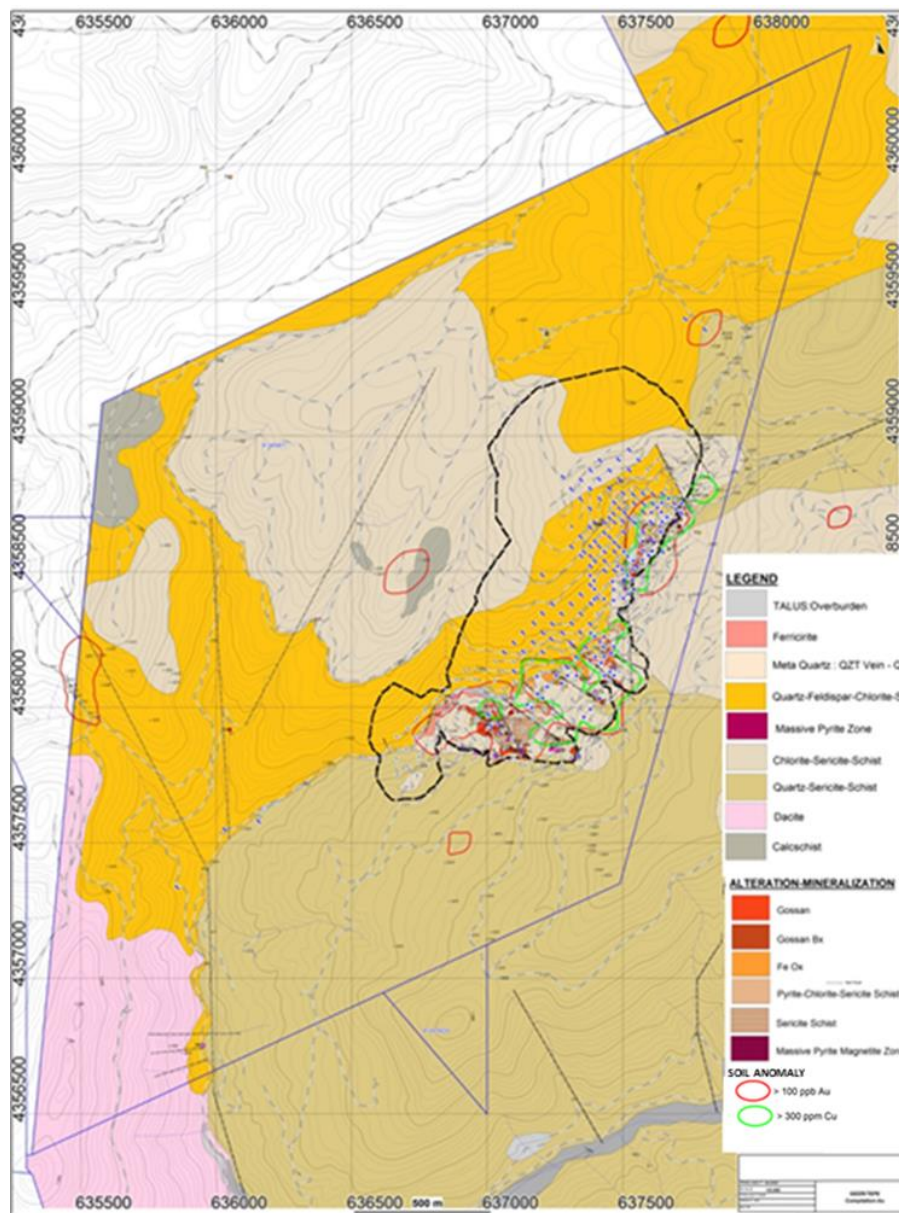
7.1 Regional geology

Gediktepe is located within the Ören-Afyon Zone, one of the main tectonic units of Türkiye. The Ören-Afyon Zone is a belt trending NW-SE, consisting of generally low-grade weathered metamorphic rocks, and is located between Menderes Massive to the west, and the Tavşanlı Zone to the north and east. The Gediktepe regional geology comprises Upper Palaeozoic metamorphics and Lower-Middle Miocene intrusives and volcanics.

7.2 Project geology

Geological and structural mapping has been completed across the project at 1:1000 scale (Figure 7.1), along with more general mapping at 1:5000 scale to delineate possible structures and alteration features.

Figure 7.1 Geological map of the Project area (1:1000 scale)



Source: Polimetal 2018

Upper Palaeozoic metamorphics are the most common units at Gediktepe, with a stratigraphic sequence, from top to bottom being:

- Dacite and pyroclastic.
- Calcschist.
- Feldspar-quartz schist.
- Chlorite-sericite schist.
- Quartz schist.

The second most common rocks are the Lower-Middle Miocene volcanics, observable around Karadikmen hill, southwest of Gediktepe, comprising altered dacites-rhyodacites, characterized by lava flows and pyroclastics.

The youngest units on the project are mineralized gossan and ferricrete, along with talus, colluvium and alluvium, being weathering products of the host rock.

Chlorite-sericite schist is the main host rock at Gediktepe, marked by gold and silver in the oxide zone, and copper-zinc-lead, with associated gold-silver, in the sulphide zone. The unit is observed at Fındıklanı Ridge, Çamdanı Ridge, Karaismailöldüğü, and northwest of Göğne Hill in the license area (Figure 7.2).

Figure 7.2 Chlorite-sericite schist in outcrop



Source: Polimetal 2018

When disseminated pyrite in the chlorite-sericite schists exceeds 10% to 45% by volume, the unit is logged by Polimetal as transition zone (TR-Sulp) or disseminated sulphide. Disseminated pyrite minerals are aligned parallel to schistosity and appear as pyrite bands.

Petrographic analysis indicates that the rock has been intensely chloritized, epidote-altered, silicified, carbonatized, and mineralized. Fractures and spaces between individual crystals of cataclastic, structured epidote are filled with quartz, calcite and chlorite.

The feldspar-quartz schist is beige-light green in colour and is observable over a wide area at Gediktepe. It forms the primary unmineralized capping over the deposit, and generally contains virtually no sulphides.

The calc schist observed at Gediktepe in outcrop at Küçük Yellice hill and Fındıklanı Ridge is beige-light grey coloured, with low hardness and schistosity, and is reactive to HCl acid.

The dacites and pyroclastics, of the Lower-Middle Miocene volcanics, are the second largest geological unit at the Gediktepe project. The volcanics, located at southwest of Karadikmen Hill and Gaşakdoğrusu Hill, contain altered dacite to rhyodacite lava and pyroclastics.

7.3 Mineralization

The mineralization at Gediktepe is associated with greenschist facies schist units. The mineralization is thought to be deposited syn-genetically in sedimentary units, as an elongated NE-SW structure zone, and metamorphosed to schist. Greenschist minerals are generally actinolite + chlorite + albite + epidote (Alizade, 2013 – 2015, Çiftehan, 2015).

Massive sulphide-type mineralization occurs as lens shapes trending NW-SE and dipping approximately 20° to 40° to the north-west. Minerals include pyrite, sphalerite, tetrahedrite, tennantite, chalcopyrite, galena and magnetite, and the units are cut by later NW-SE trending post-mineralization structures. Within the oxidized zone, the sulphide mineralization has been completely leached out, leaving gold and silver relatively intact.

Potentially economic Au-Ag-Cu-Zn-Pb metals are present to varying degrees in the sulphide zone.

The mineralization at Gediktepe has been divided by Polimetal into five main types, as summarized in Table 7.1.

Table 7.1 Mineralization type names and codes

Horizon	Name	Code
Oxide	Gossan	Gos
Sulphide	Massive pyrite	MPy
	Massive pyrite magnetite	MPyMag
	Enrichment zone	Enrch
	Disseminated sulphide	Tr-Sulp

Reviews of interpretations revealed that, in the northern part of the deposit and in the vicinity of the enrichment zone, part of the sulphide zone shows high Au and Ag and low base-metal content (<0.1 % Cu and Zn).

7.3.1 Gossan (oxide mineralization)

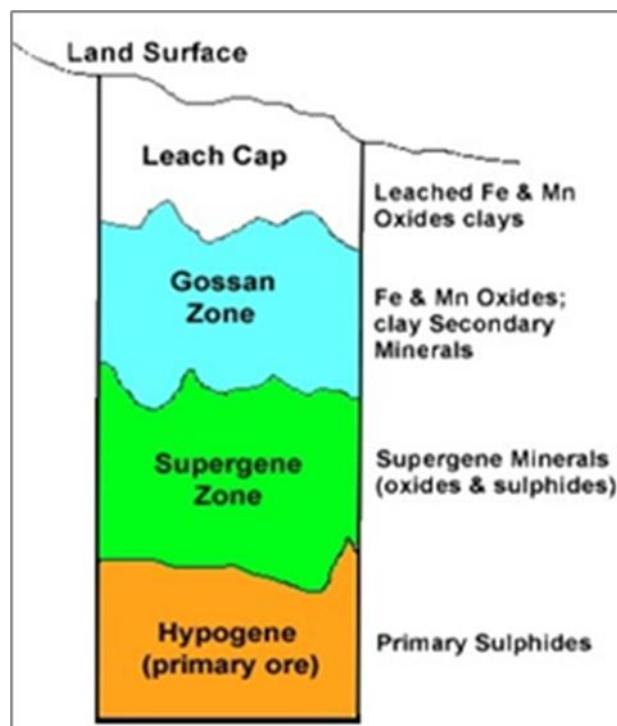
The upper portions of the Gediktepe deposit have been weathered, leached, and oxidized by naturally-occurring acidic surface water and ground water. The natural acidity is due to the presence of sulphides, particularly pyrite, within the oxide zone, and the sulphide mineralization has been completely leached out, leaving gold and silver relatively intact. Relic "lenses" of high-gold mineralization remain in the oxide zone. There is some evidence

that gold mineralization has been transported downwards, chemically or mechanically, as there is often an increase in gold grade just above the oxide – sulphide contact.

The base of oxidation is generally abrupt, with rapid changes of metal grade in assay intervals across the boundary. Copper and zinc grades are typically less than 0.10% within the oxide zone, but increase to values typically around 1.4% Zn and 0.80% Cu immediately below the oxide horizon. Gold and silver follow the reverse trend, with Gold in the range of 3.0 g/t Au in the oxide zone and often less than 0.7 g/t Au immediately below in the sulphide zone.

Figure 7.3 shows the typical weathering profile at Gediktepe, showing the change from the gossan oxide to the primary sulphides.

Figure 7.3 Typical weathering profile



Source: Polimetal 2018 from (Okay and Tüysüz, 1999)

7.3.2 Massive pyrite (MPy)

The massive pyrite zone consists of fine to medium-grained pyrite, with massive to banded, vuggy textures, and locally sandy textures near structural zones. The sphalerite-chalcopyrite-galena-and weak covellite are observed as vug-fracture fill, and replacement mineralization within a pyrite matrix. Locally, magnetite fragments are observed within massive pyrite. The massive pyrite zone (Figure 1.20) hosts high Au and Cu mineralization (Çiftahan, H, 2015).

7.3.3 Massive pyrite magnetite (MPyMag)

Massive pyrite magnetite (MPyMag) has been distinguished based on magnetite contamination. It shows the same textures of the massive pyrite zone, and qtz-magnetite fragments can be seen conformable with the schistosity, or primary bedding structures within the massive pyrite. The MPyMag zone characteristically shows lower Au-Ag-Cu-Zn-Pb than the massive pyrite zone.

7.3.4 Enrichment zone (Enrch)

The enrichment zone consists of mainly chalcocite-covellite within fine to medium grained size pyritic mass. Due to occurring near or along the structure zone, most of the enrichment zone is intensely fractured, broken and fragmental. This zone contains higher grade Au-Ag-Cu-Zn mineralization than other sulphide mineralization.

7.3.5 Disseminated sulphide mineralization (Tr-Sulp)

A lower-grade sulphide mineralization (Au-Ag-Cu-Zn-Pb) is present within the rich disseminated (pyrite>10%) chlorite sericite schist. The total sulphide content in this zone exceeds 8.5%. Thick bands (1 cm to 50 cm) appear parallel to bedding, in host rock below and above the sulphide mineralization.

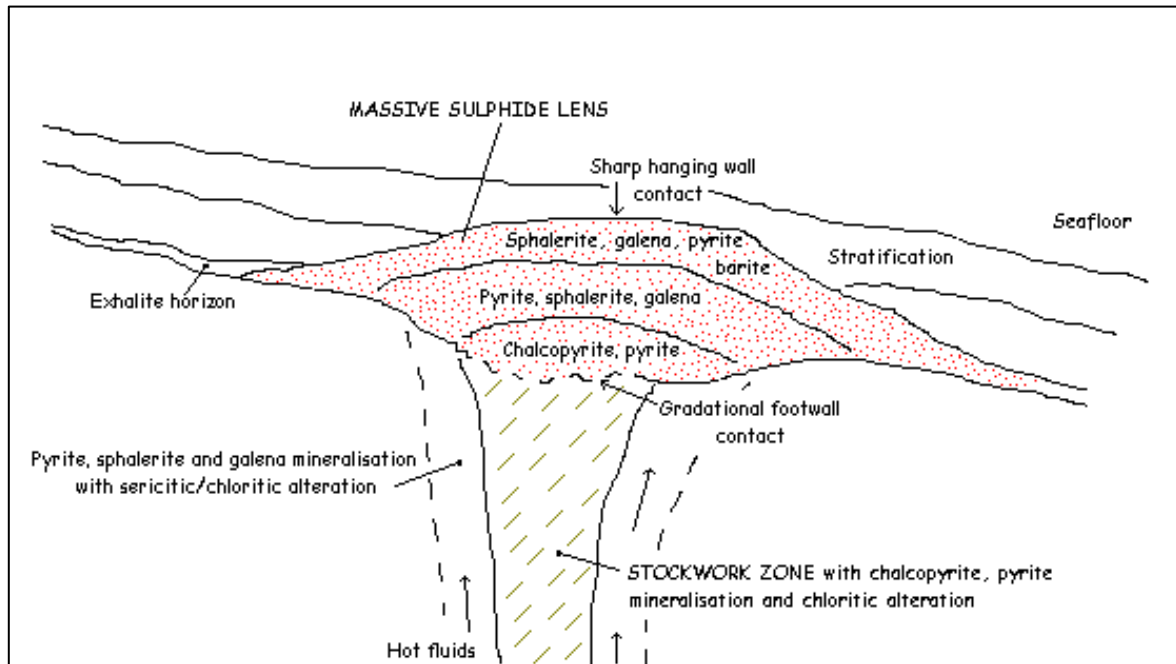
7.4 Conclusions

The regional and Project geology is well understood and reflected in the geological model used in the Mineral Resource estimate.

8 Deposit type

The characteristics of the Gediktepe mineralization have been interpreted as a convex massive sulphide type deposit, illustrated in Figure 8.1, which implies a syngenetic style of sulphide mineralization. Subsequent weathering and oxidation have been responsible for the development of oxide and gossan horizons.

Figure 8.1 Vertical section of an idealized convex MS deposit



Source: Polimetal 2018

9 Exploration

Exploration activities at Gediktepe have included geochemical and geophysical surveys (magnetic and induced polarization (IP)). Mineralogical studies comprising thin and polished sections have also been completed.

9.1 Geochemistry

Several surface geochemical sampling programmes were completed at Gediktepe from 2005 to 2014, with early work conducted by Anatolia Minerals prior to the establishment of Polimetal Madencilik. Soil geochemistry sampling works cover the entire licence area (20054077), representing 6.57km². Rock geochemistry sampling has also been undertaken, primarily focusing on the immediate open pit area. Limited rock geochemistry has been carried out across the rest of the licence area.

The results of the surface geochemical sampling supported the presence of the Au-Ag-Cu-Zn-Pb mineralization, along an elongated NE-SW structural zone. Further gold anomalies (>20 ppb Au) NW and NE of the known mineralized zone remain untested and require further detailed work to define possible additional mineralization.

9.2 Geophysics

A magnetic survey was completed at Gediktepe during August of 2013. A total of 112.2 km of survey were conducted over 32 lines, at 100 m line spacing. The lines were oriented north-south and cover the entire area of the initial Gediktepe License 20054077.

The magnetic anomalies generated by the survey, indicate that medium and high magnetic values correspond to the high magnetite or massive sulphide mineralization. The high magnetic anomaly observed over the strong geochemical anomaly, supported by drilling results, indicates that high magnetic anomalies may be a good indicator of other hidden sulphide zones containing magnetite. This observation provides support for further detailed evaluation of the strong magnetic and low gold anomaly, observed about 500 m NW of the Gediktepe deposit, and south of known mineralization external to the license.

The IP survey was completed in parallel with the magnetic survey, and consisted of 22 IP section lines oriented NW to SE, for a total of 41.6 km of line, at 50 m, 100 m and 200 m spacing. Higher chargeability results were obtained where disseminated pyrite mineralization occurs within chlorite sericite schist zone.

9.3 Conclusions

The geochemical and geophysical surveys have identified anomalies which correspond to the known mineralization occurrences, supporting the use of these methods for exploration purposes. Additional, exploration targets have been identified through the exploration methods beyond the current Mineral Resource.

Polimetal have outlined four near mine target areas with oxide potential. These are situated around the existing open pit and comprise:

- Area 1: situated immediately SW of the open pit.
- Area 2: situated on the NW flank of the open pit.
- Area 3: situated NE of the open pit.
- Area 4: located approximately 1.3 km west of the open pit.

AMC has compared the four near mine oxide target areas with the geochemistry and geophysical data. The target areas correspond to areas exhibiting soil and rock geochemistry results with anomalous elevated gold grades, indicating potential oxide hosted gold mineralization.

10 Drilling

10.1 Drilling summary

The majority of drilling at Gediktepe has focused on outlining and then defining the main deposit over a strike length of 1.6 km, and delineating down-dip extents of up to 600 m. The work has been conducted through five distinct phases (campaigns) which are summarized in Table 10.1. Drilling layouts are dominantly arranged along a set of 45° azimuth grid lines, with line spacing down to 25 m intervals, referencing the UTM European Zone 35 coordinate system. Magnetic declination for the area is +4.78°.

Table 10.1 Summary of drilling programmes

Drilling Phase	Period	DD		RC	
		Holes	Metres	Holes	Metres
1	2013	11	1,528.5	-	-
2	2013/2014	143	17,114.1	81	6790
3	2015	152	26,527.7	103	6026
4	2017	93	5,189.2	-	-
5	2017/2018	33	5,646.5	-	-
Total		432	56,006	184	12,816

Drilling has been completed by a combination of diamond core (DD) and reverse circulation (RC) by local contractor companies (Asyatek, Spektra, IDC, Ortadoğu). Diamond core holes were typically started using PQ diameter core, and rarely with a few HQ holes. Most deeper holes, however, switched to HQ at depth. RC drilling, was restricted to Phases 2 and 3, and was used on the margins of the deposit to define extensions or set limits, and for infill in some parts of the deposit.

As of January 2018, a total of 616 drillholes had been completed at Gediktepe totalling 68,822 m of drilling. Figure 10.1 illustrates the drillhole locations and the drillhole types.

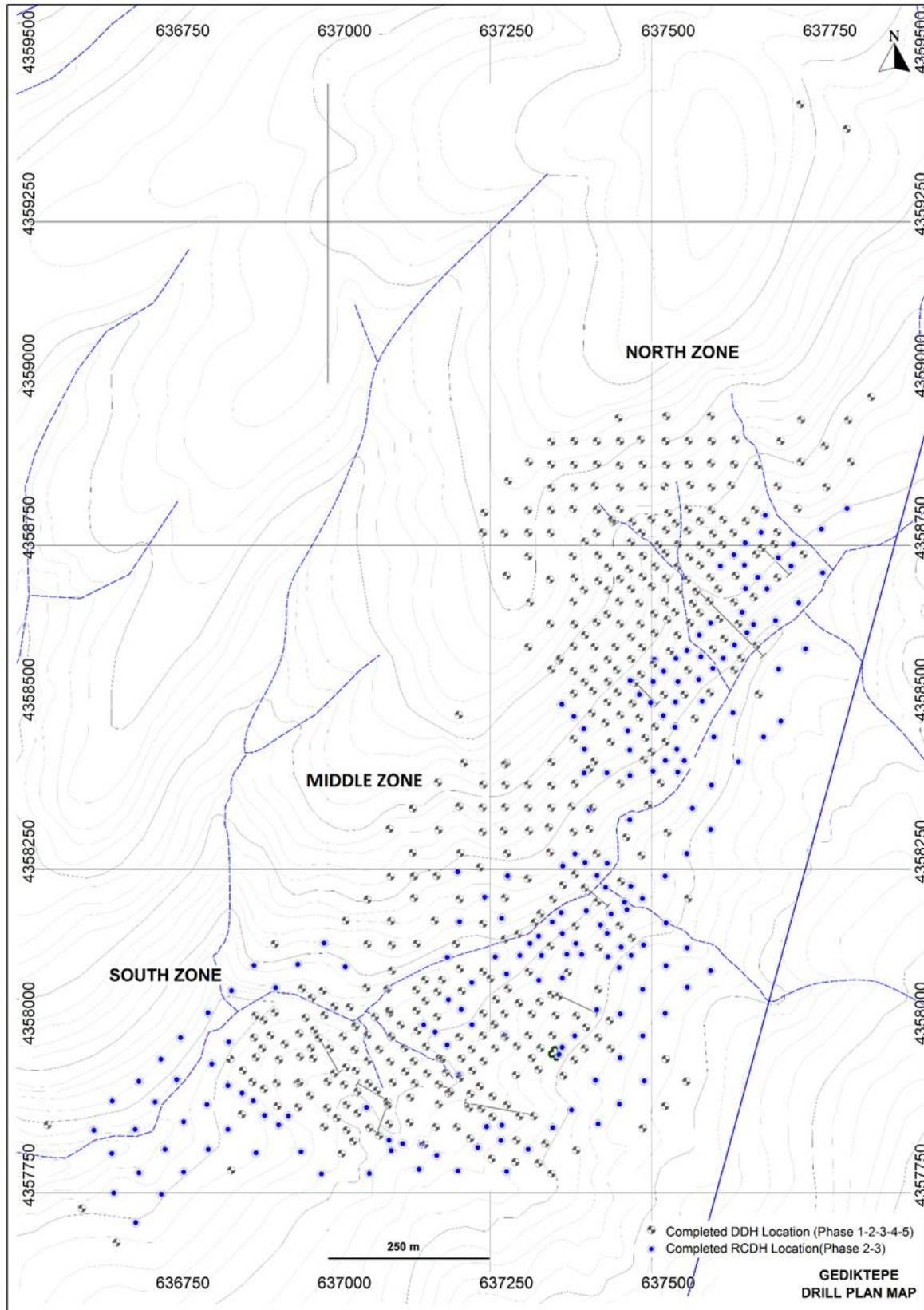
The majority of drillholes have been drilled vertically, to intersect the low-angle zones of mineralization. Eight of the initial 11 Phase 1 holes were inclined, with the remainder of holes vertical or sub-vertical. The average deviation of the surveyed holes is less than 1° per 100 m.

At the end of each phase of drilling, drillhole collars were surveyed by a local surveying firm. Downhole survey data is available for 384 of the 432 diamond drillholes. Downhole surveys were performed, generally at 40 m intervals, with a Devico reflex device. RC drill holes were not surveyed downhole.

Core samples are boxed at the drill rig and transported by company vehicle to the core logging facilities nearby. Core is washed and logged for geotechnical and geological parameters, including lithology, alteration, mineralization and structures.

RC samples are collected using a rotary splitter at the drill rig. Chip samples are collected for rock type and geological logging, including lithology, alteration, mineralization and structures. Approximately 55% of the RC samples were taken at 2 m long intervals. The other 45% of samples are shorter, with the shortest and most common being 1 m in length. Weights of RC samples are recorded, and are typically about 3 kg.

Figure 10.1 Drillhole location plan



Source: Polimetal 2018

10.2 Conclusions

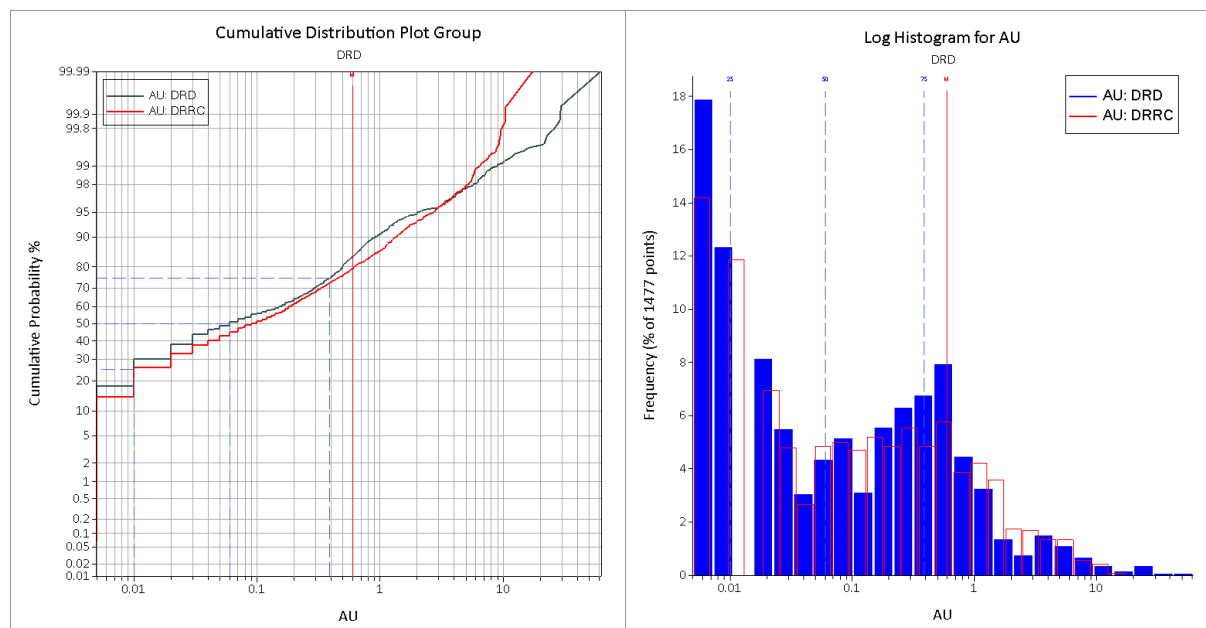
The Gediktepe deposit has been extensively drilled through a combination of RC and DD enabling a robust interpretation of the geology and mineralization.

Twin hole comparisons have been completed for 7 pairs of RC and DD holes. Visual comparisons of the holes show broadly comparable intercept locations and interval lengths.

AMC has statistically reviewed each of the pairs of twin holes graphically. The results do show variability between the DD and RC drillholes, however, this is potentially related to small scale compositional and distributional heterogeneity within the deposit. To assess the variability at a larger scale that would have more bearing on the Mineral Resource estimate, AMC has selected two areas within the deposit, where the distribution of RC and DD drillholes is broadly comparable.

Statistical comparisons of the DD and RC drillholes within the two selected areas show comparable sample grade populations for the mineralized intervals, prior to compositing. Figure 10.2 shows log probability and log histogram plots comparing the DD and RC drillholes for the selected areas. Correlation between DD and RC drillholes was also shown for Ag, Cu, Pb and Zn.

Figure 10.2 DD vs RC gold grade population comparison



Overall, the statistics and graphical comparisons indicate that there is no significant bias due to the different drilling methods. Differences at the smaller scale between drillholes is likely due to the compositional and distributional heterogeneity of mineralization. AMC notes that RC drillhole DRRC-062 shows evidence of downhole contamination relative to the twin DRD-142. This feature is not replicated in the other RC drillholes and is therefore considered to not be reflective of a consistent matter of concern. AMC therefore has no basis for questioning the RC data referenced against the diamond core data.

AMC has reviewed core recovery data and notes that core recoveries range from 4% to 100%, averaging 84%. Comparing assay grades versus core recovery there is no indication of grade bias associated with recovery. Notwithstanding, the lower recoveries do highlight a potential risk associated with sample representivity.

11 Sample preparation, analyses, and security

11.1 On-site sample preparation

11.1.1 Diamond core

Sampling for assay is nominally at 1.0 m to 2.0 m intervals, selected on a geological basis, but may be reduced to as little as 0.40 m in the mineralized zones.

Drill core samples were cut by diamond blade rock saw, with half of the sawn core placed in individual bags in preparation for dispatch to for assaying, and the remainder returned to the original core box for historic reference. The retained core is stored in a core-shed at the field camp area.

Polimetal inserts standards, field duplicates, and blanks into the sample shipments. Duplicates are additional splits of the core.

11.1.2 Reverse circulation (RC)

The RC sample splits for assaying are approximately 3 kg. The remaining 3 kg of sample residues after splitting at the rig are retained in a storehouse at the field camp.

Similar to core sampling standards, blanks, and field duplicates are submitted with RC samples. RC duplicates are second splits from the drill rig.

11.2 Laboratory sample preparation and analysis

Following standard procedures, samples were assigned unique sample tag numbers and weighed. Samples from each drillhole were prepared as a single batch, along with the associated blanks, duplicate, and certified reference material (CRM) samples.

Transportation from Gediktepe to the respective laboratories was the responsibility of Polimetal. The dispatched samples were accompanied by a sample shipment form (GSS form) which includes the project code, coordinate information, sample type, analytical methods, QA/QC procedures, and sender details. GSS forms are completed by field staff and approved by the database team prior to shipment.

Once samples are delivered to the laboratory, laboratory staff log the samples into their system and confirm transfer and possession of the sample to Polimetal.

During Phase 1 drilling, all assays were submitted to the SGS Turkiye (SGS) laboratory in Ankara. From Phase 2 (2013), all samples were submitted to the ALS Metallurgy Ltd (ALS) Chemex laboratory in Izmir. Both the SGS laboratory in Ankara and the ALS laboratory in Izmir are ISO-9001:2008 certified. The same set of CRMs were submitted throughout the phases.

Gold was assayed using the Fire Assay Fusion technique with a nominal 30 g sample weight (ALS Code Au-AA25) with additional 33 element analysis by ICP-AES with Aqua Regia Digestion (ALS code ME-ICP61a).

11.2.1 SGS procedures

The SGS procedures applied to the Phase 1 core during 2013 were as follows:

- The samples were logged in and weighed on arrival.
- The samples were dried and crushed by SGS protocol CRU24.
- Pulps were prepared. The laboratory certificates from SGS did not list the pulp protocol, but the nominal pulp criteria for the AA and ICP analysis at SGS is 75 µm.
- Gold was assayed by protocol FAA303, a fire assay with AA finish on a 30 g aliquot.
- Copper and silver were assayed by protocol AAS42S, which is an AA finish.

- All other metals were assayed by protocol ICP40B which is a four-acid digestion and multi-element ICP procedure.

11.2.2 ALS procedures

The ALS sample preparation and assay procedures were applied to the Phase 2, 3, 4 and 5 drilling for both core and RC samples.

- The samples were logged in and weighed on arrival.
- The core samples were dried and crushed by ALS protocol CRU-31 with 70% passing (P_{70}) less than 2 mm. RC samples are not crushed but are dried before splitting.
- Samples are split with a riffle splitter before pulping.
- Pulps were prepared with ALS protocol PUL-32, with 1 kg reduced to P_{85} of 75 μm .
- Gold was assayed by protocol Au-AA25, a fire assay with AA finish on a 30 g aliquot.
- All other metals were assayed by protocol ME-ICP61a which is a four-acid digestion to report 33 elements by ICP methods. After a three-month period of storage at the ALS laboratory, pulps are transferred to the Polimetal field camp storage facility.

The ALS laboratory also inserted internal standards into every assay batch with results reported to Polimetal.

11.3 Quality assurance and quality control (QA/QC)

11.3.1 Certified reference materials (CRMs)

Certified reference materials (CRMs) were used to test the accuracy of the assays and to monitor the consistency of the laboratory results. CRMs are inserted on a 1 in 20 basis.

Four CRMs were used for the project; two of the CRMs are for gold, providing confirmation at 0.63 g/t and 3.84 g/t Au respectively. The third and fourth CRMs are base metal CRMs. These CRMs were selected randomly from the available set and inserted into the sample sequences every 20 samples. A total of 1,920 CRMs out of 37,772 samples were inserted and analyzed during the 2013 to 2018 drill program.

Table 11.1 summarizes the CRMs used.

Table 11.1 CRM summary

Name	Source	Element	Unit	Value
G907-4	Geostats Pty Ltd	Au	g/t	3.84
G910-8	Geostats Pty Ltd	Au	g/t	0.63
GBM398-1	ROCKLABS	Cu	%	1.482
		Zn	%	2.030
		Pb	%	2.667
		Ag	g/t	5.10
GBM914-10	Geostats Pty Ltd	Au	g/t	0.137
		Cu	%	1.864
		Zn	%	9.697
		Pb	%	4.671
		Ag	g/t	9.40

AMC has received a document (Polimetal Madencilik, 2018) which reports the results of CRM analyses for Phases 1 to 5. An independent analysis of the Gediktepe CRM results was undertaken by AMC for Au, Ag, Cu, Pb, and Zn. Overall, the results show reasonable levels of accuracy and precision with >98% of results for Au and Ag falling within ± 3 standard deviations. Reasonable levels of accuracy and precision was also shown for Cu, Zn and Pb with >95% of results falling within ± 2 standard deviations. Some cyclicity was

exhibited in the Phase 5 Ag CRM GBM914-10 results, however, with the exception of 1 result (3.4% of data) all results fall within ± 3 standard deviations.

11.3.2 Blanks

Blanks are generally used to check the cleanliness of the laboratory. Blanks are inserted on a 1 in 20 basis and are typically inserted as the first and last sample of a drillhole to assure no carryover of values. In total 1,737 blanks out of 37,772 samples were inserted into the sample batches, which equates to an average insertion rate of 1 in 25 samples.

Five blank samples, AuBlank_S50, AuBlank62, AuBlank65, AuBlank66 and BlankST154 were used. The blank samples, purchased from ROCKLABS, consist of a mixture of finely pulverized feldspars and basalt.

All blank Au results from drilling Phases 1 to 5 show assay results within ten times the detection limit, indicating there is no material sample contamination. Blank assay results are reported by Polimetal for Cu, Zn, Pb or Ag.

11.3.3 Duplicates

Polimetal inserts field duplicates comprising additional splits of the core, and duplicate splits from the drill rig of RC cuttings into the sample batches.

Duplicate pulp samples were re-submitted to ALS Chemex, Izmir, to ascertain the repeatability and precision of assays. During the period of 2013 to 2018, pulp duplicate samples were inserted on a 1 in 40 basis and after 2017 duplicate samples were inserted at a rate of 1 in 20.

11.4 Bulk density

Density measurements are routinely undertaken by Polimetal geology staff on samples of the whole core at the logging facility. Core samples of 10 cm in length were selected every 5 m within mineralized zones, and every 10 m outside of mineralization. Samples were dried in an oven at 105° C for 24 hours, before being waxed. The sample is first weighed in air, and then while immersed in water. The difference in the two weights is the weight in the water displaced by the volume of the core sample.

After measurements had been completed, core samples were labelled and returned to relevant positions within the core boxes.

Calculations, as specific gravity (SG) are conducted according to the following formula:

$$SG = \frac{M_{dry}}{M_{wax} - M_{water} - \left(\frac{M_{wax} - M_{water}}{0.86} \right)}$$

The SG values for each primary logged unit at Gediktepe are given in Table 11.2.

Table 11.2 Bulk density values for Gediktepe lithologies

TOTAL SAMPLE		
Lithology	Sample Number	SG
Ovb	33	2.56
Qzt	44	2.86
Dac	2	2.53
QFCISch	767	2.68
Gos	491	2.56
ClayLikeGos	29	2.50
CISerSch	1755	2.71
Tr-Sulp	907	3.27
MPy	827	4.33
MPyMag	676	4.39
Enrch Zone	121	4.20
QSch	608	2.68

Source: Polimetal 2018

11.5 Conclusions

The laboratories used for sample preparation and assaying are reputable and independent of Polimetal. The sample preparation and assay methods used are considered suitable by AMC and in line with standard industry practices.

AMC has reviewed the raw CRM results for Au, Ag, Cu, Zn and Pb. Overall, the results show reasonable levels of accuracy and precision with >98% of results for Au and Ag falling within ± 3 standard deviations, and >95% of results falling within ± 2 standard deviations for Cu, Zn and Pb.

Blank assay results indicate no significant sample contamination.

AMC has been supplied with copies of the duplicate assay results. The data provided does not detail the duplicate assay type (Field, Coarse, Pulp, laboratory duplicates) which precludes AMC commenting on how sample representivity and precision changes through the sample preparation process.

Overall, the duplicate assays indicate reasonable precision for Au, Ag, Cu, Zn and Pb, with the Au and Ag assays showing a slight possible increase in variability. In reviewing the assay results, AMC notes that some of the outliers might reflect a mislabeling of results, and further care is required when entering results into the database.

The bulk density measurement method employed by Polimetal is standard industry practice. The average density values reported in Table 11.2 are in the opinion of AMC reasonable and in line with the expected densities for these rock types.

12 Data verification

12.1 AMC Verification

AMC Principal Geologist, Chris Arnold visited the Gediktepe project on two occasions in 2018 and 2019. In addition to inspecting the project site and reviewing a suite of representative drill core, the visits facilitated regular interactions with site professionals. No field or sampling operations were being conducted at the time of the site visits, and AMC did not inspect the ALS laboratory in Izmir.

AMC has been provided with a full set of drill core photographs, collated into easy-accessible PDF documents. During the resource modelling and associated geological interpretations and statistical analyses, these photo documents allowed AMC to cross-check observations relating to assays and geology against the core photos. This process represents a spot-check confirmation of relationships between geology and assays, and in this way provided additional assurance concerning the validity of data.

AMC conducted a number of data verification activities, including the independent analyses of QA/QC data. AMC also ran a set of routine tests of database validity, as part of the data preparation phase of the resource estimation work. These include both specific and general tests, and no matters of concern were identified.

13 Mineral processing and metallurgical testwork

13.1 Sulphide Project mineralogy

The deposit is classified as a massive sulphide skarn where weathering, leaching by the acidic (pH 5.5) groundwater, and oxidation of the sulphides in the upper regions depleted them of the sulphur and base metals leaving an oxide zone defined by two lithologies, a gossan and a disseminated oxide. Four main lithologies have been used to describe the sulphide mineralization which occurs as thin veins or lenses:

Massive Pyrite - Typical pyrite content is over 80%. Copper is present mainly as chalcopyrite (CuFeS_2) and zinc as sphalerite (Zn,FeS). The massive pyrite (FeS_2) ore type comprises more than half the deposit.

Massive Pyrite – Magnetite - The massive pyrite – magnetite (Fe_3O_4) material has a similar texture to that of massive pyrite and includes magnetite within the bedding planes. Pyrite content is about 80% with the iron oxides replacing pyrite (4% of the mineral content on average). Talc and dolomite/calcite contents tends to be higher than for the massive pyrite – an average 1.8% talc compared to 0.7% talc for massive pyrite, and 3.5% carbonate compared to 1% for massive pyrite.

Disseminated Pyrite - Typical pyrite content is about 30% as is the chlorite content (30%). Quartz (20%) and other silicates (10%) make up most of the remaining mineral content. Where $\frac{3}{4}$ of the arsenic is present as tennantite ($\text{Cu}_6[\text{Cu}_4(\text{Fe,Zn})_2]\text{As}_4\text{S}_{13}$) in the massive pyrite ore types, the arsenic is evenly distributed between arsenopyrite (FeAsS) and tennantite in the disseminated ore.

Enriched - The enriched mineralization is characterized by:

- A high cyanide soluble copper (CNsolCu) content $>1\%$ due to the presence of secondary copper minerals within the massive pyrite.
- Low copper recovery.
- Poor Cu/Zn selectivity.
- Fractured and broken rock.

The lithologies occur in layers hosted in a chlorite-sericite schist.

Table 13.1 shows a summary of the mineral composition of the composite samples used in the Sulphide Project testwork. The mineralogy of the sulphide zones of the Gediktepe deposit has the following impact on metallurgical performance:

- Fine grain sizes and intergrowths will require fine grinding to liberate valuable minerals.
- High pyrite content (median content of 76% in samples analyzed) in all samples.
- Variable chalcopyrite, sphalerite and galena (PbS) contents and ratios present.
- Secondary minerals (notable secondary copper minerals) are present.
- Presence of naturally floating silicates (non-sulphide gangues such as talc and chlorite).
- In-situ activation of minerals such as sphalerite has occurred.

Table 13.1 Summary of mineral composition for Sulphide Project composite samples

Mineral Group	Mineral Abundance (%)									
	MP/MAG		MP/MAG/DIS		DISSEM		DIS/MP/MAG		Enriched	
	Av.	Median	Av.	Median	Av.	Median	Av.	Median	Av.	Median
Pyrite	81.31	82.75	62.81	61.95	34.42	30.20	58.22	60.81	79.7	78.0
Sphalerite	4.68	3.68	5.35	4.55	0.63	0.41	6.10	6.40	6.25	6.85
Galena	0.70	0.36	1.09	0.74	0.04	0.00	0.78	0.71	0.89	0.48
Arsenopyrite	0.03	0.01	0.03	0.03	0.02	0.00	0.02	0.01	0.03	0.02
Chalcopyrite and Cu-sulphide intergrowths	2.48	2.40	2.06	1.64	1.55	1.51	2.21	1.97	4.76	4.09
Covellite/chalcocite	0.10	0.03	0.31	0.17	0.03	0.02	0.28	0.12	1.66	1.15
Tennantite-tetrahedrite	0.24	0.17	0.43	0.13	0.07	0.00	0.31	0.15	0.39	0.39
Quartz	1.80	1.27	7.24	7.54	19.74	17.75	8.50	8.66	1.83	1.07
Micas	0.46	0.17	3.85	3.69	9.52	7.89	5.29	5.50	0.36	0.18
Albite	0.04	0.01	0.48	0.23	0.04	0.02	0.54	0.38	0.16	0.03
Chlorite	1.34	0.94	8.06	5.37	28.02	30.31	10.76	9.52	0.19	0.11
Talc and similar	1.13	0.98	0.42	0.11	0.90	0.31	0.70	0.35	0.53	0.06
Kaolinite and similar	0.05	0.01	0.15	0.12	0.15	0.10	0.17	0.12	0.01	0.01
All other silicates	0.02	0.02	0.04	0.03	0.06	0.06	0.06	0.04	0.23	0.01
Rutile/ilmenite	0.02	0.01	0.13	0.06	0.83	0.66	0.26	0.22	0.05	0.02
Hematite/magnetite	0.99	0.47	1.48	0.35	1.39	0.61	1.39	0.57	0.08	0.04
Fe-(Ti)-oxides/oxyhydroxides/carbonates/goethite/siderite	1.34	0.37	1.07	0.87	1.32	0.38	0.90	0.36	0.06	0.04
Ankerite-dolomite/calcite	2.04	1.68	2.15	0.06	0.65	0.31	1.75	0.92	0.21	0.02
Barite	0.94	0.20	2.49	1.35	0.07	0.06	1.39	0.41	2.37	1.56
Apatite	0.02	0.01	0.05	0.03	0.18	0.18	0.07	0.07	0.01	0.00
Other minerals	0.06	0.06	0.06	0.06	0.07	0.06	0.07	0.06	0.04	0.04
Steel	0.22	0.22	0.24	0.23	0.31	0.30	0.26	0.27	0.18	0.18
Cu-(Fe)-sulphates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01

Mineral liberation data shows the average grain sizes of all minerals is less than 50 µm with a valuable mineral grain size P₅₀ of 30 µm, indicating the need for fine primary grind and regrind sizes to achieve liberation for mineral separation and to produce high grade concentrates.

The degree of liberation of all minerals is variable with the main minerals ranging in liberation from 20% to 75% emphasizing the need for a fine grind and regrind.

Pyrite is the dominant mineral and can contain inclusions of magnetite, chalcopyrite, galena and sphalerite in the coarser grains. SGS (Sample Selection Report in 2015) described some pyrite having a vuggy texture with deposition of other sulphide minerals in the cracks, fractures and openings. Most pyrite is euhedral with little porosity.

13.2 Sulphide Project metallurgical test work programme

Test work was undertaken by a number of groups from 2014 to 2015 for a PFS in 2016. Further test work was performed from 2016 to 2022 for the 2019 PFS and the 2022 FS. The main variability test work (2021 and 2022) was completed at HMT and ALS (Perth,

Australia) following a delay due to the COVID-19 pandemic and completion of additional drilling.

The Sulphide Project metallurgical test work completed on samples from the sulphide zones of the deposit used sequential flotation to recover separate copper and zinc concentrates. The test work identified variable performance due to mineralogical and head grade variations, material type blends, surface oxidation (aging effects) and pulp chemistry conditions. The test work focused on understanding the complexity of the mineralogy and development of methodologies to control the metallurgical performance.

Test work used master composites that reflected the proportion of ore types determined by the resource model at the time of each phase of the Project. The test conditions established for the master composite were then applied to variability samples in each phase of work. A total of 78 samples from 40 drillholes were tested in the 2021 – 2022 variability programme. The test work identified variable performance due to mineralogical and head grade variations, material type blends, surface oxidation (aging effects) and pulp chemistry conditions.

Pyrite is the main gangue mineral. Grinding in mild steel media to provide reducing pulp conditions (-400 mV (Ag/AgCl)) has been applied to assist depression of sphalerite in copper flotation. A pre-float stage has been included to increase the pulp potential and remove natural floating talc prior to copper flotation. Treatment of recycled process water to remove residual organic reagents, was found to reduce the loss of copper, zinc and gold into the talc concentrate which is discarded to tailing.

To assess metallurgical performance of the sulphide flotation flowsheet, results of locked cycle tests were used to supplement data from batch roughing and cleaning tests. The data from the locked cycle tests was balanced using the standard method as described in the SME handbook and the concentrate production balance method where the tailing is calculated by difference between the feed and concentrates. LCT balances have been completed by the testing laboratories and independently by GRES and used for prediction of the concentrate grades and recoveries. Simulation of open circuit cleaner tests by HMT using JKSimFloat has been used to extend the variability data available for the assessment of performance.

13.3 Sampling

The location of the samples used in the test work are shown in Figure 13.1. The southern and northern mining areas can be seen to be separated by a middle 'ridge' region. Test work used master composites that reflected the proportion of ore types determined by the resource model at the time of each phase of the Project and therefore the distribution of ore types changed as understanding of the deposit developed. The test conditions established for the master composite were then applied to variability samples in each phase of work.

RD_i (2014) prepared composites from drill core reject samples that represented the three main sulphide ore types identified at that time – Massive Pyrite, Massive Pyrite/Magnetite and Disseminated Sulphide. A master sulphide composite (MCS-RD_i) was then prepared from these in the proportions outlined in Table 13.2, and flotation test work was conducted on the master composite.

A master composite sample (MCS-HMT) comprising the same blend as RD_i was used by HMT to develop a sequential copper and zinc flotation flowsheet (January 2015).

The subsequent optimization test work used a different MCS (MCS-HMT2) that represented an updated model of the mine and included 1% of "Enriched" material. An analysis of the mine geology and elemental distributions by SGS Canada (report "Sample Selection Report for Gediktepe Deposit, Turkey", undated) identified nine variability samples –

disseminated, enriched, massive pyrite, massive pyrite-magnetite, Hi-Zn, Lo-Zn, Hi-Au, Hi Pb, and Hi-Au-Ag – for variability testing in 2016.

Samples for the 2021 - 2022 variability test programme were determined from a geometallurgical assessment completed in 2018 and 2021. Selection was based on lithology, ore type, location (north, middle, south), section through the deposit, copper grade (>2.5% Cu, 1.5% - 2.5% Cu, <1.5% Cu), lead grade (for disseminated > or <0.3% Pb, or > and < 0.15% Pb for other ore types), and mining schedule (as understood at the time). The cyanide soluble copper content was used to indicate enriched material (>1% CNsolCu).

A total of 78 samples from 40 drillholes were tested in the 2021 - 2022 variability programme. Comminution tests were conducted on eight samples. A master composite (47% MPY, 32% MPY-Mag and 21% DISS) and composites of each of the four ore types were prepared to conduct preliminary tests to confirm conditions prior to testing of the 78 variability samples. 38 samples were deemed to represent 'pure' lithologies (33 massive pyrite, 13 massive pyrite - magnetite, 14 disseminated and 18 enriched) while 40 were blends of adjacent lithologies in the core sections. 34 samples came from the north, 15 from the middle and 29 from the south mining areas. Mineralogy (QemScan), rougher tests and open-circuit cleaner tests were completed on all samples. Locked cycle tests were done on 12 samples. A 40 kg/h pilot plant operation was conducted treating a total of 1.8 t of material to generate rougher concentrates for regrind signature plot tests, final concentrates for thickening, filtration and transport tests, and final tailing (zinc rougher tail and zinc cleaner scavenger tail) for thickening tests.

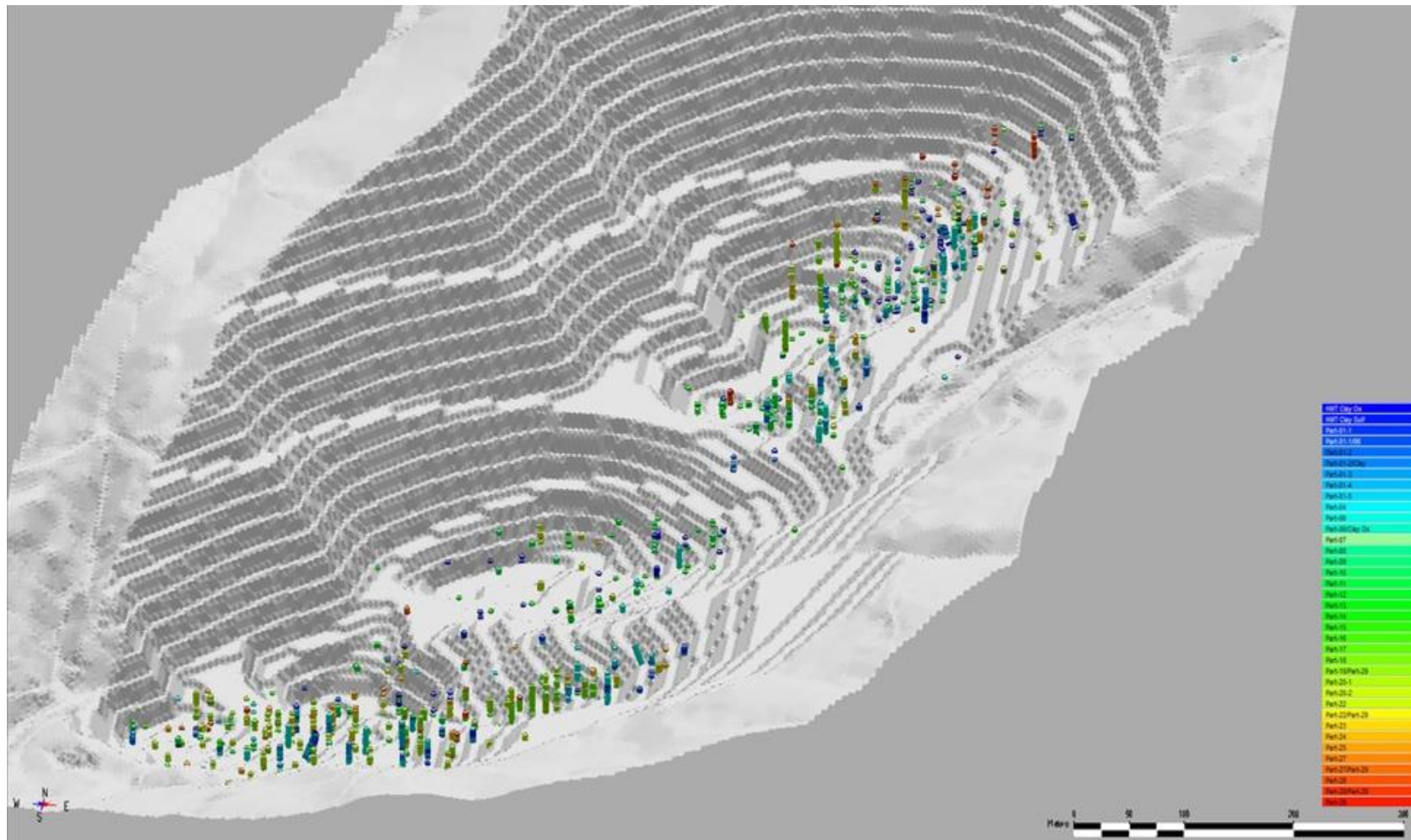
Table 13.2 Sulphide Project – composite sample make-up and assay

	RDİ (2014)	HMT (Aug 2015)	SGS (2016)	HMT (Mar 2016)	WAI (Aug 2018)	HMT Met Drill (2018)	ALS (2021)
Ore Type	MCS	MCS	MCS	MCS	MCS	MCS	MCS
- MPY	30%	30%	34%	34%	48%	48%	47
- MPYMag	30%	30%	26%	26%	36%	36%	32
- Dissem	38%	38%	39%	39%	15%	15%	21
- Enr	2%	2%	1%	1%	1%	1%	0
Assay							
- %Cu	0.85	0.82	0.81	0.75	0.74	0.70	0.87
- %Pb	0.18	0.27	0.29	0.23	0.3	0.16	0.35
- %Zn	1.36	1.56	1.76	1.90	2.01	1.64	1.99
- %Fe	28.3	25.5	18.5	28.9	37.8	35.6	36.9
- %S	26.5		30.3		40.1		36.8
- %As	0.055					0.046	0.056
- g/t Au	0.57		0.62	0.69			1.05
- g/t Ag	24		28.8	23.8		23	30
- %CNsolCu						0.34	0.58

Notes:

- (1) RDİ 2014 and HMT 2015 master composite lithologies were re-defined and updated 28 November 2017. Previously the sample was classified as 33% MPY, 10% MPYMag, 57% Dissem with 0% Enriched.
- (2) Split from WAI sample Aug 2018 was also tested at HMT.

Figure 13.1 Metallurgical Drill Hole Locations



13.4 Sulphide Project Comminution Test Work

Comminution testing was conducted by internationally recognized testing laboratories and the following comminution design parameters were determined by testing using composite samples:

- Ave SG average specific gravity.
- Ai Bond Abrasion Index.
- CWi Bond Crushing Work Index.
- RWi Bond Rod Mill Work Index.
- BWi Bond Ball Mill Work Index.
- SMC Test parameters – for design of AG (autogenous grinding) and SAG (semi-autogenous grinding) circuits - $A*b$, t_a , SCSE, Dwi, Mia, Mih, and Mic.

A summary of all comminution testwork undertaken is shown in Table 13.3.

General conclusions to be drawn from the testwork regarding comminution character of the Gediktepe ore are as follows:

- Ai:
 - All ore types are characterized as “soft” with low abrasivity.
- CWi, RWi:
 - Parameters associated with crushing.
 - Disseminated ore characterized as “medium”.
 - All other types are characterized as “soft”.
 - Blend (78% Massive/22% Disseminated) characterized as “soft”.
- BWi:
 - Parameter associated with ball mill grinding.
 - All types and the Blend characterized as “soft-medium”.
- SMC – AG/SAG related parameters.
- $A*b$:
 - Impact breakage parameter.
 - Disseminated characterized as “medium”.
 - All other types are characterized as “soft”.
- Blend characterized as “soft”.
- t_a – JK abrasion parameter:
 - All types are characterized as “soft”.
- SCSE – energy requirement parameter:
 - Characterized as lower than the average energy requirement.
 - Disseminated ore showed the highest energy requirement.
- Mia, Mih, Mic – energy requirement parameters:
 - Characterized as “low”, in the lowest 10% of an industry-wide database.

Table 13.3 Summary of comminution testwork results

Composite	Test Program	Ave SG	Ai	CWi (kWh/t)	RWi (kWh/t)	BWi (kWh/t)	SMC Parameters						
							A*b	t _a	SCSE (kWh/t)	DWi (kWh/m ³)	Mia (kWh/t)	Mih (kWh/t)	Mic (kWh/t)
Massive Pyrite	SGS Jul 2016	-	-	-	-	6.7	-	-	-	-	-	-	-
Massive Pyrite	-	-	-	-	-	6.9	-	-	-	-	-	-	-
Massive Pyrite	-	-	-	-	-	6.2	-	-	-	-	-	-	-
Massive Pyrite	-	-	-	-	-	7.9	-	-	-	-	-	-	-
Massive Pyrite	-	-	-	-	-	6.9	-	-	-	-	-	-	-
Massive Pyrite	RDİ - Apr 2014	4.35		3.2		6.3	164	0.98		2.65	5.8	3.5	1.8
Massive Pyrite	WAI - 13 Sept 2017	4.56	0.1852		7.59	10.66	86	0.5	6.86	5.14	9.6	6.8	3.5
VAR-028 Massive Pyrite	ALS -May 21	4.55	0.07			12.6	146	0.83	8.01	3.11	6.2	4	2
Massive Pyrite Magnetite	SGS - Jul 2016	-	-	-	-	7.9	-	-	-	-	-	-	-
Massive Pyrite Magnetite		-	-	-	-	7.4	-	-	-	-	-	-	-
Massive Pyrite Magnetite		-	-	-	-	7	-	-	-	-	-	-	-
Massive Pyrite Magnetite		-	-	-	-	7.7	-	-	-	-	-	-	-
Massive Pyrite Magnetite		-	-	-	-	6.8	-	-	-	-	-	-	-
Massive Pyrite Magnetite		-	-	-	-	9.9	-	-	-	-	-	-	-
Massive Pyrite Magnetite	RDİ - Apr 2014	4.69				5.66	126	0.69		3.73	7	4.6	2.4
Massive Pyrite Magnetite	WAI - 13 Sept 2017	4.53	0.2207		7.82	11.22	72	0.43	7.4	6.08	11.1	8.1	4.2
VAR-010 Magnetite	ALS -May 21	4.51	0.0975			10.6	59	0.34	8.01	7.65	13	9.8	5.1
VAR-048 Magnetite	ALS -May 21	4.49	0.0145			12	84	0.48	6.89	5.34	9.8	6.9	3.6
VAR-065 Massive Pyrite Mag	ALS -May 21	4.68	0.039			9.5	72	0.4	7.27	6.49	10.9	8	4.2
Disseminated Sulphide	SGS -Jul 2016					8.5							
Disseminated Sulphide	"					9							
Disseminated Sulphide	"					9							
Disseminated Sulphide	"					10.3							
Disseminated Sulphide	"					10.8							
Disseminated Sulphide	"					10.3							
Disseminated Sulphide	"					11.1							

Gediktepe Competent Person's Report

Polimetal Madencilik Sanayi Ticaret A.Ş.

0224006

Composite	Test Program	Ave SG	Ai	CWi (kWh/t)	RWi (kWh/t)	BWi (kWh/t)	SMC Parameters						
							A*b	t _a	SCSE (kWh/t)	DWi (kWh/m ³)	Mia (kWh/t)	Mih (kWh/t)	Mic (kWh/t)
Disseminated Sulphide	"					10.8							
Disseminated Sulphide	RD _i - Apr 2014	3.31		18.8		9.81	103	0.81		3.2	8.8	5.6	2.9
Disseminated Sulphide	WAI - 13 Sept 2017	3.5	0.2237		10.28	11.88	65	0.49	8.6	5.3	12.6	8.9	4.6
VAR-021 Disseminated (D2)	ALS - May 21	3.15	0.1401			15.9	50	0.41	9.73	6.33	15.9	11.6	6
VAR-049 Disseminated (D3)	ALS - May 21	3.34	0.0831			14.7	52	0.4	9.61	6.41	15.2	11.1	5.8
VAR-041 Massive Pyrite-Enriched	ALS - May 21	4.05	0.1018			11.9	98	0.63	6.73	4.12	8.8	5.9	3.1
VAR-069 Enriched	ALS - May 21	4.64	0.0229			8.9	88	0.49	6.71	5.25	9.3	6.6	3.4
Enriched Sulphide	SGS - Jul 2016					9.7							
Enriched Sulphide	"					8.9							
Enriched Sulphide	"					7.8							
Enriched Sulphide	WAI - 13 Sept 2017	4.96	0.1274		5.41	9.88	132	0.78	5.86	3.3	6.8	4.4	2.3
Overall													
- average		4.22	0.110		7.78	9.4	93	0.58	7.6	4.9	10.1	7.1	3.7
- 80th Percentile		4.65	0.176		8.80	11.0	64	0.79	8.5	6.3	12.7	9.1	4.7
Disseminated Sulphide													
- average		3.33	0.149		10.28	11.01	67	0.53	9.31	5.3	13.1	9.3	4.8
- 80th percentile		3.40	0.190		10.28	11.72	51	0.62	9.68	6.4	15.5	11.3	5.9
Massive Pyrite													
- average		4.49	0.128		7.59	8.02	132	0.77	7.44	3.6	7.2	4.8	2.4
- 80th percentile		4.56	0.162		7.59	9.56	110	0.92	7.78	4.3	8.2	5.7	2.9
Massive Pyrite/Magnetite													
- average		4.58	0.093		7.82	8.70	82	0.47	7.39	5.9	10.4	7.5	3.9
- 80th percentile		4.68	0.147		7.82	10.60	69	0.52	7.64	6.7	11.5	8.4	4.4
Enriched Sulphide													
- average		4.55	0.084		5.41	9.51	106	0.63	6.43	4.2	8.3	5.6	2.9
- 80th percentile		4.83	0.117		5.41	9.88	92	0.72	6.72	4.8	9.1	6.3	3.3
Blend 78% Massive / 22% Dissem.		4.27	0.119		8.272	8.942	97	0.60	7.83	4.9	9.7	6.8	3.5

The objective of the test work was to develop a flowsheet which could produce separate, marketable copper and zinc concentrates, providing the highest NSR. Extensive and detailed testing was performed to establish an acceptable circuit configuration and to optimize flotation parameters. Options tested included the following:

- Primary and regrinding sizes required for mineral liberation.
- Removal/depression of naturally floating talc and silicates.
- Effect of recycled water quality on flotation performance.
- Collector and depressant selection.
- Aging effects on flotation performance.

The main challenge for the Gediktepe sulphide ore is in the copper circuit. A fine primary grind (P_{80} of 38 μm) and a fine regrind of the copper rougher concentrate (P_{80} of 15 μm) is required to achieve acceptable, although still incomplete, liberation of the fine-grained mineral assemblage. Selectivity between copper and zinc minerals is affected by pre-activation of zinc minerals, due to the presence of secondary copper minerals in situ and/or due to galvanic effects between galena (lead mineral) and pyrite.

Learnings from the initial testing were used to configure the circuit used for locked cycle testing (LCT) to simulate steady-state plant operation. Six to eight cycles were used to achieve a reasonable steady-state condition. The circuit included a pre-float to remove talc and silicates and regrinding of copper and zinc concentrates.

SGS completed three LCTs for the prefeasibility study. Thirty-three additional LCTs have been done during the feasibility study period 2017 to 2022 – four by WAI, eleven by HMT and eighteen by ALS. The LCTs have been supported by JKSimMet simulations of open circuit cleaner test (OPCs) to assess performance.

Figure 13.2 Locked cycle test circuit

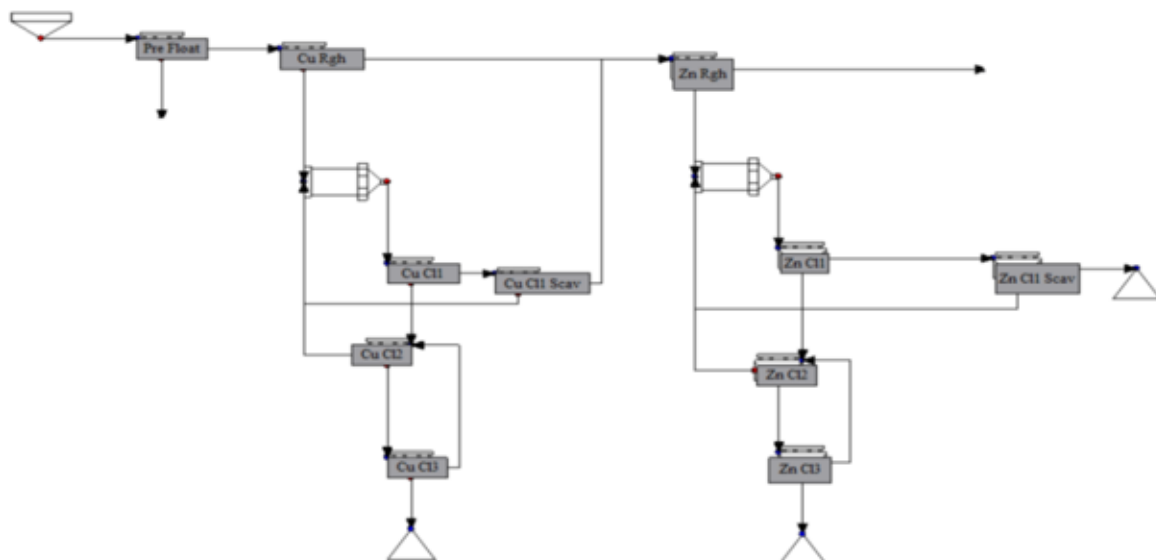


Table 13.4 and Table 13.5 show summaries of the results of the LCT testing. Typical copper concentrates containing >20% Cu, <6% Zn, and <4% Pb while zinc concentrates containing >50% Zn, <2% Pb and <2% Cu were produced in locked cycle tests (LCTs) from samples classified as massive pyrite, massive pyrite-magnetite, disseminated pyrite and various proportions of these ore types. The presence of more than 5% of enriched material in a sample resulted in generation of a copper concentrate high in zinc which exceeds smelter limits and reduces the zinc available for recovery into the zinc concentrate. The enriched material has been excluded from the feed to the concentrator in the mine plan.

Production of saleable zinc concentrates, grading in excess of 50% Zn at recoveries of around 75% has been consistently achieved in the test work.

Table 13.4 LCT results – master composite samples

Date	Lab	Comp.	Test No	Feed			Copper concentrate						Zinc Concentrate						
				Assay			Assay			Distribution			Assay			Distribution			
				Cu%	Pb%	Zn%	Cu%	Pb%	Zn%	Cu	Pb	Zn	Cu%	Pb%	Zn%	Cu	Pb	Zn	
Aug 2015	HMT	MCS	LCT8	0.63	0.24	1.38	23.8	1.16	1.87	66.06		1.96				53.38			84.75
Aug 2015	SGS	MCS	LCT1	0.80	0.28	1.75	30.95	1.30	2.49	75.51	8.96	2.77	0.80	0.28	1.75	8.79	24.62	80.14	
Dec 2017	HMT	MCS Met Drill	100%	0.67	0.15	1.51	28.74	2.21	4.57	75.51	8.96	2.77	1.98	0.35	52.87	6.87	5.34	81.53	
Dec 2017	HMT	MCS Met Drill	90:10	0.87	0.18	1.87	29.88	2.63	11.49	68.14	29.57	12.20	2.64	0.48	50.18	8.47	7.59	75.01	
May 2108	WAI	MCS Blend 7	LCT3	0.71	0.29	1.89	28.00	2.17	6.67	44.50	8.46	3.99	4.64	2.65	46.07	22.18	31.04	82.83	
Jun 2018	WAI	MCS Blend 8	LCT4	0.69	0.39	1.70	29.72	6.51	3.68	47.49	18.72	2.41	3.69	3.56	45.26	16.10	27.92	80.68	

Table 13.5 LCT results – Massive Pyrite and Disseminated Sulphide composite samples

Date	Lab	Comp.	Test No	Feed			Copper concentrate						Zinc Concentrate						
				Assay			Assay			Distribution %			Assay			Distribution %			
				Cu%	Pb%	Zn%	Cu%	Pb%	Zn%	Cu	Pb	Zn	Cu%	Pb%	Zn%	Cu	Pb	Zn	
Aug 2015	HMT	Disseminated		0.67	0.15	1.50	31.10	6.90	5.10	73.80	48.50	6.60	3.70	1.90	50.70	9.90	14.80	74.20	
Aug 2018	HMT	Hi Pb Diss		0.25	0.40	0.96	24.02	14.24	6.09	67.70	24.90	4.50	2.29	5.20	50.23	12.60	17.70	71.80	
Aug 2018	HMT	Med Pb Diss.		0.42	0.22	0.91	21.70	6.31	9.08	72.20	40.20	14.00	2.96	2.26	48.51	9.20	13.50	70.00	
Aug 2018	HMT	Low Pb Diss		0.48	0.10	0.81	28.09	1.61	9.36	58.00	16.80	11.50	6.48	1.53	36.89	21.30	25.40	72.10	
Aug 2018	HMT	HI Pb MPY		0.98	0.69	4.67	31.27	1.28	5.16	71.20	4.12	2.46	1.75	2.72	54.28	12.20	26.80	79.10	
Aug 2018	HMT	Med Pb MPY		0.67	0.25	2.58	30.87	1.95	2.68	65.55	11.11	1.48	1.60	1.08	60.00	0.46	14.40	77.60	
Aug 2018	HMT	Low Pb MPY		0.87	0.18	1.12	30.58	1.76	6.40	72.10	20.30	11.70	3.96	0.59	44.51	7.80	5.70	68.00	

WAI conducted a 40 kg/h pilot plant operation treating a total of 1.8 tonnes of MCS Blend 8 material over seven days to generate rougher concentrates for regrind signature plot tests, final concentrates for thickening, filtration and transport tests, and final tailing (zinc rougher tail and zinc cleaner scavenger tail) for thickening tests.

13.5 Sulphide Project Enriched Material Treatment

The resource contains 0.97 Mt of material classified as Enriched material with an average grade of 3.24% Cu, 2.09% Zn, 1.17 g/t Au and 46 g/t Ag. Test work in 2018 compared different proportions of enriched material relative to the MCS blend. Results of the testing are shown in Table 13.6. Results indicated that blends containing less than 10% enriched could achieve a satisfactory separation of copper and zinc however metal recoveries suffered and the zinc assay of the copper concentrate exceeded 6%.

Enriched material and its flotation response is characterized by:

- A cyanide soluble copper (CNSolCu) content of > 1% due to the presence of secondary copper minerals (covellite, chalcocite) as shown in Table 13.1.
- Low copper recovery when the CNSolCu content is >1%.
- High EDTA extractable copper values (>10%).
- Low selectivity between sulphide minerals specifically sphalerite and copper sulphides (Gaudin Cu/Zn selectivity indices < 1).
- Higher flotation kinetics for sphalerite relative to the copper minerals which has not been reversed in cleaning.
- Copper concentrate assaying >6% Zn.

Table 13.6 Effect of Enriched mineralization on flotation performance

Enriched Ratio	Feed %Cu	Feed %Zn	Copper Concentrate					Zinc Concentrate				
			Mass Pull %	Cu (%)	Cu Rec (%)	Zn (%)	Zn Rec (%)	Mass Pull %	Cu (%)	Cu Rec (%)	Zn (%)	Zn Rec (%)
1% LCT	0.80	1.75	1.9	30.4	70.0	2.8	2.6	2.6	2.8	9.0	51.5	86.0
5%	-	-	2.1	27.3	71.4	7.9	9.2	2.8	2.1	7.3	50.0	78.1
10%	1.06	2.18	1.9	33.3	60.4	6.1	5.4	3.2	2.3	6.8	50.9	74.6
10% LCT	0.87	1.90	2.0	29.9	68.1	11.5	12.2	2.6	2.6	8.5	50.2	73.9
20%	1.25	2.40	2.3	32.2	58.4	10.1	9.6	3.0	4.4	10.8	49.5	62.7
30%	1.47	2.82	1.8	28.9	35.7	17.2	11.1	4.4	8.3	25.1	42.8	67.2
40%	1.70	2.73	2.6	21.7	32.6	31.1	29.0	3.6	11.7	24.6	36.8	48.3
50%	1.79	2.73	2.2	20.0	25.0	30.1	24.7	4.2	14.4	34.1	39.7	61.6
100%	3.47	3.82	20.8	9.5	56.8	5.6	30.3	5.8	12.5	20.9	41.3	62.6

The blending of 5% Enriched material into plant feed was not considered practical as the Enriched material mined from pods which occur mostly in the southern end of the pit, would have to be stockpiled over an extended period during which time, aging effects would further impact on selectivity in flotation.

Various leaching and leach/flotation combinations have been proposed and some were tested at scoping-study level. Results obtained were not sufficiently positive and further development was not pursued.

13.6 Variability tests

Variability samples tested by SGS (2016) were selected by SGS Geostat. The results from the nine samples showed that flotation behaviour of disseminated sulphide and enriched samples was different from massive pyrite and massive pyrite magnetite samples.

The 2021/2 ALS variability test work was done on samples prepared from continuous sections of core from 40 individual drill holes. The details are outlined in the HMT report (2022). The samples were selected to represent head grade variations within each lithology, the different lithologies and spatial distribution in the deposit. Due to the nature of the geology (series of thin lenses), of the 78 samples, there were 40 samples that contained blends of the different metallurgical domains.

All samples were analyzed to provide:

- Detailed head assays including CNSolCu.
- Mineralogy – mineral abundance, elemental department (copper, sulfur and arsenic), mineral grain size, liberation and locking.
- EDTA extraction to gauge the extent of surface oxidation (Cu, Fe, Pb, Zn) and presence of secondary copper minerals.
- All samples were subjected to sequential Cu-Zn rougher flotation at standard conditions and open circuit cleaner testing.
- Eighteen samples were chosen for locked cycle testing.
- Flotation results were variable depending on head grade and mineralogical differences.

Table 13.7 Variability testing results

Date	Lab	Sample Comp.	Ore Type Test No	Feed Assay			Copper concentrate						Zinc Concentrate					
				Cu%	Pb%	Zn%	Grade			Distribution			Grade			Distribution		
				Cu%	Pb%	Zn%	Cu%	Pb%	Zn%	Cu	Pb	Zn	Cu%	Pb%	Zn%	Cu	Pb	Zn
2022	ALS	VAR008	MP	0.87	0.63	2.62	26.4	4.3	4.2	65.8	14.8	3.5	0.8	2.2	47.6	3.2	12.1	63.0
2022	ALS	VAR011	MP	0.68	0.48	1.86	22.5	9.9	3.7	64.6	40.0	3.8	1.2	1.1	52.7	3.6	4.7	57.6
2022	ALS	VAR039	MP	0.64	0.48	2.99	20.4	6.6	6.3	62.8	27.0	4.2	1.2	1.4	54.5	7.4	11.7	74.2
2022	ALS	VAR059	MP	0.65	0.21	1.48	25.7	3.9	3.0	71.5	33.7	3.7	1.7	1.0	49.9	6.3	11.5	82.1
2022	ALS	VAR004	MAG	0.85	0.35	1.70	28.1	1.1	1.5	73.1	7.3	2.0	2.4	4.2	49.3	7.2	31.5	75.6
2022	ALS	VAR005	MAG	0.70	0.51	1.37	21.6	2.2	1.8	46.4	6.5	2.0	2.2	7.4	45.8	7.3	33.6	76.9
2022	ALS	VAR046	MAG	1.20	0.62	2.79	29.3	2.0	1.6	66.4	8.7	1.5	2.2	6.6	52.0	7.2	41.6	73.2
2022	ALS	VAR048	MAG	0.93	0.90	3.80	22.9	3.2	2.1	58.7	8.5	1.3	1.5	4.8	55.8	4.3	14.2	39.4
2022	ALS	VAR002	MP/MAG	0.85	0.19	2.37	21.0	1.0	3.6	76.8	17.3	4.8	1.6	0.5	44.1	8.2	11.3	83.7
2022	ALS	VAR047	MP/MAG	0.73	0.35	2.56	20.9	3.7	4.6	72.8	26.2	4.5	1.2	1.4	56.8	5.3	12.7	72.1
2022	ALS	VAR042	MP/DIS	0.67	1.20	4.46	24.1	19.4	5.3	61.4	27.8	2.0	0.8	5.4	53.9	7.9	31.0	83.2
2022	ALS	VAR051	MP/DIS	0.89	0.38	2.19	24.3	6.4	16.6	67.8	42.1	18.9	1.2	1.1	52.8	4.0	8.4	69.6
2022	ALS	VAR072	MP/DIS	0.46	0.52	2.08	17.6	11.9	12.6	75.3	45.0	12.1	0.9	2.6	47.6	6.2	16.2	75.5
2022	ALS	VAR077	MP/DIS	0.51	0.86	3.99	19.0	9.9	8.6	72.2	22.5	4.2	0.7	5.4	56.3	7.9	35.3	78.6
2022	ALS	VAR060	MAG/DIS(D2)	0.75	0.08	0.79	26.1	0.5	1.6	81.2	13.0	4.7	2.3	0.8	53.4	2.9	8.9	65.5
2022	ALS	VAR006	MAG/DIS (D3)	0.77	0.95	4.05	27.1	6.5	4.9	66.4	12.7	2.3	1.8	6.8	51.5	6.7	20.7	36.7
2022	ALS	VAR055	DIS(D4)/MP/EN	0.77	0.25	3.02	22.0	3.3	14.9	65.1	29.7	11.2	1.1	0.7	51.9	5.8	10.9	70.1
2022	ALS	VAR035	DIS (D3)	0.48	0.07	0.33	15.4	1.6	1.3	76.2	50.8	9.2	3.4	0.6	36.9	4.6	5.5	71.7

The variability test work indicated the following:

- Copper head grade – copper recovery to copper rougher concentrate tended to be in the range 70% to 90% for MPY, MPY-MAG and DIS ore types with head grades <1.5% Cu. There was a general increase in recovery as head grade increased up to 1.5% Cu.
- Copper head grade for Enriched material or samples containing enriched material – these samples had higher feed grades (up to 5% Cu). There was an exponential decrease in copper recovery as copper feed grade increased reflecting the difficulty in achieving selectivity with high proportions of secondary copper minerals.
- Lead head grade – both lead assay and recovery into copper rougher concentrate increased as the lead feed assay increased for all ore types.
- Zinc head grade – there was no apparent relationship with zinc recovery into copper rougher concentrate however the zinc assay of the copper rougher concentrate tended to increase with increasing zinc feed grade for all ore types. The lower zinc head grades were associated with the disseminated ore samples.
- Zinc head grade – stage recovery of zinc into zinc rougher concentrate was above 80% for most samples. Lower recoveries occurred when head grade was less than 1% Zn. This is consistent with the earlier test work by WAI, HMT and SGS.
- Zinc head grade – head grade below 0.3% Zn failed to produce final concentrate grades above 48% Zn.

13.7 Concentrate quality

Determination of metallurgical performance was based on estimates of concentrate grades and recoveries from the Massive Pyrite/Massive Pyrite/Magnetite and Disseminated ore types. Of the 78 variability samples, 16 had a component of enriched material and another 11 were classified as Enriched. The Enriched mineralization has not been included in recovery projections although based on test work, up to 5% 'dilution' of feed has been allowed in mine blocks surrounding enriched mineralization pods. The individual components from the mine production schedule are then summed to produce the expected quantity and quality of copper and zinc concentrate by period or quarter. Blending of concentrate will be necessary at times to maintain products within the smelter specifications.

Nominal copper and zinc concentrates to be produced are as follows:

- Standard copper concentrate: containing >20% Cu, <6% Zn, < 4% Pb.
- Zinc concentrate: >49% Zn, <2.5% Cu and <3% Pb.

The average concentrate grades and recoveries for the sulphide resource for each feed type are shown in Table 13.8. The estimates are based on the following analysis:

- Head grade effects (e.g. copper recovery is related to copper in feed)
- Fixed copper concentrate grade for the disseminated ore
- Mass balances to calculate grades or recoveries of metals other than copper for copper concentrates and other than zinc for zinc concentrates

Table 13.8 Average concentrate grades and recoveries.

	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	As (%)
Copper Concentrate						
Grades						
Massive Pyrite	24.71	3.25	3.55	15.56	250.22	0.23
Disseminated	27.80	2.44	7.12	9.41	624.56	0.51
Recovery						
Massive Pyrite	70.86	3.64	20.29	42.01	18.27	9.41
Disseminated	73.54	2.66	34.44	20.00	34.92	14.25
Zinc Concentrate						
Grades						
Massive Pyrite	1.62	53.27	2.34	1.92	208.02	0.05
Disseminated	0.91	51.33	3.75	1.59	140.92	0.06
Recovery						
Massive Pyrite	6.08	78.03	17.52	6.78	19.86	2.80
Disseminated	3.15	73.15	23.74	4.42	10.30	2.34

Source: AMC June 2022

Table 13.9 and Table 13.10 show complete assays for copper and zinc concentrate generated from master composite and variability testing. Both concentrates will receive precious metals credits based on the average concentrate grades.

The zinc concentrate can be considered relatively 'clean' however will have minor penalties incurred for iron (average 8.5% being > typical penalty level of 8%) and cadmium (average 0.17% > 0.1%). At times the combined copper and lead content may incur a penalty when the zinc grade is also low.

The copper concentrate has average penalty levels exceeded for lead, zinc, arsenic, bismuth and combined fluorine and chlorine. Often excursions in penalty assays may be able to be 'blended out' using the concentrate stocks which will happen with the occasional exceedances for antimony, cadmium, silica and mercury. Some contracts may be agreed where these elements do not exceed the nominated level that incurs penalties. Most of the penalties are considered minor.

Gediktepe Competent Person's Report

Polimetal Madencilik Sanayi Ticaret A.Ş.

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Table 13.9 Copper concentrate analysis

Analyte	Method	Sample	SGS	WAI	VAR002	VAR004	VAR005	VAR006	VAR008	VAR011	VAR035	VAR039	VAR042	VAR046	VAR047	VAR048	VAR051	VAR055	VAR059	VAR060	VAR072	VAR077	Average	Median		
			LCT1	LCT1																						
			MCS Blend	MCS Blend	MP/MAG	MAG	MAG	MAG/DIS (D3)	MP	MP	DIS (D3)	MP	MP/DIS (D2)	MAG	MP/MAG	MAG	MP/DIS (D3)	DIS (D4)/MP/EN	MP	MAG/DIS (D2)	MP/DIS (D4)	MP/DIS (D3)				
Unit	Cycle 8 Cu 600 4 Conc	Cu Conc 2018	Cycle 7 Cu 600 1 Conc	Cycle 7 Cu 600 3 Conc	Cycle 7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 6 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 7 Cu 600 3 Conc	Cycle 7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc	Cycle 5-7 Cu 600 3 Conc						
Au	Fire Assay	g/t	4.53	6.92	3.30	18.2	7.86	21.9	24.5	15.2	3.01	12.1	63.80	58.5	10.2	30.6	9.70	7.07	1.36	1.28	23.10	14.50	17	11		
Ag	D3/ICP	g/t	112	323	158	128	120	356	258	590	204	360	1334	294	232	192	492	316	190	68	869	493	354	276		
Al	D4Z/ICP	ppm	2276	159	520	<400	600	<400	140	120	2000	220	<400	1000	300	340	400	900	140	<0.04	400	400	620	400		
As	XRF-BM	%	0.037	0.282	0.14	0.04	0.22	0.16	0.36	1.17	1.47	0.19	2.04	0.09	0.20	0.24	1.28	0.10	0.10	0.04	0.20	0.26	0.43	0.20		
Ba	D3/ICP	ppm	-	-	70.0	10.0	25.0	45	90	75	35.0	20	600	50.0	110	70.0	500	45.0	60.0	20	600	300	151	65		
Bi	D3/ICP	ppm	132	742	430	430	570	560	430	1390	990	850	890	490	580	400	470	630	760	260	1220	810	652	575		
Ca	D3/ICP	ppm	-	-	2350	200	1100	300	250	200	<50	650	300	100	700	400	100	100	100	0.07	400	200	438	250		
Cd	D3/ICP	ppm	50	194.5	95.0	30.0	50.0	170	1	160	5.00	205	155	60.0	150	85.0	710	615.0	105.0	40	555	315	196	153		
Ce	D4Z/ICP	ppm	-	-	8.00	2.00	2.00	2	15	38	6.00	19	1.00	2.00	<1	<1	11.0	4.00	2.00	<1	2.00	10.0	8.3	4.0		
Cl	XRF/BMF	%	100	60	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01		
Co	D3/ICP	ppm	<10	5	15.0	<5	20.0	15	<5	10	20.0	<5	<5	<5	<5	<5	<5	10.0	45	<5	<5	19	15			
Cu	XRF-BM	%	30.39	30.47	20.7	29.7	21.6	26.8	26.1	23.4	15.3	20	24.1	30.2	20.9	22.9	24.3	21.7	25.3	25.8	17.6	19.0	23.8	23.8		
AsolCu	5% H2SO4	ppm	-	-	1848	2552	4570	424	710	542	734	1146	8.00	2256	1252	1586	9912	12490	1484	2206	6450	1012	2843	1535		
CNaolCu	5% NaCN	%	-	-	1.50	1.58	4.11	0.86	1.3	1.2	0.91	1.42	4.14	1.21	0.79	0.87	8.41	8.63	2.51	1.67	5.23	2.91	2.7	1.5		
F	ISE	ppm	100	160	450	400	1200	50	<50	<50	50.0	400	<50	350	600	850	<50	<50	250	200	150	600	427	400		
Fe	XRF-BM	%	23.78	23	26.2	27.0	24.2	25.5	27.1	25.5	33.8	23.2	18.5	27.3	23.1	21.7	18.0	20.5	26.6	29.1	20.4	20.4	24.2	24.0		
Hg	D1/ICP	ppm	1	4.51	1.50	1.00	1.90	0.3	4.3	5.9	2.30	3.9	12.2	1.30	2.20	1.60	12.4	6.70	1.70	0.4	4.90	3.20	3.7	2.3		
Mg	D4Z/ICP	%	1.05	0.35	2.72	1.64	3.54	0.12	0.014	0.01	0.088	1.7	0.04	1.20	2.85	3.78	<0.04	0.078	1.36	1.16	0.56	2.04	1.3	1.2		
Mn	D3/ICP	ppm	<100	70	145	45.0	140	65	<100	50.0	200	55.0	35.0	200	100	65.0	65.0	110	200	100	200	111	100			
Mo	D3/ICP	ppm	<10	10.3	10.0	<5	5.00	<5	<5	5	<5	5	10.0	<5	5.00	<5	35.0	35	<5	<5	30.0	15.0	16	10		
Na	D3/ICP	ppm	-	-	380	200	380	200	260	280	160	300	340	240	320	340	360	160	200	240	360	340	281	290		
Ni	D3/ICP	ppm	10	22	140	20.0	25.0	15	20	35	210	40	25.0	25.0	25.0	20.0	100	55.0	105	30	110	15.0	52	25		
P	D3/ICP	ppm	-	-	1500	<100	<100	<100	1000	900	<100	900	1200	<100	800	800	1800	<100	1500	<100	1500	1300	1200	1200		
Pb	XRF-BMF	%	1.23	2.29	1.01	0.88	1.41	6.88	4.36	9.96	1.54	6.45	19.4	1.62	3.65	3.20	6.39	3.58	3.96	0.49	11.9	9.90	5.0	3.6		
S Total	XRF-BM	%	31.75	33.2	30.3	31.0	27.7	32.4	34.1	33.7	41.6	30.1	28.9	31.3	27.8	24.9	32.1	34.6	32.1	32.9	31.9	28.1	32	32		
Sb	D1/ICP	ppm	105	985	291	94.1	274	37.7	1204	-	4512	606	0.53	358	378	550	0.54	542	302	41.9	0.21	0.10	541	291		
Se	D1/ICP	ppm	59	400	110	75.0	55.0	75	125	330	80.0	60	135	75.0	100	80.0	155	70.0	90.0	90	140	145	122	90		
SiO2	D4Z/ICP	%	4.05	1.5	10.6	6.20	14.2	0.4	<0.2	<0.2	0.60	7.2	0.20	INS	11.4	15.2	0.40	0.60	5.40	4.6	2.60	7.80	5.5	4.6		
Te	D1/ICP	ppm	<1	4.1	2.40	3.40	2.20	2.4	3	31.8	6.20	6	5.60	2.20	1.60	1.80	2.60	2.40	1.80	2.6	3.80	2.40	4.7	2.5		
Th	D4Z/ICP	%	-	-	<2	-	<2	<2	<2	<2	<2	<2	<2	<2	<2	<2	2.00	<2	<2	<2	<2	<2	<2	<2		
U	D4Z/ICP	ppm	-	-	<2	-	<2	<2	<2	<2	<2	<2	<2	<2	<2	<2	2.00	<2	<2	<2	<2	2.00	<2	<2		
Zn	XRF-BM	%	2.78	5.2	3.54	0.89	1.84	4.89	4.24	3.65	1.30	6.17	5.27	1.69	4.56	2.11	16.6	16.8	2.91	1.58	12.6	8.63	5.4	3.9		
SG	He Pyc	kg/m ³	-	-	3988	3997	INS	4370	4504	4529	4684	4257	4723	4318	3954	3891	4487	4500	4287	4129	4485	4192	4311	4318		

Gediktepe Competent Person's Report

Polimetal Madencilik Sanayi Ticaret A.Ş.

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Table 13.10 Zinc concentrate analysis

Analyte	Method	Sample	SGS	WAI	VAR002	VAR004	VAR005	VAR006	VAR008	VAR011	VAR035	VAR039	VAR042	VAR046	VAR047	VAR048	VAR051	VAR055	VAR059	VAR060	VAR072	VAR077	Average	Median
			LCT1	LCT1	MP/MAG	MAG	MAG	MAG/DIS (D3)	MP	MP	DIS (D3)	MP	MP/DIS (D2)	MAG	MP/MAG	MAG	MP/DIS (D3)	DIS (D4)/MP/EN	MP	MAG/DIS (D2)	MP/DIS (D4)	MP/DIS (D3)		
			Unit	Cycle 8 Zn ClOC 4 Conc	Zn Conc 2018	Cycle 7 Zn ClOC 1 Conc	Cycle 7 Zn ClOC 3 Conc	Cycle 7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 6 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc	Cycle 7 Zn ClOC 3 Conc	Cycle 7 Zn ClOC 3 Conc	Cycle 7 Zn ClOC 3 Conc	Cycle 5-7 Zn ClOC 3 Conc		
Au	Fire Assay	g/t	3.77	1.37	1.27	1.5	2.49	2.26	2.72	2.42	2.58	1.68	2.27	2.05	1.36	1.69	1.79	2.65	0.85	0.8	1.89	1.16	1.85	1.84
Ag	D3/ICP	g/t	147	91.3	104	152	142	242	112	104	128	120	200	536	112	186	75.0	72.0	84.0	114	151	216	158	124
Al	D4Z/ICP	ppm	<400	<400	680	<400	680	<400	360	300	2340	300	<400	200	260	560	<400	700	140	<0.04	400	<400	577	380
As	XRF-BM	%	0.132	0.19	0.02	0.03	0.09	0.02	0.07	0.04	0.31	0.02	0.16	0.03	0.03	0.03	0.08	0.04	0.04	0.06	0.06	0.04	0.07	0.04
Ba	D3/ICP	ppm	-	-	65.0	20.0	35.0	55	245	245	55.0	20	2400	80.0	115	220	700	40.0	60.0	25	1100	500	332	73
Bi	D3/ICP	ppm	259	198	190	470	510	440	220	320	410	300	200	1170	250	510	50.0	150	440	370	180	350	363	335
Ca	D3/ICP	ppm	640		3750	1800	4350	1900	2250	2600	7250	3500	3550	2700	2850	2900	2350	2000	3200	0.39	4050	1850	2936	2775
Cd	D3/ICP	ppm	973	1750	1220	1940	1345	1830	1770	1925	1375	1675	1735	2000	1760	2125	1980	1475	1570	1550	1835	1895	1723	1765
Ce	D4Z/ICP	ppm	-	-	3.00	1.00	<1	1	<1	7	9.00	<1	3.00	14.0	<1	5.00	2.00	12.00	1.00	<1	3.00	2.00	4.85	3.00
Cl	XRF/BMF	%	0.21	0.016	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01
Cr	D3/ICP	ppm	<100	70	70.0	30.0	30.0	40	70	70	470	20	70.0	40.0	50.0	20.0	90.0	50.0	60.0	40	130	50.0	78	50
Cu	XRF-BM	%	2.84	1.98	1.57	4.63	2.56	1.79	0.78	1.2	3.12	1.15	0.77	2.10	1.19	1.50	1.24	1.12	1.83	2.29	0.87	0.73	1.69	1.37
AsolCu	5% H2SO4	ppm	-	-	692	16.0	660	224	106	252	2160	440	<2	456	532	410	4.0	1408.0	964	702	<2	<2	602	456
CNaolCu	5% NaCN	%	-	-	1.03	1.34	0.46	0.25	0.32	0.84	1.26	0.78	0.68	0.49	0.78	0.31	0.96	0.69	1.21	1.08	0.75	0.65	0.77	0.76
F	ISE	ppm	100	<20	<50	<50	<50	<50	<50	50	<50	<50	<50	<50	50.0	50.0	<50	<50	<50	<50	<50	<50	<50	<50
Fe	XRF-BM	%	6.13	8.01	15.2	5.58	10.9	5.43	11.6	8.4	18.7	6.6	4.58	4.73	5.08	3.58	8.12	10.3	12.0	6.99	11.0	4.76	8.53	7.56
Hg	D1/ICP	ppm	17	23.1	16.1	34.6	9.50	34	37	39.2	12.5	29.3	49.6	35.1	23.9	30.1	31.1	18.9	22.4	12.8	17.5	17.7	26.2	26.6
Mg	D4Z/ICP	%	<0.02	0.06	0.08	0.04	0.17	0.08	0.054	0.05	1220	0.09	0.12	0.04	0.06	0.07	<0.04	0.078	0.04	0.16	0.08	0.04	72	0
Mn	D3/ICP	ppm	<100	150	100	90.0	150	135	200	300	165	200	200	85.0	100	100	75.0	145.0	175	200	200	200	157	158
Mo	D3/ICP	ppm	<10	3.8	55.0	70.0	75.0	75	60	65	45.0	65	85.0	70.0	60.0	65.0	80.0	85.0	70.0	<5	70.0	80.0	69	70
Na	D3/ICP	ppm		-	200	160	260	240	300	280	540	300	340	200	220	280	340	120	160	180	360	340	268	270
Ni	D3/ICP	ppm	10	11	25.0	<5	10.0	10	5	15	135	10	10.0	5.00	5.00	10.0	10.0	15	25.0	<5	15.0	<5	20	10
P	D3/ICP	ppm	-	-	1900	<100	<100	<100	2600	2600	2500	2600	1800	100	2500	2500	1900	300	2100	200	1900	1800	1820	1900
Pb	XRF-BMF	%	2.77	0.354	0.46	2.00	7.48	6.85	2.2	1.1	0.57	1.39	5.40	7.39	1.38	4.77	1.10	0.67	1.01	0.76	2.57	5.43	2.9	1.7
S Total	XRF-BM	%	34.35	35.9	37.6	32.7	34.0	31.5	35.7	33.7	36.5	32.6	31.5	31.2	32.9	31.4	34.1	36.0	35.6	33.1	34.9	31.6	33.7	33.4
Sb	D1/ICP	ppm	204	388	34.0	78.5	180	85.1	80.2	184	873	28.6	288	83.8	28.9	35.3	123	53.1	62.2	66.2	219	41.1	141	79
Se	D1/ICP	ppm	45	80	105	80.0	65.0	125	120	105	80.0	50	65.0	275	105	120	60.0	50.0	80.0	135	60.0	135	101	93
SiO2	D4Z/ICP	%	2.04	0.2	0.40	0.40	0.32	0.2	0.4	0.4	1.60	0.4	0.80	0.40	0.40	0.40	0.20	0.40	<0.2	0.4	0.80	0.40	0.49	0.40
Te	D1/ICP	ppm	<1	0.6	1.00	2.60	2.40	3.4	1.6	3.8	4.00	1.4	1.60	7.20	0.60	1.40	0.60	0.40	0.80	1.8	0.80	1.20	2.03	1.50
Th	D4Z/ICP	%	-	-	<2	-	<2	<2	<2	<2	<2	<2	2.00	<2	<2	<2	4.00	<2	<2	<2	2.00	4.00	<2	<2
U	D4Z/ICP	ppm	-	-	<2	-	<2	<2	<2	<2	<2	<2	2.00	<2	<2	<2	4.00	<2	<2	<2	2.00	<2	<2	<2
Zn	XRF-BM	%	51.52	51.64	42.8	54.9	42.8	51.7	47.3	52.1	34.1	54.3	53.9	51.8	56.8	55.8	52.8	49.7	46.6	53.1	47.6	56.3	50	52
SG	He Pyc	kg/m ³	-	-	4281	4239	INS	4247	4235	4202	4431	4238	4203	4343	4065	4259	4171	4310	4348	INS	4229	4257	4254	4243

13.8 Operating metallurgical parameters

Testing using the domain composite samples was used to establish design and operating parameters for the Sulphide Project as follows:

- Concentrate settling characteristics.
- Concentrate filtration parameters.
- Tailings settling characteristics and response to flocculation.

13.9 Mineral processing and metallurgical test work conclusion

AMC considers that there was sufficient and representative metallurgical sampling and test work undertaken for Gediktepe to identify metallurgical domaining within the deposit, identify the best methods for mineral processing, and an appropriate processing flowsheet to achieve copper and zinc concentrates with saleable metal grades and to achieve the design throughput, metallurgical recoveries, and process operating costs assumed for the Ore Reserve estimate.

14 Mineral Resource estimates

14.1 Introduction

A Mineral Resource estimate for Gediktepe, was initially completed by AMC in 2018, with an update to the model in 2022, comprising mining depletion and updated NSR cut-off grade calculations. Whilst both oxide and sulphide mineralization were estimated, only the sulphide Mineral Resources were reported as part of the Gediktepe Sulphide Feasibility Study, the starting surface of which was assumed to be completion of the Oxide Project. The 2022 Mineral Resource figures formed part of the 2022 FS based on the sulphide mineralization only (AMC, 2023).

The following sections summarize the Mineral Resource estimation methodology for both the oxide and sulphide mineralization. The current Mineral Resources comprises the 2022 Mineral Resource block model and accounts for depletion as of 31 March 2024.

The major grades of economic interest to the project, Au, Ag, Cu and Zn, were estimated into both identified mineralization zones and background material portions of the block model. Minor grades, As, C, Pb, S, Fe, and Hg, along with bulk densities, were similarly estimated into both mineralization and background zones.

The Mineral Resources are reported with an effective date of 31 March 2024.

14.2 Drilling and sampling data

The final suite of drilling database files supplied by Polimetal were received on 21 March 2018. Table 14.1 summarizes the individual files. AMC undertook a series of basic and standard checks of database validity and did not detect any matters of concern.

Table 14.1 Drillhole data files

Database File	Records	Description
Gediktepe_Collar_20180321.xls	730	Drillhole collars
Gediktepe_Survey_201800321.xlsx	2,160	Drillhole downhole surveys
Gediktepe_Lithology_20180321.xlsx	43,926	Geological logs
Gediktepe_All_Assay_MasterData_20180321.xls	38,003	Sample assays
Gediktepe_Specific_Gravity_20180321.xls	6,262	Bulk density measurements

Following validation checks both DD and RC drillholes were deemed suitable by AMC for inclusion in the Mineral Resource estimates. Assays with below detection limits were set to half the detection limit. Drillholes completed for water boreholes, geotechnical, metallurgical and tailings storage sterilization drilling purposes, and which lack assays were excluded from the Mineral Resource estimates.

The summary statistics of accepted drillholes by phase, are shown in Table 14.2 (number of holes) and Table 14.3 (drilled metres).

Table 14.2 Drilling phase summary statistics: Number of hole types

Phase	DRD	DRRC	GEO	J	OPJT	Total
1	11	-	-	-	-	11
2	144	84	-	-	-	228
3	153	107	-	-	-	260
4	93	-	1	-	-	94
5	32	-	-	2	2	36
Total	433	191	1	2	2	629
Percent (%)	69	30	0	0	0	100

Table 14.3 Drilling phase summary statistics: Metres by hole type

Phase	DRD	DRRC	GEO	J	OPJT	Total
1	1,529	-	-	-	-	1,529
2	17,158	6,920	-	-	-	24,078
3	26,544	6,309	-	-	-	32,853
4	5,189	-	63	-	-	5,252
5	5,319	-	615	-	480	6,414
Total	55,739	13,229	678		480	70,127
Percent (%)	79	19	1	0	1	100

14.3 Geological interpretation

14.3.1 Lithology

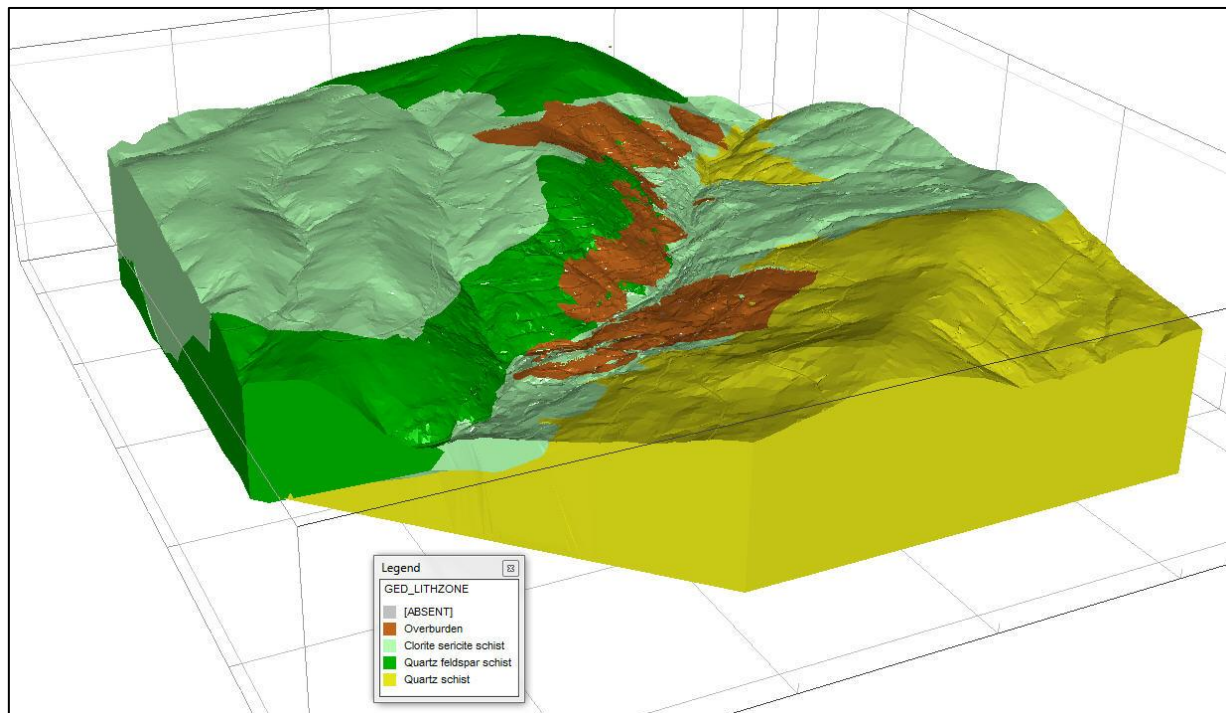
Polimetal provided AMC with a set of solid wireframes representing interpretations of the three main schist lithologies, plus overburden, based on core and reverse circulation drilling logs. AMC consolidated the wireframes and assigned corresponding codes to a lithology field (LTHZONE), as shown in Table 14.4.

Table 14.4 Lithology codes

LTHZONE	Description
OVBN	Overburden
SHQF	Quartz feldspar schist
SHCS	Chlorite sericite schist
SHQZ	Quartz schist

Figure 14.1 is an oblique view which illustrates the relationships between the lithologies.

Figure 14.1 Oblique view of lithologies



Note: Elevated view towards NNE

14.3.2 Weathering

Based on core and reverse circulation drilling logs of oxidation, Polimetal prepared and provided to AMC a surface wireframe representing the interpreted base-of-oxidation (top-of-sulphide) horizon. Beyond the immediate areas of drillhole intersections, the surface was extended laterally to follow topography, but offset vertically down. This reasonably reflects the tendency for the base-of-oxidation to follow the water table, which in turn tends to track a profile offset below the topography. The extrapolation has been projected to the edges of the model.

14.3.3 Mineralization

Polimetal prepared four sets of mineralization interpretations, based strictly on drillhole logging codes. All were provided to AMC in the form of wireframe solids.

Two sets, gossan and clay-like-gossan are confined to the oxide zone, and the other two, massive pyrite and enriched, relate to the sulphide zone. Previous studies distinguished between massive pyrite and massive pyrite magnetite. However, evaluations by Hacettepe Mineral Technologies, Polimetal and others had indicated that there is no value, from either Mineral Resource estimation or mineral processing perspectives, to partition the massive pyrite, therefore the two previous subsets have been combined.

The wireframe solids collectively capture the majority of Au, Ag, Cu, and Zn mineralization, and the wireframe boundaries commonly coincide with sharp changes in grades. However, a significant number of mineralized intersections can be observed outside of these solids, usually as lower grades, or where some grades remain elevated (e.g. Zn) but others are not.

AMC and Polimetal have observed that this lower-grade mineralization often follows the boundaries of the massive sulphide or gossan zones in a parallel fashion, or extends laterally up or down dip, or along strike, away from the interpreted mineralization zones. Often these trends are not well defined by grade but are revealed in logs of disseminated sulphide and higher sulphur grades. In many cases this evidence of mineralization, either as grades or logs, form shells of variable thickness around the massive pyrite or gossan interpretations.

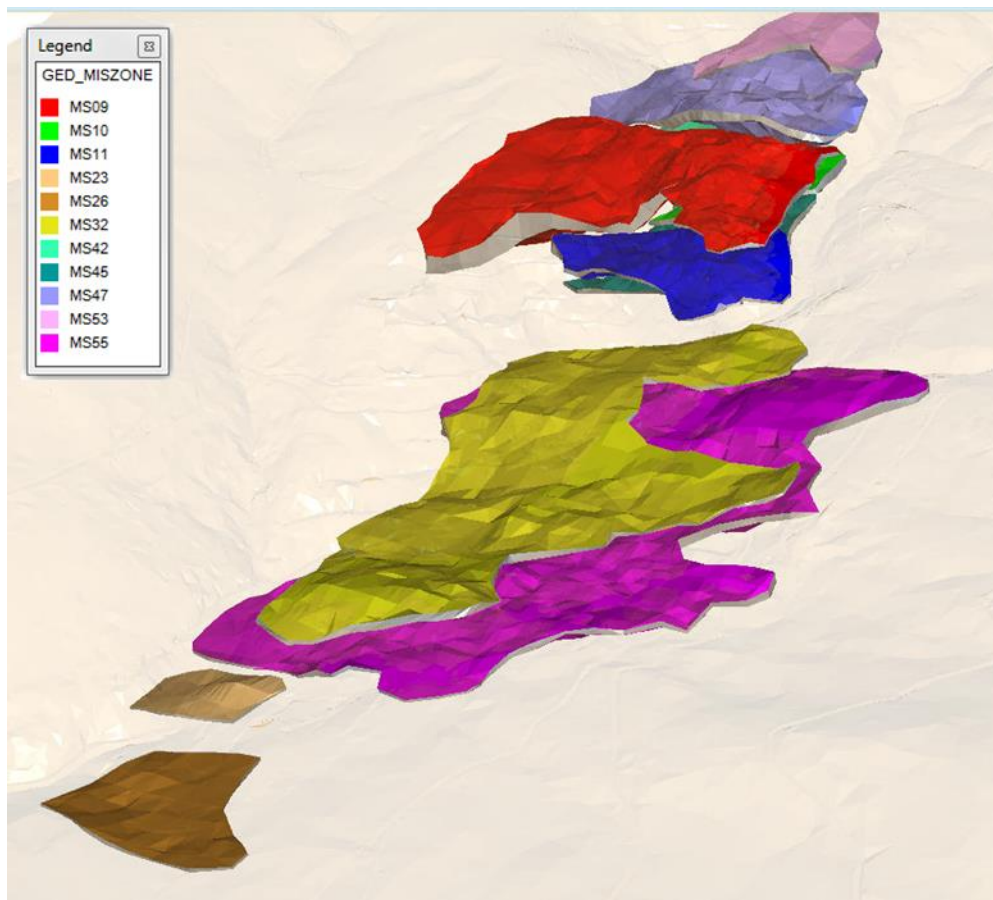
AMC modelled a series of mineralized shells to capture this peripheral mineralization outside of the solid models. In many cases the boundaries and extents of the shell mineralization are relatively well defined, however there are instances where establishing continuity proved to be challenging. In addition to the logging and grade information, AMC used both the existing solid wireframes, and the mineralization strings supplied by Polimetal, to guide the interpretation process.

There is strong evidence that the gossan and massive pyrite zones once formed continuous bodies of mineralization across what is now the base-of-oxidation. The mineralized shell interpretations have therefore been constructed extending across this boundary, since any subsequent need for partitioning between oxide and sulphide can be achieved using the base-of-oxidation surface.

The outcome was a set of 10 defined mineralization shells, mostly encapsulating the mineralization solid wireframes, but deviating locally to facilitate continuity. These deviations are not considered to be material, given that the primary objective of the mineralization shells was to manage the grade estimation process. A secondary benefit would be to use the names assigned to the shells to partition the sulphide or gossan mineralization, which otherwise are difficult to separate spatially.

Figure 14.2 shows an oblique view of the mineralized shell interpretations.

Figure 14.2 Oblique view of mineralization shell interpretations



Note: Elevated view towards NNE

While reviewing the spatial distributions of grades across the deposit, AMC detected a range of patterns that were often specific to individual metals or showed consistency between two or more elements. Two particularly marked distributions showed potential for compromising the grade estimation process.

The first sub-zone relates to copper within the massive pyrite which displays higher copper grades situated mostly in the up-dip areas of the massive pyrite domain. The distinctive grade characteristics required separate domaining of the higher and lower-grade areas for further evaluation.

AMC also noted that the high copper grades show a clear spatial association with interpreted solids of enriched mineralization.

The second sub-zone was observed in cross section, initially in relation to zinc grades. While the copper grade are strongly elevated across the full intersections of the massive pyrite, zinc remains depleted from the hangingwall through to some point within the intersection, after which the zinc grades increase sharply through to the footwall. The trend is consistent over a number of adjacent drillholes.

To ensure that this clearly defined subzone could be partitioned during both analysis and grade estimation, a wireframe surface linking the intersection points where zinc grades change sharply was created for use as a sub-zoning boundary. Further inspection of trend in other grades show that Au, Ag and Hg in particular closely mirror the Zn trends, and even assays not included in the estimates, such as Cd, Co (reversed), and Mn are conformable. These give further weight to recognizing the zone as geochemically distinctive.

14.3.4 Faults

The presence of faulting at the Gediktepe deposit is evident from a three-dimensional view of filtered grade values. In some cases, the dislocations are clearly defined, while in others the faults are more subtle.

Polimetal has identified, and modelled faults as wireframe surfaces which have been used in defining the limits to, and offsets of, the interpretations of mineralization.

14.4 Exploratory data analysis (EDA)

14.4.1 Domaining

Samples were selected using the mineralization, weathering and lithology interpretation wireframes, and assigned unique domain codes to define the zones in which the samples are located.

A total of five different mineralization codes have been applied to the sample data, as summarized in Table 14.5.

Table 14.5 Mineralization codes

MINZONE	Description
GOSS	Gossan
GSCL	Clay-like gossan
MSPY	Massive pyrite
MSEN	Enriched zone
MISZ	Mineralized shell
BKGR	Background

14.4.2 Compositing

The sampling practice at Gediktepe applied default sampling intervals at 1 m within mineralized zones and 2 m outside of these zones, with options for shorter sample lengths according to geological features.

AMC elected to conduct statistical analyses on mineralized zones, excluding the mineralized shell material, using 1.0 m sample composites, and all other material using 2.0 m composites.

14.4.3 Variography

Variographic analysis was focused on the major grade fields for those mineralized zones that demonstrate suitable continuity. The selected zones were combined gossan (GOSS) and clay-like gossan (GSCL), and massive pyrite (MSPY). The enriched pods (MSEN) were considered to be too discrete and discontinuous, and the mineralized shell (MISZ) grades are not considered to represent sufficiently defined populations to be meaningful for variography.

Experimental variograms were generated on untransformed 1 m composites.

Directions of preferred continuity were tested within the primary planes of orientation for each zone, and structures were determined for each of the strike (045°/00°), down dip (315°/20°), and across-plane (using down hole variograms as a proxy) orientations.

The downhole variograms typically displayed low nugget variances, around 10% to 20% of the total, particularly for base metals in the massive pyrite. This is consistent with the generally low variability of Cu and Zn observed visually in profiles down mineralized intersections. Similarly, the downhole grade trends noted in some of the thicker massive pyrite intersections, are reflected in some downhole variograms not settling on to a horizontal sill.

Another feature is that many variograms in the plane of the mineralization (along strike and down dip) are not well formed, suggesting that the drill spacings are at or near the ranges in these directions.

The modelled sills for the three directions are commonly quite different (e.g. Figure 14.3), and this zonal anisotropy is to be expected from observations of internal grade zonation within the plane of the mineralization, particularly wider portions of massive pyrite.

In some cases, very long ranges were invoked for the final structures to ensure that, where zonal anisotropy is evident, variogram models for all directions reach a common sill. These ranges are well beyond the search neighbourhood during estimation and therefore have no influence on the interpolation.

A summary of the variogram model parameters is provided in Table 14.6.

Figure 14.3 Variogram charts: Gossan Au

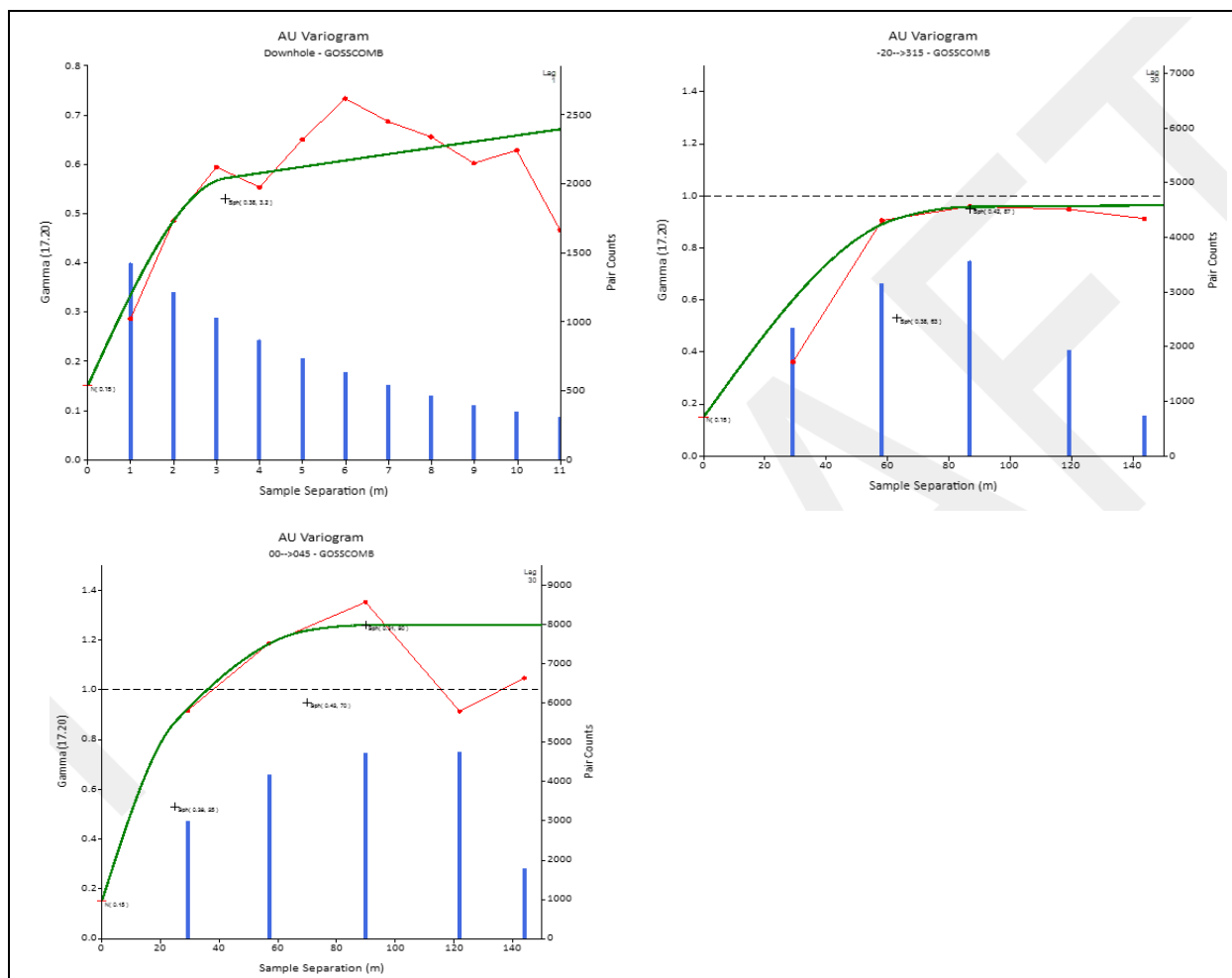


Table 14.6 Variogram parameters

MINZONE	Field	Sub-Zone	Dip Dir.	Dip	Nugget	Structure 1				Structure 2				Structure 3			
						Var.	Strike	Dip	X-str	Var.	Strike	Dip	X-str	Var.	Strike	Dip	X-str
GOSS	AU		315	20	0.15	0.38	25	63	3	0.42	70	87	50	0.31	90	5,000	1,000
	AG		315	20	0.15	0.23	20	36	5	0.45	35	79	7	0.22	60	89	200
	CU		315	20	0.1	0.5	50	60	5	0.37	95	80	1,000	-	-	-	-
	ZN		315	20	0.1	0.65	25	37	7	0.33	75	1,000	100	-	-	-	-
	S		315	20	0.3	0.1	10	10	6	0.5	40	20	8	-	-	-	-
	AS		315	20	0.1	0.45	10	10	4	0.3	25	25	8	0.38	500	40	16
	HG		315	20	0.35	0.2	10	10	4	0.38	40	25	7	0.57	65	60	500
	PB		315	20	0.05	0.5	10	10	3	0.3	25	25	5	0.35	40	40	50
	FE		315	20	0.08	0.17	10	10	4	0.5	45	25	11	0.28	90	250	25
MSPY	AU		315	20	0.18	0.26	76	10	5	0.48	170	200	150	0.15	180	2,000	1,000
	AG		315	20	0.04	0.22	11	60	5	0.5	70	105	45	0.09	200	140	60
	CU	1	315	10	0.02	0.18	15	6	8	0.45	50	25	15	1	120	350	60
		2	315	20	0.1	0.36	25	22	3	0.33	120	125	13	0.41	230	1,000	1,000
	ZN		315	20	0.15	0.25	15	20	5	0.4	40	60	20	0.27	300	500	1000
	S		315	20	0.1	0.2	8	8	3	0.14	25	25	9	0.6	100	250	250
	AS		315	20	0.2	0.2	20	20	4	0.44	70	100	13	0.55	1000	1,000	25
	HG		315	20	0.1	0.18	10	45	3	0.2	30	120	15	0.48	160	500	60
	PB		315	20	0.05	0.35	8	8	4	0.08	20	25	5	0.45	45	50	27
FE		315	20	0.1	0.2	10	20	4	0.14	20	95	8	0.4	30	250	150	

14.4.4 Grade capping

To reduce the impact of high-grade assays on the grade estimates, grade capping has been applied on a mineralization and weathering domain basis.

AMC undertook a detailed review of grade characteristics for the major grade fields, in each of the mineralization and weathering zones, as a basis for determining suitable values for high (or low) grade capping.

Table 14.7 summarizes the grade capping limits applied to the major elements of interest. Grade capping limits were also applied to the minor elements of Pb, As, S, Fe and Hg.

Table 14.7 High grade caps by MINZONE and subzones: Major elements

Assay	Comp. (m)	Zones		Capping grade (g/t, %)	Nº Comps. Affected
		MINZONE	Subzone		
AU	1	GOSS	-	25.0	3
	1	MSPY	-	6.0	5
	1	MSEN	-	6.0	1
	2	MISZ	WEATH	2.5	5
	2	MISZ	FRSH	5.0	8
AG	1	GOSS	-	350	27
	1	MSPY	-	150	15
	1	MSEN	-	150	2
	2	MISZ	WEATH	100	5
	2	MISZ	FRSH	100	18
CU	1	GOSS	-	0.7	4
	1	MSPY	1	12.0	1
	1	MSPY	2	2.0	8
	1	MSEN	-	10.0	3
	2	MISZ	WEATH	0.6	7
	2	MISZ	FRSH	2.0	12
ZN	1	GOSS	-	0.5	4
	1	MSPY	-	12.0	11
	1	MSEN	-	10.0	2
	2	MISZ	WEATH	0.8	6
	2	MISZ	FRSH	5.0	15

14.5 Volumetric block model

A volumetric block model was constructed in Datamine Studio RM and assigned the respective key domain codes for the mineralization, lithology and weathering. A summary of the block model parameters is provided in Table 14.8.

Table 14.8 Volumetric model summary

Description	X	Y	Z
Model Origin	636000	4357000	1000
Model Rotation	Unrotated		
Parent Cell Size (m)	20	20	10
Nº Parent Cells	100	120	55
Minimum Sub Cell Size (m)	5	5	2

14.6 Bulk density

Evaluation of bulk density data was initiated by coding all sample data points by lithology (LTHZONE), mineralization (MINOZONE), and weathering (WEAZONE) field codes. A total of 6,202 coded samples were available for analysis.

Statistics of minimum, maximum and mean were computed for densities in each of the mineralization zones (and weathered and fresh for mineralized shells), and for background material in each of the lithology zones. Some outlier values were identified, with lower and upper truncations applied to prevent the analysis being skewed. Table 14.9 summarizes the bulk density statistics following truncation of outliers.

Table 14.9 Bulk density statistics by mineralization, weathering and lithology

Filters	Samples	Minimum	Maximum	Mean
GOSS	439	2.00	3.84	2.60
GSCL	34	2.00	2.88	2.45
MSEN	121	3.44	4.92	4.23
MSPY	1389	3.25	4.92	4.37
MISZ – WEAT	45	2.17	3.23	2.54
MISZ – FRSH	709	2.52	4.84	3.41
BKGR – OVBN	32	2.41	2.69	2.57
BKGR – SHQF	741	2.43	2.79	2.67
BKGR – SHCS	1905	2.30	3.80	2.78
BKGR – SHQZ	570	2.45	2.78	2.66

The number, frequency, and broad spatial distribution of density values were considered by AMC to be a sufficient basis for estimating density values into model blocks. Statistical demonstrated that the values within the different mineralization and weathering zones show distinct and characteristic density population. Consequently, in preparation for estimation, density values were assigned an ESTDOM domain field derived using MINZONE and WEAZONE field codes (Table 14.10).

Table 14.10 Estimation domains

ESTDOM	Equivalent To		
	MINZONE	WEAZONE	
GOSS	GOSS		
	GSCL		
MSPY	MSPY		
MSEN	MSEN		
MISW	MISZ		WEAT
MISF	MISZ		FRSH

Densities were estimated for each ESTDOM domain using inverse distance weighting squared. Search orientations were aligned with the same orientations used for grade estimations, but with larger search ellipse dimensions to account for the lower frequency of values. Any blocks that did not receive a density estimate, typically because of insufficient data in the neighbourhood, were assigned default values, derived from statistical analysis, according to mineralization and weathering zone.

14.7 Grade estimates

Grade estimates were completed for Au, Ag, Zn, Cu, As, Hg, Pb, Fe, S and C. The grades were estimated using either ordinary kriging (OK) or inverse distance weighting (IDW) squared as

interpolators, and either 1 m or 2 m composite lengths, depending on the zones being estimated. 1 m composites were applied to estimates of the gossan, massive pyrite and enriched zones, while 2 m composites were used to estimate material within the mineralized shells.

The volumetric block model was adjusted onto a new model prototype for the purpose of the grade estimates, reducing the parent cell size to 10 m by 10 m by 2.5 m (X/Y/Z). Grades were estimated into parent cells. The resultant grade estimate model was subsequently converted back to the 20 m by 20 m by 5 m (X/Y/Z) parent cell prototype. Sub-cells received the same grade estimate as the parent cell.

Absent grade intervals within the selected composite data were assigned trace grade values as summarized in Table 14.11. This approach to unsampled intervals may result in more conservative grade estimates local to the unsampled intervals. Further work would be required to assess whether these intervals are non-mineralized and warrant the low default values, or if they are potentially mineralized and should be left as absent.

Table 14.11 Default values for unsampled intervals

Grade	Units	Subzone	Value
AU	g/t	All	0.005
AG	g/t		0.05
ZN	%		0.01
CU	%		0.01
AS	ppm		50
HG	ppm		0.001
PB	%		0.01
FE	%		20
C	%		0.01
S	%	Weathered	0.001
S	%	Fresh	10

Grade interpolation was conducted into parent blocks under hard-bounded zonal control, referencing the ESTDOM field (Table 14.10). Additional sub domaining (Table 14.12) was completed with respect to the identified copper and zinc grade distribution subzones previously described in Section 14.3.3.

Table 14.12 Estimation subzones

ZONE	CODE	Description
SUBZONCU	1	Higher grade Cu massive sulphides (around enriched sulphides)
	2	Remaining Cu massive pyrite
SUBZONZN	1	Zinc-depleted massive sulphide
	2	Remaining massive pyrite

Given the relatively regular distributions of drillhole intersections, and the similarity of the geometries for each mineralized zone across the deposit, a limited set of search ellipsoid configurations was applied (Table 14.13). These dimensions were chosen with consideration of capturing sufficient samples for estimation within the search neighbourhood, the observed continuities of grades, and evidence of zonal anisotropies in variograms. Estimates were carried out in a three-pass estimation plan with the second and third passes using progressively larger search radii to enable the estimation of blocks not estimated on the previous pass.

At a deposit scale, the Gediktepe mineralization shows a relatively consistent strike, dip direction, and dip, corresponding to a 315° dip direction and 15° to 20° dip. Locally the dip

orientations can be considerably more varied, particularly in long-section, often as a consequence of faulting. Dynamic anisotropy was applied to account for a limited number of variations from the default 315°/20° (dip direction/dip) orientation.

Block discretization during grade estimation was applied using a 4 by 4 by 2 (X/Y/Z) matrix.

Following grade estimation, any mineralization blocks that failed to receive an estimated grade were assigned default values using the same values as used for unsampled sample intervals (Table 14.11).

Background material, outside of the defined mineralization zones, is not considered for inclusion in the Mineral Resource estimates. However, Polimetal requested that available data be used to generate grade and density estimates in background model blocks. Since background material is located outside of the mineralization, grades and densities were partitioned according to lithologies (LTHZONE) and weathering (WEAZONE). Grades and densities were estimated using inverse distance squared weighting.

14.8 Model validation

A statistical and visual validation assessment of the block-model grade estimates was carried out by AMC to check that grade estimates conform to the sample composite data and that the estimates perform as expected.

Validation methods employed by AMC includes:

- Visual assessment.
- Global statistical grade validation.
- Grade profile analysis.

14.8.1 Visual assessment

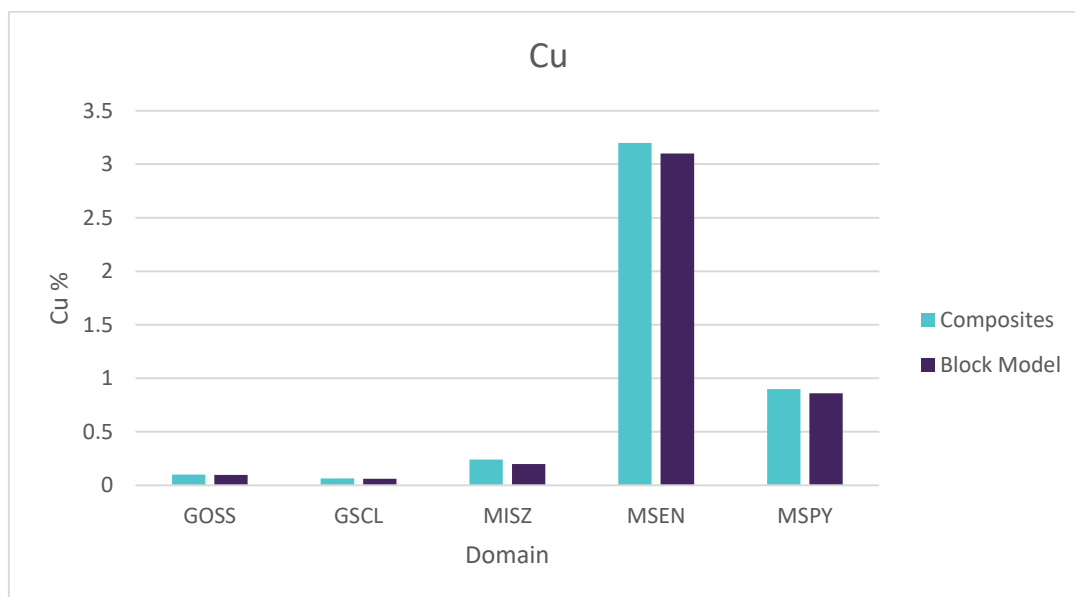
Visual checks of the grade estimates were carried out in plan, cross-section, and longitudinal section, correlating the sample composite grades against the block model estimated grades.

Overall, AMC considers the block model estimated grades to correlate with the sample composite data on which the estimates are based.

14.8.2 Global statistical grade validation

A global grade comparison (e.g. Figure 14.4) was carried out on a domain-by-domain basis, comparing the block model estimated grades against the sample composite data. A global grade comparison provides a check on the reproduction of the mean grade of the composite data against the model over the global domain. Typically, the mean grade of the block model should not be significantly greater than that of the samples from which it has been derived, subject to the sample clustering and spacing.

Figure 14.4 Cu global grade comparison

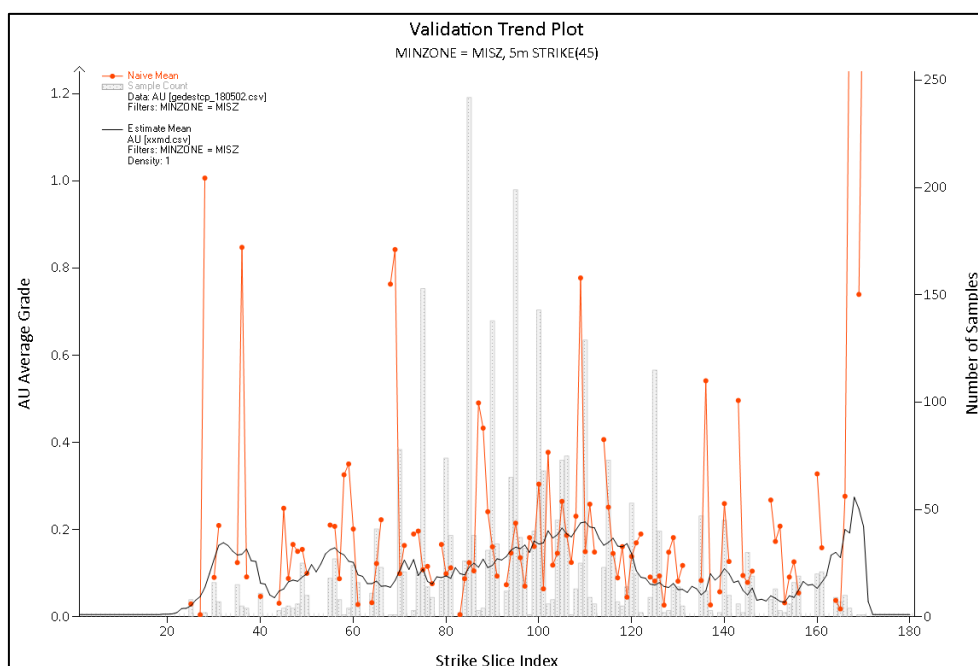


14.8.3 Grade profile analysis

To provide a greater resolution of detail than the global grade comparison, AMC has carried out a series of local grade profile comparisons, also known as swath plots. A grade profile plot is a graphical representation of the grade distribution through the deposit derived from a series of swaths or bands, orientated along eastings, northings, or vertically as well as along-strike and across-strike. For each swath, the average grade of the composite data and the block model are correlated.

Figure 14.5 is an example of the along strike swath plot for Cu grades in the MISZ domain.

Figure 14.5 Along strike Cu grade profile analysis results for MISZ domain



Overall, swath results show average estimated grades within each swath tracking with the mean composite grade, showing a good correlation between the estimates and the composite data.

14.8.4 Validation summary

Based on the visual and statistical validation checks carried out by AMC, no significant indications of overestimation or underestimation were identified. AMC considers the estimated block model grades to be a fair representation of the contributing sample composite data.

14.9 Classification

Procedures for classifying the reported resources were undertaken within the context of the JORC Code.

Estimated resources have been classified with consideration of the following general criteria:

- Confidence in the geological interpretation.
- Knowledge of grade continuities gained from observations and geostatistical analyses.
- Number, spacing and orientation of intercepts through mineralized zones.
- Quality and reliability of raw data (sampling, assaying, surveying).
- The likelihood of material meeting economic mining constraints over a range of reasonable future scenarios, and expectations of relatively high selectivity of mining.

Knowledge of geological and grade continuities, along with drilling densities, was used to identify the most likely areas for higher resource classification potential.

Geological considerations affecting confidence:

- Mineralization boundaries:
 - Sharpness within individual drill intersections.
 - Lateral continuities of between adjacent intersections (are boundaries easily correlated?).
- Continuities (or variabilities) of grades:
 - Within individual intersection profiles.
 - Lateral continuities (or variabilities) between adjacent intersections (are intersection profiles consistent?).
- Structural effects – faulting, folding.

Other indicators of confidence:

- Observations from statistical and variographic work – low/high CoV, quality of variogram structures, ranges, nuggets etc.
- Data quality and how it varies across the deposit.
- Output from the estimation process – e.g. number of samples, search ellipse pass.

All the above were considered with respect to the individual characteristics of each estimated grade and each defined zone (domain).

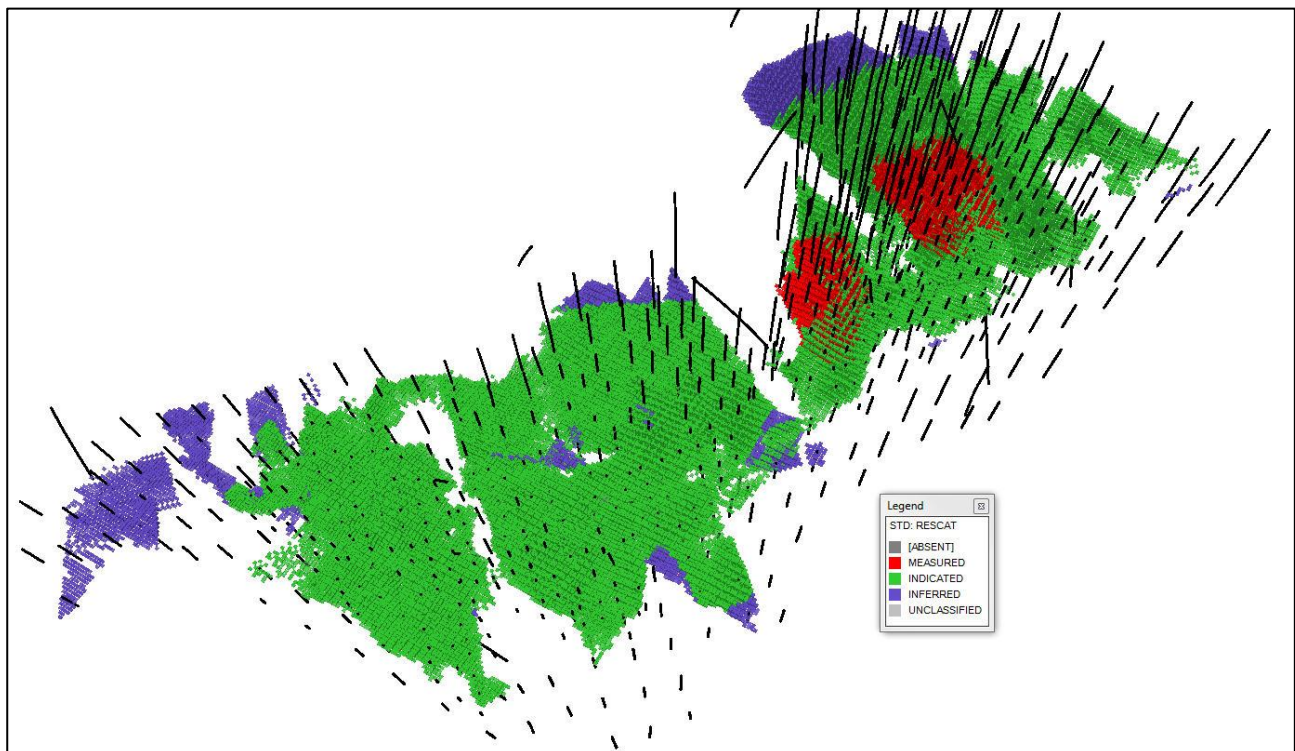
The enriched zone mineralization (MSEN) is unsuitable for processing in the proposed Sulphide Project processing plant and has a deleterious effect on recovery of metals from other sulphide minerals (massive and disseminated) processed with it. On this basis the MSEN domain mineralization has been excluded from the reported Mineral Resources.

The following classification criteria has been assigned to the Gediktepe resource model:

- Measured Mineral Resources: Limited to the massive pyrite (MSPY) domain in the northern part of the deposit, and where drillhole spacing is approximately 25 m.
- Indicated Mineral Resources: Assigned to all other mineralization domains estimated from sample composites with a sample spacing of up to approximately 45 m.
- Inferred Mineral Resources: Assigned to those parts of the modelled mineralization which have been estimated but do not meet the classification criteria for Measured or Indicated Mineral Resources. Typically corresponding to peripheral areas of mineralization.

An oblique view of the classifications applied to the block model is shown below in Figure 14.6.

Figure 14.6 Oblique view of part of the classified block model



Notes:

- View from above looking approximately north.
- Mineralized shell mineralization excluded.
- Some blocks obscured by overlying blocks.

Table 14.13 Estimation search parameters

ESTDOM	WEAZONE	Search distance (m)			Dip	Dip	Octant			Search 1		Search 2			Search 3			Max in
		Strike	Dip	X-str	Direct.	Min oct.	Min / oct	Max / oct	Min. comp	Max. comp	Expand	Min. comp	Max. comp	Expand	Min. comp	Max. comp		
GOSS		40	50	5	315	20	2	2	4	5	24	1.5	3	24	3	2	20	5
MSPY		40	50	5	315	20	2	2	4	5	24	1.5	3	24	3	2	20	5
MSEN		40	50	5	315	20	-	-	-	4	24	1.5	3	24	3	1	20	5
MISZ	WEAT	20	25	5	315	20	-	-	-	2	15	1.5	2	24	-	-	-	5
MISZ	FRSH	20	25	5	315	20	-	-	-	2	15	1.5	2	24	-	-	-	5
BKGR		50	50	10	315	20	-	-	-	2	15	1.5	2	24	3	1	20	-

14.10 Mineral Resource summary

Mr Nicholas Szebor is employed by AMC as UK General Manager and Principal Geologist and is the Competent Person for geology, exploration and Mineral Resources for Gediktepe.

Mineral Resources are reported based on a Net Smelter Return (NSR) basis. Separate NSR cut-offs are applied to each of the oxide and sulphide zones. A summary of the metal prices and metallurgical recoveries applied in the NSR calculation are summarized in Table 14.14 below.

In addition to the parameters in Table 14.14 the NSR calculation accounted for royalties, G&A costs, copper and zinc concentrate specifications, mining costs, processing costs, transportation costs, moisture content and NSR payment terms.

Table 14.14 Summary of NSR metal prices and metallurgical recoveries

Parameter		Unit	Value
Cu Price		US\$/lb	4.17
Au Price		US\$/oz	1,725
Ag Price		US\$/oz	23
Zn Price		US\$/lb	1.46
Oxide	Au Metallurgical Recovery (Oxide)	%	80
	Ag Metallurgical Recovery (Oxide)	%	45
Copper Concentrate Metallurgical Recoveries	Au, Ag, Cu, Zn, Pb, As (MSPY domain)		Regression formulas applied on a domain basis.
	Au, Ag, Cu, Zn, As (MISZ domain)		Regression formulas applied on a domain basis.
	Pb (MISZ domain)	%	40
Zinc Concentrate Metallurgical Recoveries	Au, Ag, Cu, Zn, Pb, As (MSPY domain)		Regression formulas applied on a domain basis.
	Cu, Zn, As (MISZ domain)		Regression formulas applied on a domain basis.
	Au (MISZ domain)	%	10
	Ag (MISZ domain)	%	20
	Pb (MISZ domain)	%	18.1

In order to report a Mineral Resource in accordance with the JORC Code (2012) there needs to be a reasonable prospect for eventual economic extraction (RPEEE). To meet this requirement, AMC has constrained the classified Gediktepe resources to those falling within an optimized pit shell, in which the metal price parameters used for the determination of Ore Reserves have been inflated by 14%, and where all categories of material have been included in the optimization.

Table 14.15 summarizes the Gediktepe Mineral Resources as of 31 March 2024.

Table 14.15 Gediktepe Mineral Resource Estimate Summary – 31 March 2024

Resource Classification	Tonnes (Mt)	Grade					Contained Metal			
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Au (koz)	Ag (Moz)	Cu (kt)	Zn (kt)
Measured Oxide	-	-	-	-	-	-	-	-	-	-
Indicated Oxide	1.3	2.79	67	0.11	0.1	0.44	113.0	2.7	1.4	1.1
Measured + Indicated (Oxide)	1.3	2.79	67	0.11	0.1	0.44	113.0	2.7	1.4	1.1
Inferred Oxide	0.01	0.90	23	0.08	0.1	0.17	0.4	0.01	0.01	0.01
Measured Sulphide	3.8	0.68	26	0.99	1.9	0.35	83	3.2	38	73
Indicated Sulphide	21.0	0.76	28	0.79	1.7	0.35	511	19.0	166	367
Measured + Indicated (Sulphide)	24.8	0.74	28	0.82	1.8	0.35	594	22.2	204	440
Inferred Sulphide	3.1	0.53	21	0.77	1.2	0.28	54	2.1	24	37
Total Measured (Oxide + Sulphide)	3.8	0.68	26	0.99	1.9	0.35	83	3.2	38	73
Total Indicated (Oxide + Sulphide)	22.3	0.87	30	0.75	1.7	0.36	624	21.7	167	368
Measured+Indicated (Oxide+Sulphide)	26.1	0.84	30	0.79	1.7	0.36	707	24.9	205	441
Total Inferred (Oxide + Sulphide)	3.1	0.53	21	0.77	1.2	0.28	54	2.1	24	37

Notes:

- JORC Code definitions were followed for Mineral Resources.
- Mineral Resources are inclusive of Mineral Reserves.
- Effective Date of Mineral Resource is 31 March 2024
- Mineral Resources are estimated at NSR cut-offs of US\$19.00/t for oxide and US\$23.90/t for sulphide.
- Mineral Resources constrained using optimized pit shell to reflect reasonable prospects of economic extraction.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Totals may not match due to rounding.

14.11 Comparison of 2019 and 2024 Mineral Resource estimates

Table 14.16 provides a comparison between the updated 2024 Mineral Resource estimate, reported as of 31 March 2024, and the 2019 Mineral Resource estimate reported as of 5 March 2019.

The Mineral Resource block model used in both the 2019 and 2024 estimates is the same, with no updated sample data or revised grade estimates. Differences between the final reported Mineral Resource numbers reflects changes to the NSR calculations and cut-off grades, subsequent pit optimization constraints, and mining depletion since 5 March 2019.

The biggest change relates to the oxide mineralization which exhibits a 53% reduction in ore tonnages for Indicated material, and 43% for Inferred. The main driver for the change is the ongoing extraction and processing of oxide ore which has been depleting the oxide Mineral Resource since the previous 2019 Mineral Resource estimate.

Sulphide Mineral Resources show ore tonnage differences within $\pm 7\%$. No significant mining has taken place within the sulphide Mineral Resources. Differences between the 2019 and 2024 Mineral Resource numbers reflects the differing input parameters for the NSR calculations, NSR cut-off grades and the pit optimization constraints.

Table 14.16 Comparison between 2019 and 2024 Mineral Resource estimates

Weathering Zone	Resource Version	Cut-Off (NSR\$/t)	Classification	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Oxide	2019	20.72	Measured	-	-	-	-	-
			Indicated	2,674	2.71	66	0.10	0.1
			Inferred	23	0.95	22	0.23	0.1
	2024	19.00	Measured	-	-	-	-	-
			Indicated	1,261	2.79	67	0.11	0.1
			Inferred	13	0.90	23	0.08	0.1
Sulphide(excl Enriched)	2019	17.79	Measured	3,999	0.67	25	1.01	1.8
			Indicated	22,637	0.72	27	0.76	1.7
			Inferred	2,958	0.53	20	0.76	1.2
	2024	23.90	Measured	3,838	0.68	26	0.99	1.9
			Indicated	20,991	0.76	28	0.79	1.7
			Inferred	3,135	0.53	21	0.77	1.2
Total 2019			Measured+Indicated*	30,217	0.91	31	0.80	1.6
Total 2024			Measured+Indicated*	26,090	0.84	30	0.79	1.7

Note: * Totals do not include Inferred

14.12 Conclusions

AMC is of the opinion that the Mineral Resource is a fair representation of the sample and geological data. AMC has carried out a series of visual and statistical validation checks on the Mineral Resource block model, comparing grade estimates against the sample data on which they are based. The validation checks show that the Au, Ag, Cu, Zn and Pb grade estimates correlate with the sample data.

The enriched mineralization presents a key risk to the project owing to its deleterious effect on processing recovery, and the potential to yield concentrates outside of saleable specifications. Whilst the enriched mineralization has been reasonably modelled and accounted for in the Mineral Resource estimate, suitable grade control procedures will be key to mitigating its impact during the mine operation. Grade control procedures will necessitate sufficient resources and time allocation to sample and define the enriched mineralization ahead of mining. Suitable blasting, ore demarcation (including enriched domains), and digging practices will be required to minimize the risk of enriched mineralization entering the plant feed, and to limit losses associated with the buffer mineralization around the enriched domain.

The mineralization shells (MISZ) modelled to capture the peripheral mineralization is less well defined than the other mineralization domains. Grade distributions within the MISZ domain is variable, with nuggety high grades encountered. A lack of defined grade populations precluded robust variogram models being established. AMC is of the opinion that the MISZ Mineral Resource estimates are reasonable, however, grade control sampling is warranted to better define grade variability at the short-range scale.

Where absent grades were present within the selected composite data, they were assigned default trace grade values. Less than 1% of the selected sample data informing the Mineral Resource grade estimates has absent grade data for Au, Ag, Cu, Pb, and Zn. The impact of replacing absent values with trace grades has no material effect on the overall reported Mineral Resources. At a local scale the impact of replacing absent intervals with trace grades may provide a more conservative estimate, however, this will be localized and the impact negligible.

Extensive density measurements have been completed enabling density to be estimated into the Mineral Resource block model. The density measurements are in line with the expected results for these types of geological units. Reviewing the density estimates AMC notes that the estimated

values for the GOSS, MISZ, MSEN and MSPY domains fall within the density measurement ranges. Density estimates for the GSCL domain shows a limited number of blocks with density values exceeding (up to 3.25 t/m³) the maximum density measurement of 2.88 t/m³ for the domain. The over estimation of density values is likely due to the weighting received during the estimation process. If the blocks are capped at the maximum density value of 2.88 t/m³ then the overall tonnage difference equates to 878 t. AMC is of the opinion that the impact on the Mineral Resources is negligible.

The Mineral Resource classifications are suitable and consider data quality, geological continuity, grade variability, and performance of the grade estimates. Areas classified as Measured are limited to the massive pyrite domain (MSPY), where there is good coverage by drilling data and a good understanding of geological and grade continuity. Areas classified as Indicated are well supported by drilling data, however, they exhibit greater grade and geological variability than the areas classified as Measured.

Mineral Resources have been reported on an NSR basis. Any changes to metal prices, costs, or recoveries will lead to revised reported Mineral Resource numbers. Metal prices for Ag, Cu and Zn appear reasonable. The Au price of US\$1,725/oz appears conservative and may present some upside potential.

15 Ore Reserve estimate

15.1 Introduction

Polimetal engaged AMC for the 2022 FS to undertake mine planning and an Ore Reserve estimate for the Sulphide Project as a stand-alone operation. The mine plan was subsequently updated by AMC in late 2023 to include the Oxide Project production. The combined Oxide Project and Sulphide Project mine plan is documented in this section.

15.2 Ore loss and dilution analysis

Because of the variable geometry of the different ore zones comprising the sulphide mineralization, dilution and ore loss was modelled as a two-step process. A dilution skin was applied to enriched mineralization, a model regularization process was applied to account for loss and dilution in the remainder of the model.

Enriched mineralization is unsuitable for processing in the proposed Sulphide Project processing plant and has a deleterious effect on recovery of metals from other sulphide minerals (massive and disseminated) processed with it. The mine planning strategy for dealing with this material is to isolate a dilution skin of one metre around enriched mineralization to ensure that this material does not end up in the feed to the process plant. Blocks generated from the dilution skin that are above the cut-off value are referred to as buffer material. Mining will, therefore, accept loss of other sulphide mineralization as a preferred alternative to dilution with enriched mineralization.

The results of the dilution analysis show an overall average dilution of the deposit in tonnes of 14.4% and an ore loss of 8.8% (see Table 15.1) The resulting effect on contained metal shows that the diluted model contains from 94%-96% of the original undiluted resource model. AMC considers this to be a reasonable result and reflective of the expected mining recoveries.

Table 15.1 Dilution and ore loss tonnage and grade results

Description	Quantity ¹ (Mt)	Resource Mt (%)	Grade			
			Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Resource	34.4	-	0.72	1.48	0.83	28.4
Dilution	4.9	14.3	0.07	0.08	0.04	1.8
Ore Loss	3.0	8.8	0.63	0.85	0.49	17.9
Diluted ore	36.4	105.6	0.64	1.34	0.75	25.6

Note: ¹ Not limited by a constraining pit shell

15.3 Pit slopes

Polimetal engaged Golder in 2018 to undertake geotechnical and hydrogeological engineering for the open pit and waste dump for the Oxide Project and the Sulphide Project, and provide recommendations for batter, berm and overall pit slope design. Golder developed geotechnical and groundwater models for the Gediktepe deposit, which were used to provide recommendations for pit slopes to be used for pit optimization and mine design. Golder identified five design sectors that affected geotechnical properties. Design parameters were provided for batter/berm configurations and maximum stack height in benches.

Open pit walls have been exposed for a period of up to four years, allowing performance monitoring and observation of the current open pit slopes, which has resulted in a revision to the pit slope recommendations for final and staged pit slope angles. The updated mine plan used the revised pit slope parameters developed by Polimetal shown in Table 15.2.

Table 15.2 Pit slope assumptions

Sector	Zone	Batter Angle (degrees)	Batter Height (m)	Berm Width (m)	Overall Slope (degrees)	No of Benches (no)
North-west	0	45	–	6.5	39	12
Weathered	1	45	–	5.7	39	12
Fresh	2	63.5	–	6.5	39	12
South-east wall	3	40	–	9	25	12
Below 1130 mRL	4	63	–	6.5	39	12

The pit will be mined in multiple stages affording the opportunity to expose walls and refine the designs as the pit develops.

15.4 Concentrate grades and metal recoveries

There are three metal products planned for production from Gediktepe:

- Oxide project – gold and silver bullion.
- Sulphide operation – copper concentrate.
- Sulphide operation – zinc concentrate.

Recoveries of gold and silver from the current Oxide Project from mining and processing oxide ore in the weathered zone are shown in Table 15.3.

Table 15.3 Metal recovery (oxide)

Metal	Units	Value
Gold	%	80
Silver	%	45

Source: Polimetal

Recoveries of copper, gold, and silver metal to copper concentrate by lithology were supplied by GRES and HMT from their analysis of recent and historical metallurgical testwork completed on Gediktepe ore and the proposed sulphide ore process plant flowsheet.

The detailed formulae used for the massive pyrite and disseminated sulphides ores were derived from HMT 2023 and are shown in Table 15.4.

For massive pyrite, the following applied:

- A correction was applied to convert MgO to Mg as the database uses Mg assays.
- Copper concentrate maximum copper recovery = 80%.
- Zinc concentrate, maximum Zn recovery = 82%.

For disseminated, the following applied:

- Copper concentrate maximum copper recovery = 80% and maximum lead assay of 14%.
- Zinc concentrate, maximum Zn recovery = 82% and minimum copper assay of 0.6%.

Table 15.4 Metal recoveries to concentrate

Copper Concentrate	Massive pyrite
Concentrate tonnes	$TCu = Cu \times RCu / GCu$
Copper recovery	$RCu = (2.84 \times Cu + 3.908 \times Cu/Zn + 5.779 \times Mg + 55.982) / 100$
Copper grade	$GCu = (8.913 \times \ln(Cu) + 25.964) / 100$
Lead grade	$GPb = 7.1596 \times Cu/Pb^{-1.237}$
Lead recovery	$RPb = TCu * GPb / (T \times Pb)$
Zinc grade	$GZn = 1.5085 \times Zn$

Copper Concentrate	Massive pyrite
Zinc recovery	$RZn = TCu \times GZn / (T \times Zn)$
Arsenic grade	$GAs = 2.738 \times FAs + 0.07 \times GZn - 0.188$ for $FAs < 0.5\%$ and minimum $GAs = 0.037\%$ $GAs = 8.3501 \times FAs - 0.2103$ for $FAs > 0.5\%$
Gold grade	$GAu = 10.287 \times Au^2 + 4.4823 \times Au - 0.1523$
Gold recovery	$RAu = TCu \times GAu / (T \times Au)$
Silver grade	$GAg = 0.969 \times RPb$
Silver recovery	$RAg = TCu \times GAg / (T \times Ag)$
Zinc Concentrate	-
Concentrate tonnes	$TZn = Zn \times RZn / GZn$
Zinc recovery	$RZn = (1.908 \times Zn + 5.2537 \times Mg - 13.805 \times Cu/Zn - 90.069 \times As + 77.44) / 100$
Zinc grade	$GZn = (50.724 + 1.059 \times Zn - 2.057 \times Cu + 1.465 \times Cu/Zn + 4.351 \times Zn/S) / 100$
Copper grade	$GCu = (2.984 \times Cu - 0.456 \times Zn + 0.504) / 100$
Copper recovery	$RCu = TZn \times GCu / (T \times Cu)$
Lead grade	$GPb = 3.583 \times Pb^{0.9496}$
Lead recovery	$RPb = TZn \times GPb / (T \times Pb)$
Arsenic grade	$GAs = 0.7595 \times As$
Arsenic recovery	$RAs = TZn \times GAs / (T \times As)$
Gold grade	$GAu = 0.6452LN(Au) + 1.9281$
Gold recovery	$RAu = TZn \times GAu / (T \times Au)$
Silver grade	$GAg = 4.6702 \times Ag$
Silver recovery	$RAg = TZn \times GAg / (T \times Ag)$
Copper Concentrate	Disseminated
Concentrate tonnes	$TCu = Cu \times RCu / GCu$
Copper recovery	$RCu = (24.992LN(Cu) + 91.639) / 100$ for $Rcu < 80\%$ $Rcu = 80\%$ for $(24.992LN(Cu) + 91.639) / 100 > 80\%$
Copper grade	$GCu = 27.8\% Cu$
Lead grade	$GPb = 34.44 \times Pb - 0.5516$
Lead recovery	$RPb = TCu \times GPb / (T \times Pb)$
Zinc grade	$GZn = 1.1401LN(Zn) + 2.487$
Zinc recovery	$RZn = TCu \times GZn / (T \times Zn)$
Arsenic grade	$GAs = 0.0153 \times EXP(36.708 \times FAs)$ for $FAs < 0.06\%$ $GAs = 1.0572 \times \ln FAs + 4.0843$ for $FAs \geq 0.06\%$
Gold grade	$GAu = 10.287 \times xAu^2 + 4.4823 \times Au - 0.1523$
Gold recovery	$Rau = Tcu \times Gau / (T \times Au)$
Silver recovery	$Rag = 0.969 \times RPb$
Zinc Concentrate	-
Concentrate tonnes	$TZn = Zn \times RZn / GZn$
Zinc recovery	$RZn = (78.513 + 0.294 \times Zn + 0.249 \times Cu/Pb - 15.298 \times Cu/Zn) / 100$
Zinc grade	$GZn = (63.169 + 1.014 \times Zn + 0.375 \times Cu/Pb - 11.233 \times Cu/Zn - 5.187 \times Mg) / 100$
Copper recovery	$RCu = (0.972 - 30.934 \times Pb + 11.006 \times Cu + 2.283 \times Zn - 0.096 \times Cu/Pb) / 100$
Lead grade	$GPb = 9.0447 \times Pb$
Lead recovery	$RPb = TZn \times GPb / (T \times Pb)$
Arsenic grade	$GAs = 1.0957 \times As$
Arsenic recovery	$RAs = TZn \times GAs / (T \times As)$
Gold grade	$GAu = 0.6452Ln(Au) + 1.9281$
Gold recovery	$RAu = TZn \times GAu / (T \times Au)$
Silver grade	$GAg = 4.6702 \times Ag$
Silver recovery	$RAg = TZn \times GAg / (T \times Ag)$

15.5 Operating costs

Operating costs for pit optimization are summarized into mining, ore processing, G&A, and sustaining capital (TSF) costs in Table 15.5.

Table 15.5 Operating costs

Parameter	Units	Value	Source
Mining contractor cost	US\$/t mined	1.20	Polimetal
Oxide ore processing costs	US\$/t feed	10.32	GRES
Sulphide ore processing cost	US\$/t feed	19.24	GRES
G&A costs	US\$/t feed	6.84	GRES
Sustaining capital costs	US\$/t feed	0.07	GRES

Mining contractor costs were provided by Polimetal based on the current mining contract at Gediktepe for the Oxide Project mining and processing operation and are expressed as a flat unit cost per tonne mined (US\$/t mined). Owner mining costs (technical, administration and supervisory) were not included in pit optimization.

Oxide and sulphide ore processing, G&A, and sustaining capital costs were estimated by GRES from fixed and variable cost inputs and are expressed as a variable unit cost per tonne of ore processing feed (US\$/t feed).

Oxide Project fixed and variable ore processing costs developed by GRES that were used for pit optimization are shown in Table 15.6, converted to a variable unit cost assuming an annual process plant throughput of 1.095 Mtpa. Annual operating costs will vary with processing throughput.

Sulphide ore processing costs developed by GRES that were used for pit optimization are shown in Table 15.7, converted to a variable unit cost assuming an annual process plant throughput of 1.85 Mtpa. Operating costs were estimated in Q2 2022. Annual operating costs will vary with processing throughput.

AMC reviewed the operating costs provided and considers that they are a suitable basis for pit optimization.

Table 15.6 Oxide Project process operating costs (Q2 2022)

Cost Category	Total Cost (US\$'000 pa)	Total Cost (US\$/t feed)	Fixed Cost (US\$'000)	Variable Cost (US\$/t feed)	% of Operating Cost
Processing					
Salaries/Labour	4,372	3.99	4,372		16
Power	2,424	2.21	1,875	0.50	9
Reagents & Consumables	13,035	11.90	2,286	9.82	46
Maintenance	1,994	1.82	1,994		7
General	2,505	2.29	2,505		9
Sub-Total Processing	24,331	22.22	13,032	10.32	87
Administration					
Salaries/Labour	3,004	2.74	3,004		11
Maintenance	161	0.15	161		1
General	579	0.53	579		2
Total	28,075	25.64	16,776	10.32	100
Sustaining Capital	131	0.01	-		

Table 15.7 Sulphide process operating costs (Q2 2022)

Cost Category	Total Cost (US\$'000 pa)	Total Cost (US\$/t feed)	Fixed Cost (US\$'000)	Variable Cost (US\$/t feed)	of Operating Cost
Processing					
Salaries/Labour	3,590	1.97	3,590		8
Power	10,129	5.55	8,937	0.65	24
Reagents & Consumables	20,772	11.38	1,343	10.65	48
Maintenance	3,559	1.95	3,559		8
General	1,963	1.08	1,963		5
Sub-Total Processing	40,012	21.92	19,392	11.30	93
Freight (Conc to Izmir)	294	0.16		0.16	1
Administration					
Salaries/Labour	2,382	1.30	2,382		6
Maintenance	23	0.01	23		0
General	281	0.15	281		1
Total	42,992	23.56	22,077	11.46	100

Concentrate related cost assumptions are discussed in section 19.

15.6 Metal pricing and offsite costs

Metal prices and revenue factors used for pit optimization and economic evaluation, such as metal payability, royalty, and treatment and refining costs were supplied by Polimetal and Link based on experience of current contracts. Revenue factors are summarized in the marketing section and Table 15.8.

Table 15.8 Metal prices, royalties and treatment costs

Metal	Metal Price	Payability Lesser of		Royalty (% Metal Price)	Treatment and Refining Cost
Copper concentrate					US\$90/dmt
Copper	US\$3.63/lb	96.5%	Cu -1%	6.0	US\$0.09/lb Cu
Gold	US\$1,500/oz	90%	Au - 1 g/t	4.8	US\$10.00/oz Au
Silver	US\$20.00/oz	90%	Ag - 30 g/t	3.6	US\$1.00/oz Ag
Zinc concentrate					US\$200/dmt
Zinc	US\$1.27/lb	85%	Zn - 8%	4.5	-
Gold	US\$1,500/oz	70%	Au - 1 g/t	4.8	US\$10.00/oz Au
Silver	US\$20.00/oz	70%	Ag - 108.862 g/t	3.6	US\$1.00/oz Ag

Source: Link and Polimetal.

Off-site concentrate costs (treatment costs) are typically expressed as a cost per dry metric tonne (US\$/dmt) and on-site concentrate costs as a cost per wet metric tonne (US\$/wmt). Concentrate moisture is assumed as 9.0%.

Royalties are based on a sliding scale based on the sale price. A State Area royalty is also applicable, discounted by 40% for gold and silver and 50% for copper and zinc to account for the value added to ROM ore by processing.

AMC has reviewed the revenue factors, concentrate assumptions, and concentrate costs (see section 19) and considers that they are a reasonable basis for the FS. A discount rate of 10% per annum was used to estimate discounted cash flows.

15.7 Cut-off to define ore

The net smelter return (NSR) cut-off value used in the mine plan to distinguish between ore and waste rock is the non-mining, break-even value, taking into account metallurgical recovery, site operating costs including processing and G&A, treatment and refining, royalties, and revenues from sales of concentrate. The cut-off grade varies by ore type (oxide, massive pyrite, disseminated, and enriched), but equates to approximately 0.6% Cu at the average copper recovery of 68% for the deposit, without counting revenue contribution from zinc concentrate or gold and silver credits.

The breakeven cut-off value was calculated using the following formulae:

$$\text{Cut-off value} = \text{Cost of ore} / \text{Value of ore}$$

$$\text{Cost of ore} = \text{Processing cost} + \text{G\&A cost} + \text{Sustaining capital}$$

$$\text{Value of ore} = \text{Sales price} \times \text{Recovery} \times \text{Payability} \times (1 - \text{Royalty}) - \text{Treatment cost} - \text{Penalties}$$

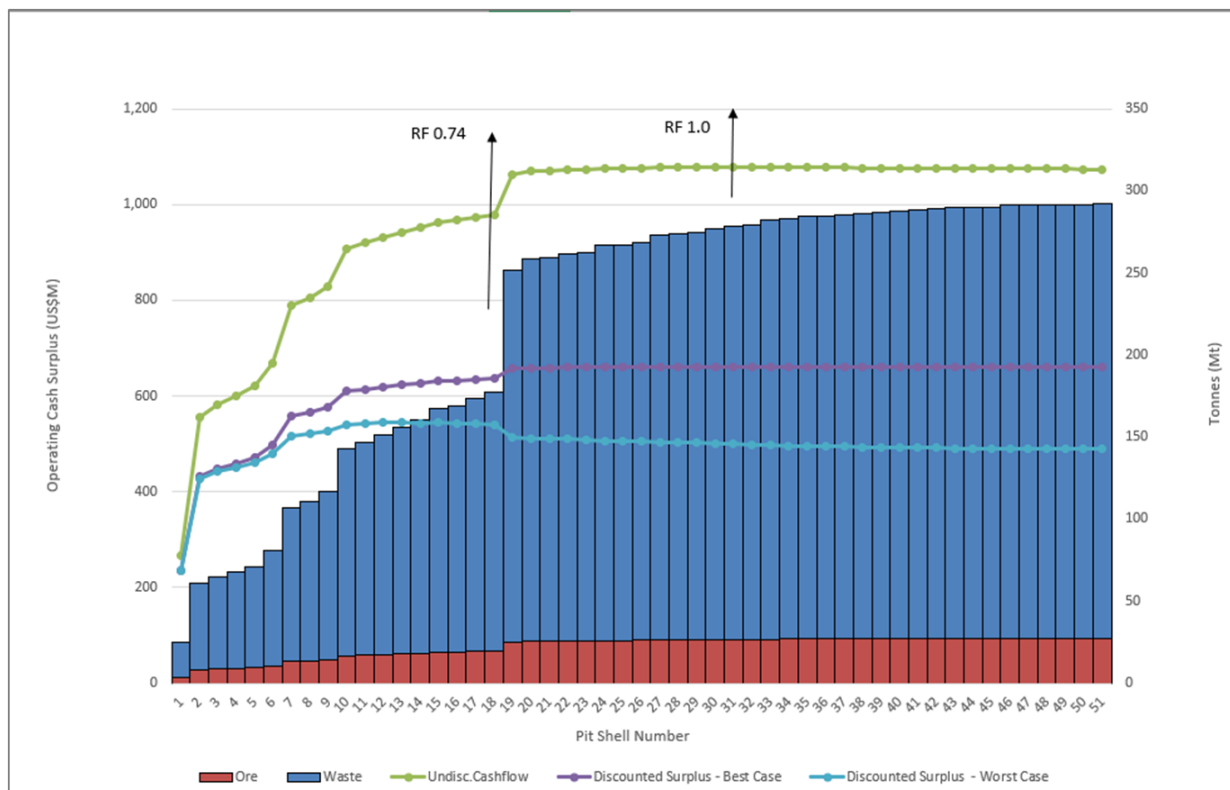
15.8 Pit optimization

Economic limits for the Gediktepe deposit were generated from Whittle Four-X (W4X) pit optimization software, using Measured and Indicated Mineral Resource only, with Inferred, enriched and boundary ore treated as waste.

Polimetal selected the 74% revenue factor (RF 0.74) pit optimization shell to guide the Gediktepe final sulphide pit design. Included within this pit is 2.1 Mt of oxide ore at 2.2 g/t Au and 1.7 g/t Ag that will primarily be mined by the current Oxide Project mining and processing operation. At the planned throughput rate of 1.85 Mtpa, this gives an ore processing life of nearly 10 years. The RF 0.74 pit shell is a more conservative pit than the RF 1.0 pit shell and contains 96% of the best case discounted value of the RF 1.0 pit shell.

Full pit shell by pit shell optimization results are shown in Figure 15.1.

Figure 15.1 Pit shell by pit shell discounted cash flow and pit inventory



15.9 Pit design

The final pit design, based on the RF 0.74 pit shell, is approximately 1,500 m long, 950 m wide, 135 m deep from the pit exit at 1,220 mRL, and 394 m deep from the highest point on the north wall. There are multiple pit exits, with pit exits designed to exit on the south-west corner of the pit and located adjacent to both the ROM pad and the waste dump. A 25 m minimum mining width was generally used for pit development.

The pit is accessed by a two lane (15 m wide and 10% gradient) dual ramp system for the first 390 m from the pit exit (10 mRL) and a single ramp to the ultimate pit base.

The final pit design is shown in Figure 15.2.

Five pit stages were designed for scheduling purposes to smooth out material movement requirements, guided by pit optimization results. The first stage of the pit design is the oxide pit (see Figure 15.3), to be completed before sulphide mining can begin, although waste pre-strip of the initial sulphide pit stage will be required during Oxide Project operations. This pit was subdivided into three sub-pits for scheduling purposes to minimise the amount of sulphide ore mined prior to commencement of the sulphide processing plant. The plan layout of pit stages is shown in Figure 15.4 and in a W-E section in Figure 15.5, colour coded by pit stage.

Figure 15.2 Final pit design

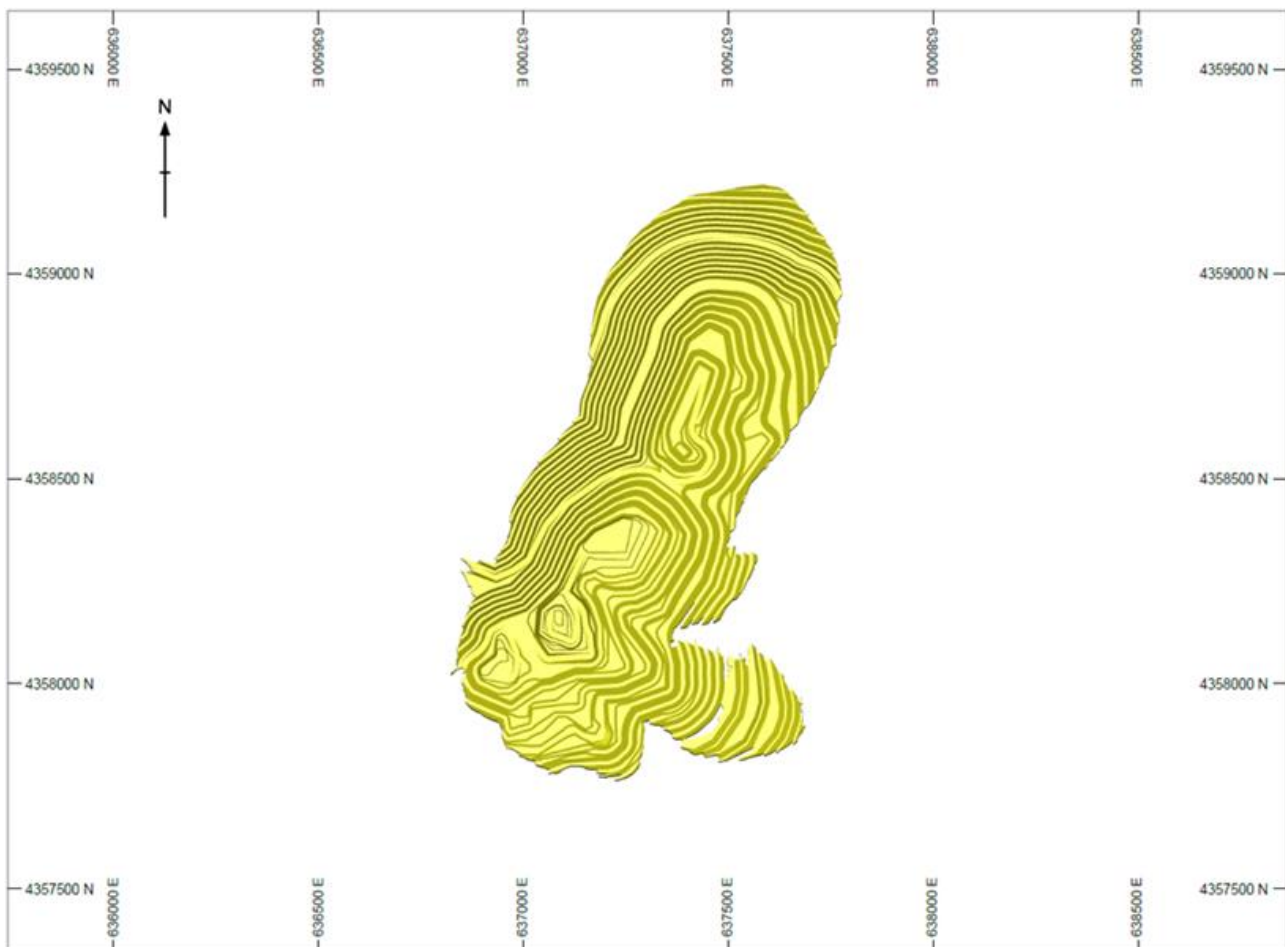


Figure 15.3 Stage 1 (oxide) pit design

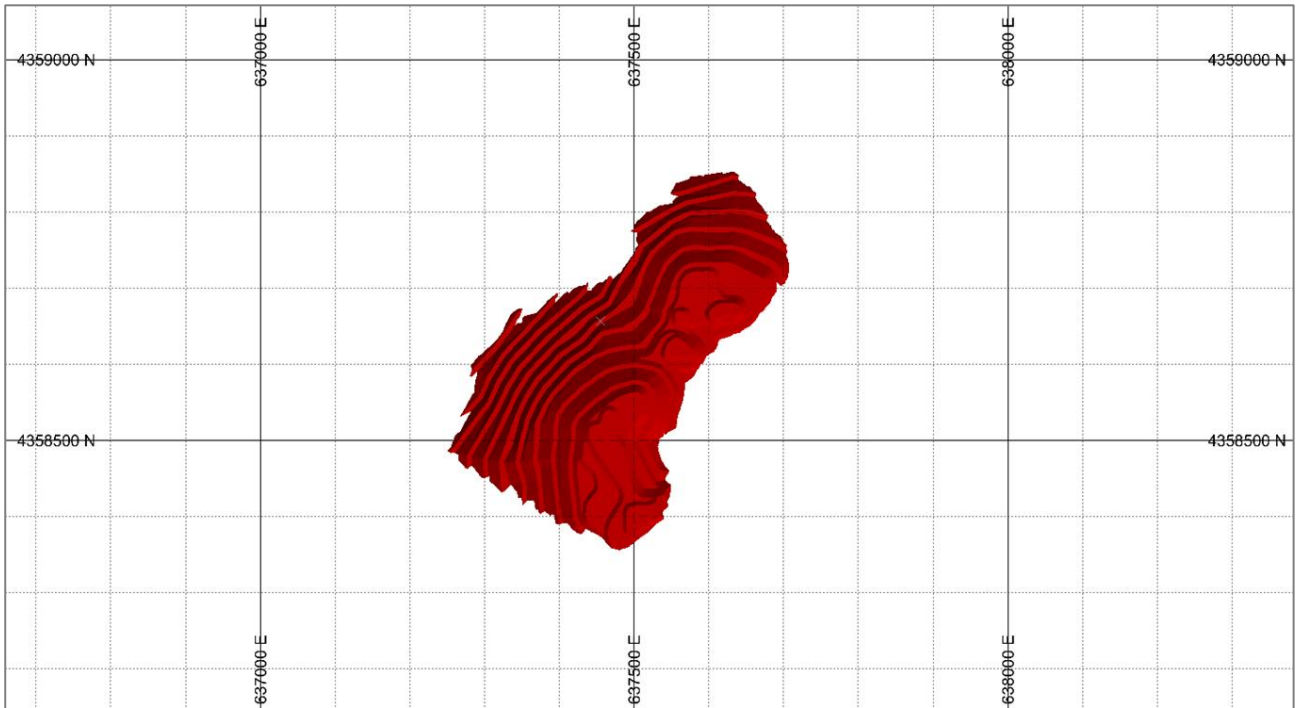


Figure 15.4 Pit stage layout

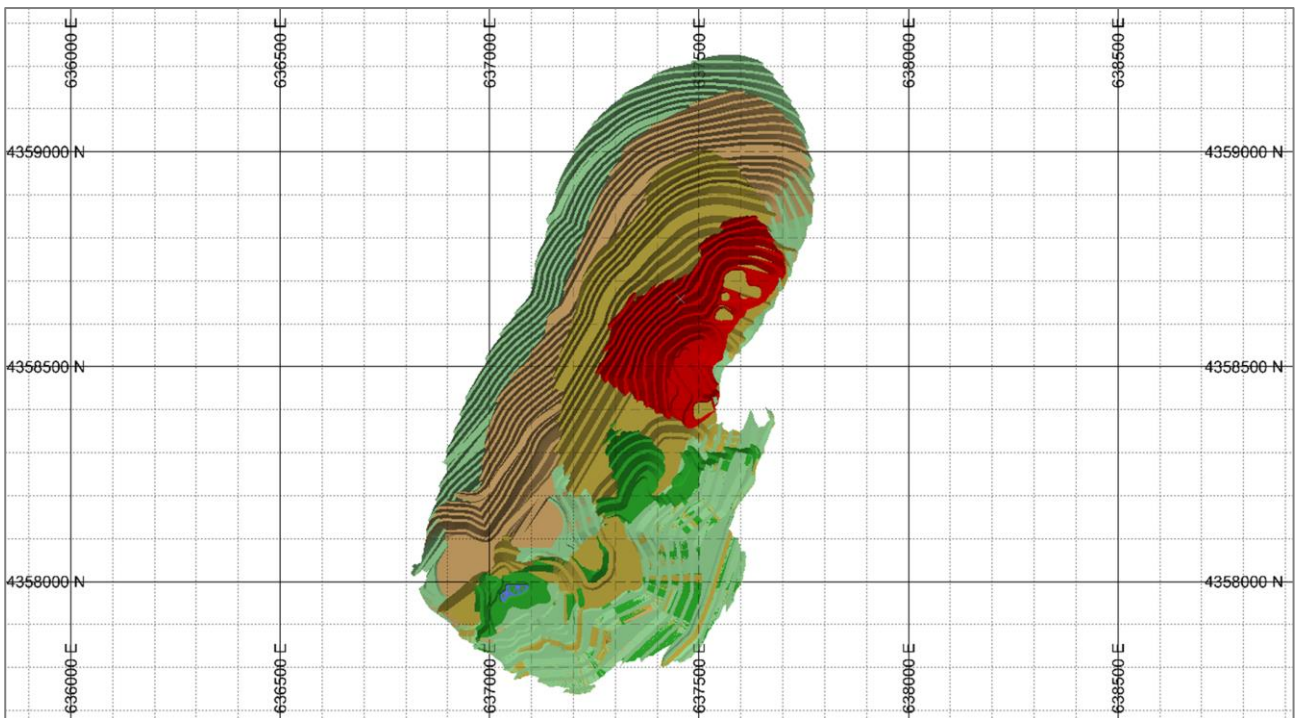
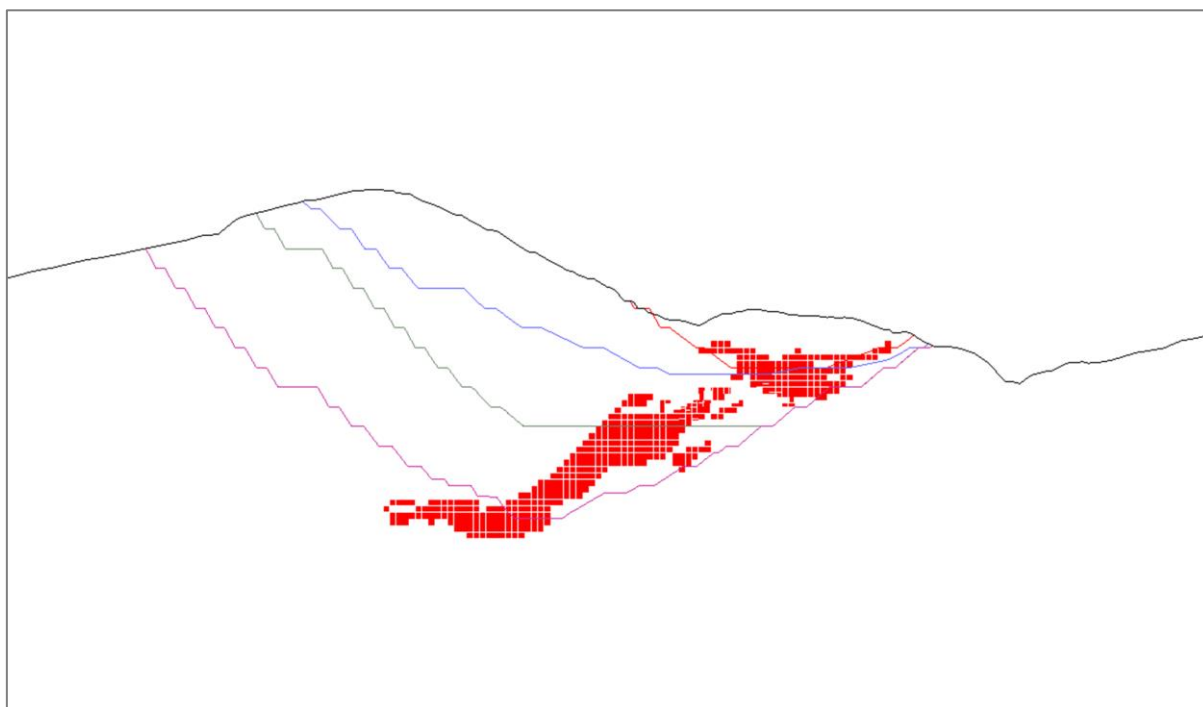


Figure 15.5 West to east section through pit stages



15.10 Pit inventory

The inventory of the pit designs by pit stage and by weathering zone is shown in Table 15.9. Ore mined prior to the process plant commissioning was considered as waste and excluded from the ore inventory. Buffer material and enriched mineralization is included in waste, although buffer material is subsequently included opportunistically in processing schedules.

Table 15.9 Pit inventories

Description	Units	Pit 1	Pit 2	Pit 3	Pit 4	Pit 5	Pit 6	Pit 7	Total
Oxide									
Ore Tonnes	kt	388	769	119	73	47	24	0	1,420
Gold Grade	g/t	2.02	2.20	1.63	1.88	0.85	0.39	0.32	2.01
Contained Gold	koz	25.2	54.5	6.3	4.4	1.3	0.3	0.0	91.9
Silver Grade	g/t	52.80	50.43	36.93	40.81	25.06	28.04	14.17	48.24
Contained Silver	koz	659.4	1,246.1	141.7	95.4	37.6	21.3	0.1	2,201.6
Waste Tonnes	kt	434	748	970	4,728	3,026	3,007	2,797	15,710
Strip Ratio	W(t):O(t)	1.1	1.0	8.1	65.0	64.8	127	18,182	11.1
Total Tonnes	kt	823	1,517	1,089	4,801	3,073	3,031	2,797	17,130
Sulphide									
Ore Tonnes	kt	211	376	1,469	958	2,030	7,886	4,192	17,122
Copper Grade	%	0.75%	0.96%	0.71%	0.81%	1.06%	0.70%	0.71%	0.76%
Contained Copper	kt	1.6	3.6	10.5	7.7	21.6	55.3	29.8	130.1
Gold Grade	g/t	1.17	0.81	0.63	0.87	0.68	0.89	0.77	0.82
Contained Gold	koz	8.0	9.8	29.6	26.7	44.3	226.8	104.1	449.3
Silver Grade	g/t	40.05	27.68	26.11	33.60	23.90	33.46	28.48	30.44
Contained Silver	koz	271.8	334.3	1,233.1	1,035.2	1,559.9	8,484.0	3,839.1	16,757.6
Zinc Grade	%	1.20%	0.65%	1.39%	2.52%	1.24%	2.18%	1.99%	1.93%
Contained Zinc	kt	2.5	2.4	20.4	24.1	25.2	172.1	83.4	330.1
Arsenic Grade	%	0.06%	0.06%	0.05%	0.07%	0.06%	0.06%	0.05%	0.06%
Lead Grade	%	0.26%	0.16%	0.21%	0.44%	0.23%	0.45%	0.40%	0.38%
Waste Tonnes	kt	493	1,392	2,214	9,776	24,289	45,126	41,761	125,051
Strip Ratio	W(t):O(t)	2.3	3.7	1.5	10.2	12.0	5.7	10.0	7.3
Total Tonnes	kt	704	1,768	3,683	10,734	26,319	53,012	45,953	142,173

15.11 Mine scheduling

15.11.1 Mine scheduling parameters

Mine scheduling was undertaken for Gediktepe assuming that the current Oxide Project mining and processing operation would be undertaken first and the sulphide mining and processing operation would follow. Quarterly mine and ore processing production schedules were completed for Gediktepe in Minemax software. These were converted to monthly schedules for the first five years followed by quarterly schedules for the LOM.

The following scheduling parameters were used.

Ore processing

- The schedule starts in March 2024.
- Oxide Project ore processing rate of 216 kt per quarter.
- Sulphide Project ore processing rate of 450 kt per quarter.
- Seven quarters of oxide mining and processing while the sulphide ore process plant is constructed and waste pre-stripping for the sulphide operation is undertaken.
- Enriched sulphide is treated as waste.
- Boundary ore (one metre skin of enriched mineralization) can be up to 10% of the feed.
- Sulphide processing starts in October 2024.

Mining

- Annual mine production limit of 25 Mt of total rock.
- Because of the high reactivity of the ore, no ore stockpiling is assumed. Any ore mined before the sulphide ore process plant is ready is assumed as waste.
- Target mining ramp up:
 - Maximum (2027-2028) - 23 Mt.
- Vertical rate of advance 25 m per quarter.

15.11.2 Mine schedule results

Mine scheduling was able to identify a viable mine production schedule for 11 years of mining and sulphide ore processing that achieved the following:

- Mill feed schedule of 1.8 Mtpa met with no interruptions to ore supply.
- Process plant annual feed Cu grade from 0.65% to 1.37%, zinc from 1.4% to 2.5%, gold from 0.64 g/t to 1.0649 g/t, and silver from 22 g/t to 39 g/t.
- Total material movement mining ramp up to 23 Mtpa by year 2.
- Vertical rate of advance limit maintained.

Sulphide mineralization was subdivided into buffer mineralization (up to 10% of process feed), enriched mineralization (not processed), and sulphide mineralization (massive pyrite and disseminated, all process feed).

Concentrate production was subdivided into standard concentrate (generated from sulphide ore) and enriched/buffer concentrate (generated from buffer, up to 10% and enriched, 0%).

Results of schedules are summarized in Figure 15.6 to Figure 15.8 and Table 15.10.

Figure 15.6 Gediktepe annual material movement

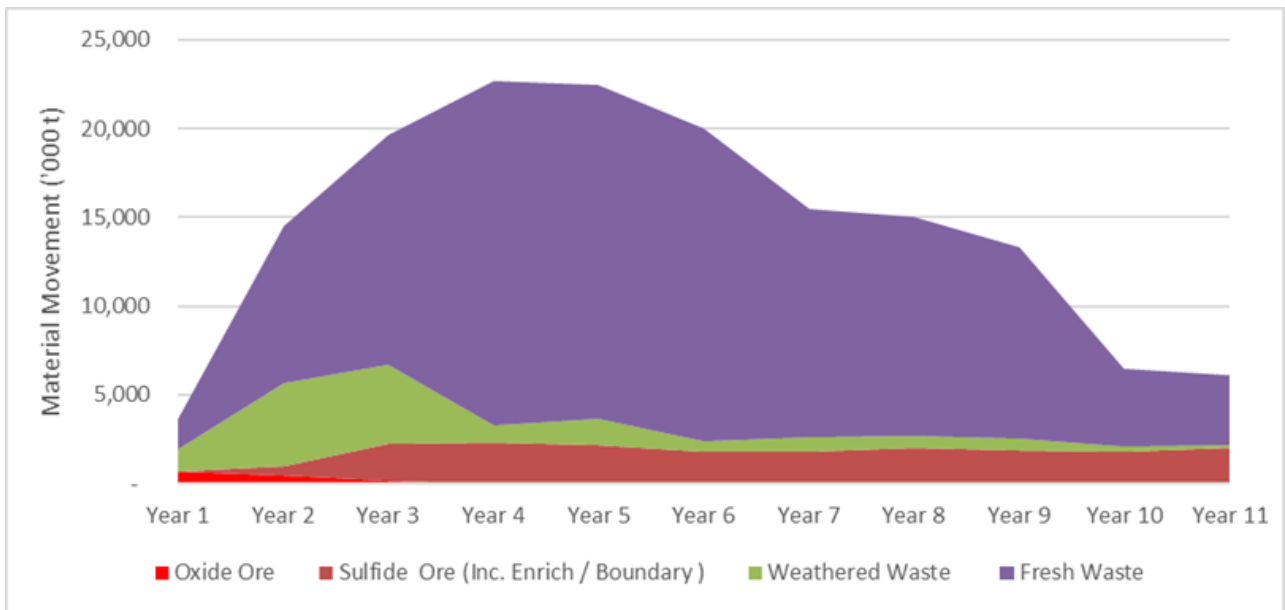


Figure 15.7 Gediktepe annual concentrate production (dry)

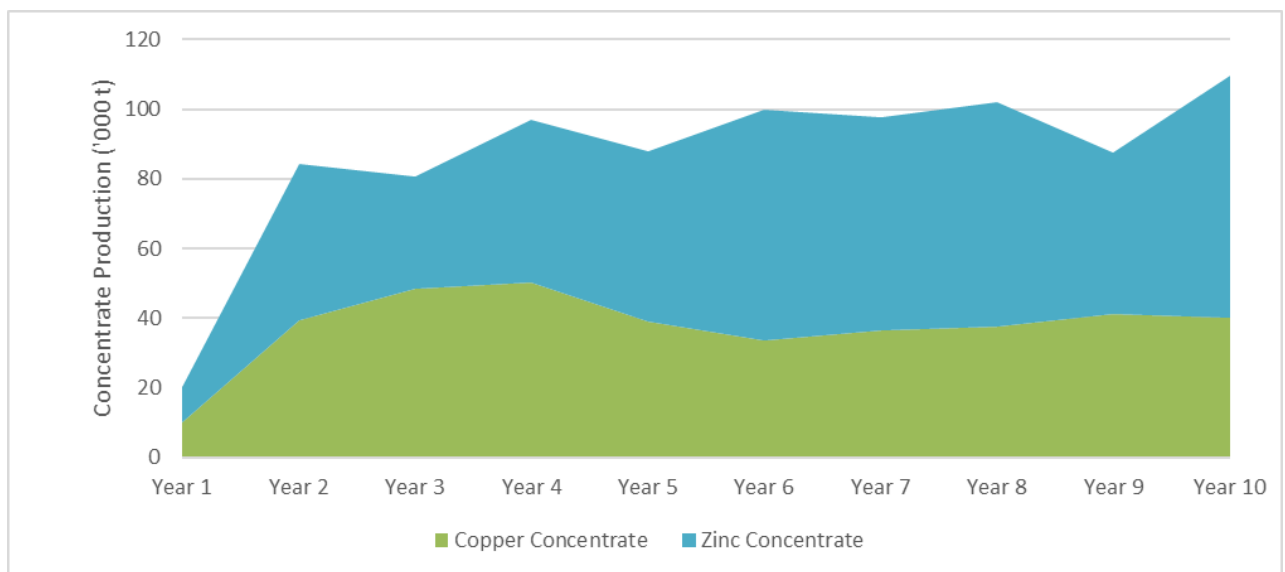


Figure 15.8 Gediktepe annual copper and zinc metal production

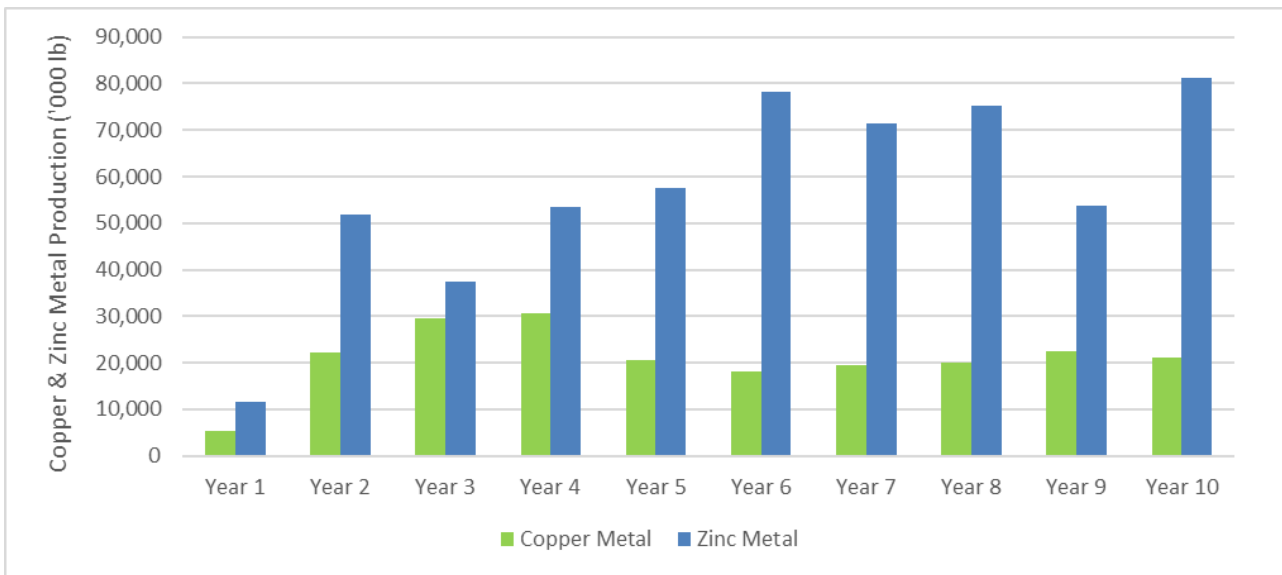


Figure 15.9 Gediktepe annual gold and silver metal production

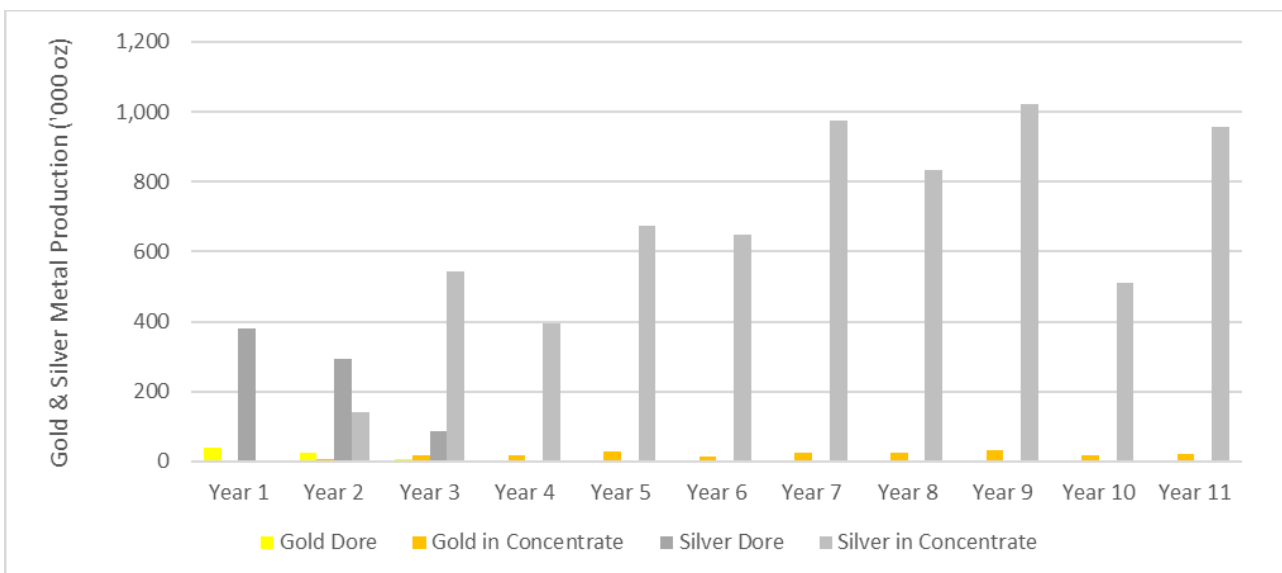


Table 15.10 Gediktepe annual mine schedule summary

Description	Units	Totals \$'000	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10	2034 Year 11
Mine Production													
Oxide Ore	kt	1,363	700	485	177	-	-	-	-	-	-	-	-
Oxide Grade Au	g/t	2.08	2.21	1.99	1.83	-	-	-	-	-	-	-	-
Oxide Grade Ag	g/t	50	48.38	53.68	42.75	-	-	-	-	-	-	-	-
Sulfide Ore (Inc. Enrich / Bounda	kt	18,436	-	515	2,062	2,318	2,166	1,821	1,837	2,032	1,853	1,800	2,031
Sulfide Grade Cu	%	0.89	0.00	0.80	0.90	1.37	1.26	0.72	0.66	0.82	0.73	0.77	0.65
Sulfide Grade Zn	%	1.96	0.00	1.54	1.73	1.43	1.83	1.84	2.50	2.24	2.35	1.73	2.26
Sulfide Grade Au	g/t	0.83	0.00	0.85	0.71	0.71	0.95	0.64	0.98	0.91	1.06	0.69	0.81
Sulfide Grade Ag	g/t	31	0.00	34	30	24	33	25	38	35	39	22	33
Weathered Waste	kt	15,710	1,100	4,668	4,461	950	1,467	584	749	634	702	288	107
Fresh Waste	kt	123,794	1,851	8,832	12,915	19,442	18,810	17,595	12,914	12,333	10,759	4,377	3,967
Total Material	kt	159,302	3,651	14,500	19,615	22,710	22,443	20,000	15,500	15,000	13,314	6,465	6,104
Process Plant Production													
Oxide Ore	kt	1,363	700	485	177	-	-	-	-	-	-	-	-
Oxide Grade Au	g/t	2.08	2.21	1.99	1.83	-	-	-	-	-	-	-	-
Oxide Grade Ag	g/t	49.53	48.38	53.68	42.75	-	-	-	-	-	-	-	-
Sulfide Mill Ore	kt	17,340	0	494	1,876	1,880	1,882	1,817	1,828	1,905	1,828	1,800	2,031
Sulfide Grade Cu	%	0.77	0.00	0.71	0.78	0.98	1.02	0.72	0.65	0.67	0.71	0.77	0.65
Sulfide Grade Zn	%	1.94	0.00	1.46	1.70	1.30	1.75	1.84	2.50	2.17	2.36	1.73	2.26
Sulfide Grade Au	g/t	0.81	0.00	0.82	0.70	0.66	0.90	0.64	0.98	0.87	1.06	0.69	0.81
Sulfide Grade Ag	g/t	30.45	0.00	32.70	28.81	21.44	31.30	25.47	38.08	33.11	39.08	22.43	33.44
Ore contained Metal													
Copper	klb	294,163	0	7,728	32,169	40,526	42,140	28,727	26,395	28,088	28,655	30,460	29,274
Zinc	klb	743,312	0	15,928	70,330	53,957	72,521	73,745	100,902	91,130	95,035	68,591	101,172
Gold	koz	544	50	44	53	40	54	38	58	53	62	40	53
Silver	koz	19,148	1,089	1,357	1,982	1,295	1,893	1,488	2,238	2,028	2,296	1,298	2,183
Metal Recovered to Dore													
Gold	koz	73	40	25	8	0	0	0	0	0	0	0	0
Silver	koz	760	381	293	85	0	0	0	0	0	0	0	0
Sulfide concentrate Recovered Metal													
kTonnes Copper Conc.		375	0	10	39	48	50	39	33	36	38	41	40
Copper	klb	209,279	0	5,310	22,110	29,564	30,643	20,511	18,084	19,571	20,111	22,362	21,013
Gold	koz	178	0	5	15	15	27	12	21	21	28	15	18
Silver	koz	3,615	0	93	329	231	366	315	508	454	537	270	511
kTonnes Zinc Conc.		491	0	10	45	32	47	49	66	61	64	46	70
Zinc	klb	571,574	0	11,739	51,831	37,334	53,518	57,480	78,220	71,451	75,170	53,709	81,123
Gold	koz	29	0	1	2	2	3	3	4	4	4	3	4
Silver	koz	3,084	0	48	215	165	306	333	467	379	485	239	446

15.12 Ore Reserve

Table 15.11 shows the Gediktepe 31 March 2024 open pit Ore Reserve estimate, classified and reported in accordance with the JORC Code.

Table 15.11 Gediktepe open-pit Ore Reserve estimate at 31 March 2024

Ore Reserve Classification	Ore Tonnes (Mt)	Copper Grade (%)	Zinc Grade (%)	Gold Grade (g/t)	Silver grade (g/t)	Contained Metal			
						Copper (Mlb)	Zinc (Mlb)	Gold (Moz)	Silver (Moz)
Oxide									
Proved	-	-	-	-	-	-	-	-	-
Probable	1.4	-	-	2.0	48	-	-	93	2.2
Total	1.4	-	-	2.0	48	-	-	93	2.2
Sulphide									
Proved	3.4	0.92	1.9	0.67	25	70	140	70	2.7
Probable	13.7	0.72	1.9	0.85	32	220	590	380	14
Total	17.1	0.76	1.9	0.82	30	290	730	450	17

Notes:

- Totals may not equal the sum of the component parts due to rounding adjustments.
- Ore tonnes are rounded to 0.1 Mt and grade and contained metal to two significant figures.
- Estimates use forecast metal prices of US\$3.63/lb Cu, US\$1.27/lb Zn, US\$1,500/oz Au and US\$20/oz Ag.
- Estimates based on an expected value calculation to report tonnages above a zero US\$/t net expected value.

Approximately 141 Mt of associated waste material will be mined including mineralized waste, resulting in a waste material to Ore Reserve ratio of 7.6 to 1.0 (t:t). Sulphide ore mined before the sulphide processing plant is commissioned is treated as waste and removed from the Ore Reserve. Enriched mineralization and buffer material is included in the fresh waste.

15.13 Comparison of 2019 and 2024 Ore Reserve estimates

The previous Gediktepe open pit Ore Reserve (Mineral Reserve estimate reported using CIM definitions under NI 43-101) was on 5 March 2019 as part of the Gediktepe 2019 Prefeasibility Study² (see Table 15.12, AMC has used JORC Code terms and the same units and rounding as above for ease of comparison).

Table 15.12 Gediktepe open-pit Ore Reserve estimate at 5 March 2019

Ore Reserve Classification	Ore Tonnes (Mt)	Copper Grade (%)	Zinc Grade (%)	Gold Grade (g/t)	Silver grade (g/t)	Contained Metal			
						Copper (Mlb)	Zinc (Mlb)	Gold (Moz)	Silver (Moz)
Oxide									
Proved	-	-	-	-	-	-	-	-	-
Probable	2.8	-	-	2.3	57	-	-	207	5.0
Total	2.8	-	-	2.3	57	-	-	207	5.0
Sulphide									
Proved	3.6	1.03	1.9	0.68	27	70	140	70	2.7
Probable	15.0	0.89	1.9	0.89	33	220	590	380	14
Total	18.6	0.92	1.9	0.85	32	290	730	450	17

² OreWin Pty Ltd, March 2019, Gediktepe Prefeasibility Study for Alacer Gold Corp.

The main change since the 2019 estimate is due to mining and processing depletion of the Oxide and an updated resource model resulting in a change to the final pit design. A comparison of the two estimates is shown in Table 15.13.

Table 15.13 Comparison between 2019 and 2024 Ore Reserve estimates

Ore Reserve Classification	Ore Tonnes (Mt)	Copper Grade (%)	Zinc Grade (%)	Gold Grade (g/t)	Silver grade (g/t)	Contained Metal			
						Copper (Mlb)	Zinc (Mlb)	Gold (Moz)	Silver (Moz)
Oxide									
Proved	-	-	-	-	-	-	-	-	-
Probable	-1.4	-	-	-0.3	-9	-	-	-114	-2.8
Total	-1.4	-	-	-0.3	-9	-	-	-114	-2.8
Sulphide									
Proved	-0.2	-0.11	0.0	-0.01	-2	-12	-14	-9	-0.4
Probable	-1.3	-0.17	0.0	-0.04	-1	-73	-67	-49	-1.9
Total	-1.5	-0.16	0.0	-0.03	-2	-85	-81	-59	-2.0

15.14 Conclusion

AMC completed an assessment at feasibility level to determine appropriate Modifying Factors to convert Measured and Indicated Mineral Resources to Ore Reserve and develop a mine plan to underpin the Ore Reserve estimate. AMC considers that the Ore Reserve takes sufficient account of diluting materials and allowances for losses that may occur when the material is mined and processed. Economic assessment, using reasonable financial assumptions, shows that extraction of the Ore Reserve can reasonably be economically justified. Inferred Mineral Resources are considered as waste rock in the mine plan and economic assessment of the Ore Reserve.

Confidence in the geotechnical Modifying Factors is not as high as other Modifying Factors. Additional work on geotechnical assessment of pit slopes using the full range of rock strengths identified in geotechnical testing is recommended prior to the Sulphide Project implementation to confirm that pit slopes are stable.

The work to estimate Ore Reserves was supervised by persons who have sufficient relevant experience in the style of mineralization or type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined by the JORC Code. AMC considers that Modifying Factors are at an appropriate level of confidence for an Ore Reserve estimate and that the Ore Reserve estimate and classification is reasonable.

16 Mining methods

16.1 Open pit mining methodology

Polimetal has been mining oxide gold and silver ore from the Gediktepe open pit for feed to the 0.864 Mtpa heap leach and Merrill-Crowe oxide ore processing plant at the Oxide Project since 2019. Mine development has been through a series of incremental cutbacks.

Mining for the Oxide Project is being undertaken by a local Turkish mining contractor, Uluova İnşaat ve Mak. San. Ltd. Şti. (Uluova), using conventional open pit mining methods and mining equipment. The mining methodology proposed by Uluova for the Sulphide Project is the same using additional similar sized equipment, although AMC considers that larger mobile equipment (in waste rock) may be more appropriate to mine the additional volumes required to meet the Sulphide Project production targets.

The Oxide Project mining operations are shown in Figure 16.1.

Figure 16.1 Oxide Project mining operations

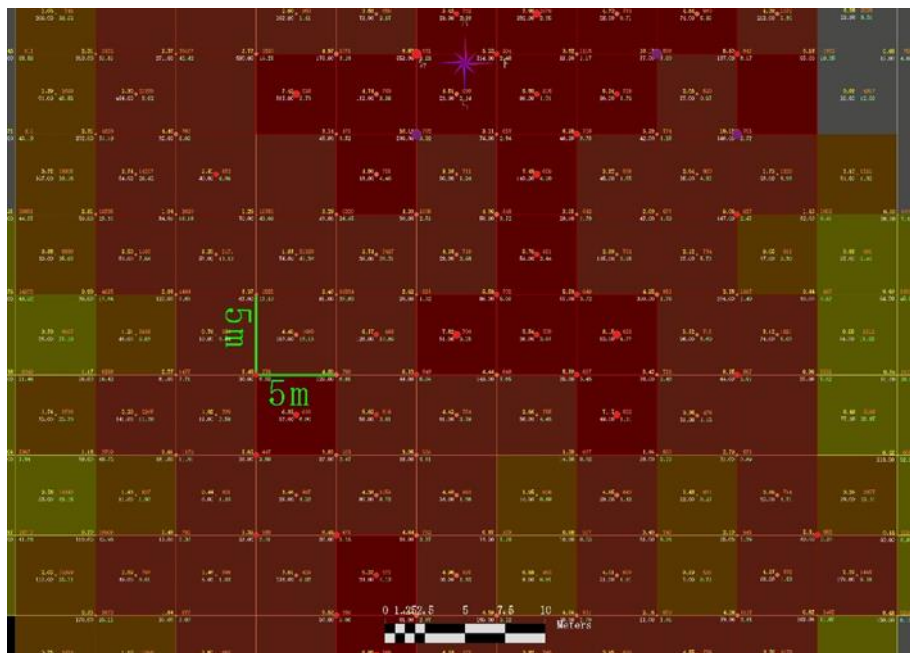


All mining and support equipment is provided by the mining contractor, with explosives and blast services sub-contracted to a specialist local supplier, Kapeks.

Mining is undertaken using drill-and-blast on 5 m benches with 89 mm holes drilled to a staggered 3.0 m by 3.0 m by 4.0 m by 4.0 m pattern, depending on rock properties. Small excavators (3-4 m³ bucket capacity) operating on 2.5 m benches are used for mining to achieve the selectivity required, loading into small rear-dump haul trucks (16-17 m³ capacity).

Grade control drilling to determine material types and ore boundaries is done on a regular grid that, in some benches, is also used for blasting. Grade control sampling and assaying is conducted under the direction of the mine geologists. The grade control model is constructed using block dimensions of 5 m (E) by 5 m (N) by 2.5 m (RL). Sampling lengths vary by domain; if a lack of continuity of the geological unit is expected, sampling is done every 2.5 m, with samples every 5 m otherwise. A plan view of a typical grade control model and grade control holes is shown in Figure 16.2.

Figure 16.2 Typical grade control model and pattern



Process plant feed is hauled to a ROM pad adjacent to the processing plant for direct tip into a primary crusher located at the ROM pad or tipping onto stockpiles. Feed to the process plants is a combination of direct tipping and reclaim by front-end-loader feed from ROM stockpiles to ensure an optimal blended feed to the crushing plant.

Waste rock is hauled to the waste dump located to the west of the open pit. Potentially acid-generating (PAG) waste rock with high sulphur values will be stored within the approved PAG waste dump to a design undertaken by specialist consultants, and PAG with lower sulphur ratios will be blended with non-acid generating (NAG) waste. Grade control drilling will be undertaken using sampling of blast holes, which will define ore blocks on their combination of copper, zinc, gold, and silver grades from an on-site laboratory and PAG waste rock based on net carbonate value (NCV). Support equipment will comprise graders, dozers, water carts, front end loaders, service trucks, an ANFO truck and lighting plants.

The life-of-mine (LOM) mine plan was developed by AMC using industry standard resource planning software, W4X pit optimization, and Minemax strategic scheduler, and an industry standard approach to cut-off grade determination, pit optimization, pit design, production scheduling and economic assessment.

16.2 Mining equipment

A summary of major mining equipment on site is shown in Table 16.1

Table 16.1 Gediktepe mining equipment summary

Category	Brand	Model	Year	Number
Excavator	Hitachi	ZX490	2020-2021	8
Excavator	Hidromek	230LC	2020	1
Haul truck	MAN	TGS 41.430	2021	26
Haul truck	Ford	41.42	2021	1
Water truck	Ford	Cargo	2019	2
Drill rig	Epiroc	ROC T40	2023	1
Drill rig	Atlas Copco	TROC T35	2017-2021	2
Front-end-loader	Komatsu	WA380-6	2021	1
Front-end-loader	Komatsu	WA470-6	2020	1
Front-end-loader	Volvo	L150H	2021	1
Dozer	Komatsu	D85	2020	2
Dozer	Caterpillar	D6R	2006	1
Grader	Caterpillar	150/140M	2014-2022	2
Mobile crusher/screen	Kleeman	MR122/MS16	2015	1/1
Compactor	HAMM/Bomag	3516/213 d-4	2012-2023	3
Concrete mixer	MAN	TGS 8 x 4	2021	1
Snow plough	MAN	33.400	2016	1
Fuel truck	Ford	41.42	2021	1
Maintenance truck	Ford	Cargo CDL1	2023	1
Low-bed trailer	MAN	TGS 6 x 4	2014	1

16.3 Geotechnical design

16.3.1 Background to geotechnical design

Geotechnical assessment for Gediktepe has been undertaken by Golder and the results presented in their report "Open Pit Slope Design and Dewatering & Depressurizing Evaluation (Final)", dated January 21, 2020 (Golder 2020). The geotechnical engineering undertaken by Golder is documented in the 2022 FS and has been reviewed by AMC for this CPR and is summarized in this section, along with AMC's observations.

Golder's field data collection programme for this study was performed in 2017, including six oriented geotechnical core holes. Golder engineers also performed point load tests and selected samples of rock core for laboratory testing. Window mapping was performed on natural rock outcrops and at the road cuts at the Project site to collect rock fracture orientations and characteristics. The geotechnical data collected by Polimetal was used to calculate RMR₇₆ properties for major rock units in the Gediktepe pit.

The study identified gaps in the data which is a risk to slope performance. This includes, wide spacing between geotechnical core holes and lack of oriented subsurface structures. The assumptions used in the designs are conservative in the east wall due to lack of data. There is an opportunity to optimize or adjust the design to achieve acceptable pit slope performance with systematic structural mapping and model updates. (Golder 2020).

16.3.2 Oxide Project geotechnical design

The Gediktepe open pit has been in operation supplying ore feed to the Oxide Project since 2019. Polimetal engaged Golder in 2018 to undertake geotechnical engineering for the open pit and waste dump for the Oxide Project and the Sulphide Project, and provide recommendations for batter, berm and overall pit slope design. Open pit walls have

therefore been exposed for a period of up to four years, allowing performance monitoring and observation of the Oxide Project open pit interim pit slope recommendations. Monitoring of the pit walls is being carried out by a Georadar and automated total stations to measure movements on slopes (see Figure 16.3).

Figure 16.3 Gediktepe pit wall monitoring with Robotic Total Station



The monitoring and observation of the Oxide Project pit walls subsequently resulted in a revision to the pit slope recommendations for both the Oxide Project and Sulphide Project pit slope angles. Oxide pit walls have been designed using a combination of Golder recommendations and experience from monitoring pit wall performance since 2019. Pit slope parameters used for the Oxide Project pit are shown in Table 16.2.

Table 16.2 Oxide Project pit design parameters

Pit Sector	Batter slope (°)	Bench Height (m)	Berm Width (m)	Inter-ramp Slope (°)
South	30	10	5	22-30
Middle	33-40	10	5	26-30
North	40-63.5	15	6-9	35-47

16.3.3 Geotechnical conditions

Rockmass classification

Core logging data from the geotechnical core holes logged by Golder were used to calculate the average rock mass rating (RMR₇₆) weighted by core footage. Weighted RMR₇₆ values and ratings are listed in Table 16.3.

The Quartz Feldspar, Chlorite Sericite Schist, and the Quartz Schist are typically composed of weak to moderately strong rock, however, the rock mass is highly fractured. The stability analyses for the pit slopes indicate acceptable factors of safety for shear through the rock mass.

Table 16.3 RMR₇₆ rating of geotechnical core holes drilled in 2017 (Golder 2020)

Geotechnical Unit	Metres Drilled	RMR ₇₆ Rating values						RMR ₇₆
		Parameter	UCS	RQD	Fracture Spacing (m)	Joint Condition Rating	Ground Water	
Quartz-Feldspar Schist	631.4	Average ¹	R3	26	0.17	14	Dry	47
		Rating	4	7	12	14	10	Fair
Chlorite-Sericite Schist	662.0	Average ¹	R3	26	0.24	14	Dry	48
		Rating	4	6	14	14	10	Fair
Quartz Schist	69.4	Average ¹	R3	49	0.15	13	Dry	49
		Rating	4	10	12	13	10	Fair
Massive Pyrite Magnetite Zone	16.9	Average ¹	R4	73	0.88	19	Dry	48
		Rating	7	15	21	19	10	Fair

Structural analysis

The structural characterization included an assessment of the major and minor structures. The major structures were evaluated using 10 fault models provided by Polimetal. The minor structures were analyzed from surface mapping by Fugro/Sial (2015), Golder (2017) and Polimetal personnel (Golder 2020). Known faults are not expected to control overall slope stability, and the effects of faults on inter-ramp and bench slopes are expected to be local. Foliation dips generally to the southwest to northwest and could form plane shear failures on the east side of the pit and bench faces may form parallel to the foliation where these structures are persistent and closely spaced. Bench faces on the east of the pit should be designed conservatively to account for this.

On the north and west sides of the pit, the general orientation of foliation dips into the pit slope towards the west, an orientation favorable for bench face stability. Joints in the rock units are steep and not anticipated to form widescale bench scale wedges on the north and west side. The rock mass is too fractured to develop an effective pre-split, and the steepness of bench faces will be limited by blasting and excavating practices. Trim blasting can be implemented to create 60° to 65° bench faces on the west and north sides of the pit.

Geotechnical domains

There were five geotechnical units defined in Golder 2020, these geotechnical units are summarized in Table 16.4.

Table 16.4 Geotechnical domains and descriptions (Golder 2020)

Geotechnical Unit	Description
Quartz-Schist	moderately fractured, weak to medium strong rock. It does not host mineralization and occurs stratigraphically lower than the Chlorite-Sericite Schist. This unit will generally occur in the footwall of the deposit, although it will form some slopes on the east side of the pit.
Chlorite-Sericite Schist	highly fractured, weak to medium strong rock. This rock unit is distinguished from the other schists by its well-developed schistosity (also referred to in this report as foliation). This rock unit hosts the ore at Gediktepe and can contain disseminated pyrite forming up to more than 15 to 25 percent of the rock by volume. It forms slopes on the east, west, and north sides of the pit.
Quartz-Feldspar Schist	highly fractured, weak to medium strong rock. The Quartz-Feldspar schist can be differentiated from other metamorphic rocks by its weak schistosity. The Quartz-Feldspar schist contains almost no sulphides and forms slope on the east, west, and north sides of the pit.
Mineralized Rock	mineralized rock is largely mined out in the pit; however, small zones consisting of Massive Pyrite and Massive Magnetite/Pyrite will be left in the pit walls. These units have a high unit weight relative to surrounding geotechnical units and consists of medium strong to strong rock. It is less fractured than the surrounding geotechnical units.
Residual soils	transported soils including the "landslide" or "slide debris" and clay-like Gossan in mostly the southern pit area. The geotechnical characteristics of these soils are variable. Overall, the altered soils are a variable mix of silt-clay or sand with some gravel. For example, the slope debris encountered in PBH-09 (east side of the creek) was described as yellowish brown, cobble to boulder sized, angular to subangular, metamorphic rock fragments with clay infilling.

Material properties

Material properties were determined from laboratory testing by Golder in 2017 of unconfined compressive strength (UCS) tests, splitting disk tensile (Brazilian) tests, triaxial compression strength tests and direct shear tests. Rock mass strength parameters based on Hoek and Brown³ criterion, which is based on laboratory tests and empirical correlations which utilizes the RMR₇₆ classification system developed by Bieniawski (1976).

Seismicity

Gediktepe is in an area of high seismicity. However, there are few documented cases of seismic forces resulting in large-scale pit slopes failures, even in highly seismically active areas. Recent research indicates pseudo-static stability analyses of pit slopes for seismic forces is largely unnecessary. There are no permanent facilities planned at the pit crest and the open pit has a short operating life. The most likely impact of seismic forces on pit slope stability in the event of an earthquake is falls of rock from bench faces. Benches are left in pit slopes to provide catchment of rockfall, including rockfall resulting from earthquakes.

16.3.4 Open pit stability assessment

Kinematic analysis

The kinematic analysis included using all available structural data to assess slope stability. Overall slope stability was analyzed using fault structural data and bench scale stability were assessed using minor structural data. Kinematic analysis was performed to identify the formation of wedge, planar shear, toppling failures and the impact on bench design.

Inter-ramp and overall slopes

No faults were identified that form large structurally controlled plane shear failures based on the review of Polimetal's major structure (fault) and lithology model, and no contacts between rock units appear to dip out of the slope and into the pit. On the west and north

³ Hoek and Brown 1980, Underground Excavations in Rock, Institute of Mining and Metallurgy, September 1980.

sides of the pit, the contacts between the Chlorite Sericite Schist and Quartz Feldspar Schist dip to the west and north respectively, orientations favorable for slope stability. On the east side of the pit, the contact between the Chlorite Sericite Schist and Quartz Schist dips steeper than the pit slope and therefore does not daylight in the pit wall.

Several faults form non-daylighting wedges in pit slopes with shallow plunging intersections that pass under the bottom of the pit. As such, these wedges are not kinematically admissible. However, in some cases wedges are close to daylighting, with a small rock bridge at the toe. These wedges can become unstable if resistance of the rock mass in the bottom of the pit is insufficient to resist the driving forces caused by the weight of the rock in the wedge. The risk of instability is greater if adverse pore pressure conditions develop.

The risk of instability increases if the geometry of the faults is not consistent with the current interpretation (the wedge daylights near the toe) or if high groundwater pressures develop. Groundwater pressures could be reduced by installation of horizontal drains that intersect the wedge forming faults and reduce groundwater pressures in the faults (Golder 2020).

Limiting equilibrium analysis

The potential for instability of pit slopes due to shear through the rock mass was evaluated using 2D limit-equilibrium analysis. Slopes on the west of the pit are composed primarily of Chlorite Sericite Schist and Quartz Feldspar Schist and on the east Chlorite Sericite Schist and Quartz Schist. Golder performed limit equilibrium slope stability analyses on six sections through the final pit slopes.

The slope stability assessment by Golder used the widely accepted Read and Stacey (2009) criterion for static loading and dynamic (pseudo-static) conditions. The pit design acceptance criteria used in the analysis is shown in Table 16.5.

Table 16.5 Pit design acceptance criteria (Golder 2020)

Slope	Factor of Safety (static)	Factor Of Safety (Dynamic)
Inter-ramp	>1.2	>1.0
Overall slope	>1.3	>1.05

Ground water considerations for the pit slope analysis were completed assuming both saturated and dry conditions to evaluate the effect of groundwater on the slope stability. For saturated conditions, the approximate water table elevations derived from the groundwater flow model were used to determine groundwater conditions in the pit slopes.

In addition to water table elevations from the groundwater model, pit slope stability analyses made allowances for a zone of enhanced permeability close to the pit walls due to blast damage. This zone may range from 5 m in small pits to over 40 m in large pits. Based on the proposed pit design the groundwater table was located about 10 m behind the bench faces in the stability analyses.

16.3.5 Sulphide Project geotechnical design

Pit slope parameters used for the final pit were a combination of Golder recommendations and experience with pit wall monitoring from the Oxide Project and are shown in Table 16.6. The mine plan was subsequently updated by AMC in late 2023 using the revised pit slope parameters. Geotechnical recommendations provided by Golder are shown in Table 16.7.

Table 16.6 Sulphide Project pit design parameters

Sector	Zone	Batter Angle (degrees)	Batter Height (m)	Berm Width (m)	Overall Slope (degrees)	No of Benches (no)
North-west	0	45	–	6.5	39	12
Weathered	1	45	–	5.7	39	12
Fresh	2	63.5	–	6.5	39	12
South-east wall	3	40	–	9	25	12
Below 1130 mRL	4	63	–	6.5	39	12

Table 16.7 Golder pit slope design recommendations (Golder 2020)

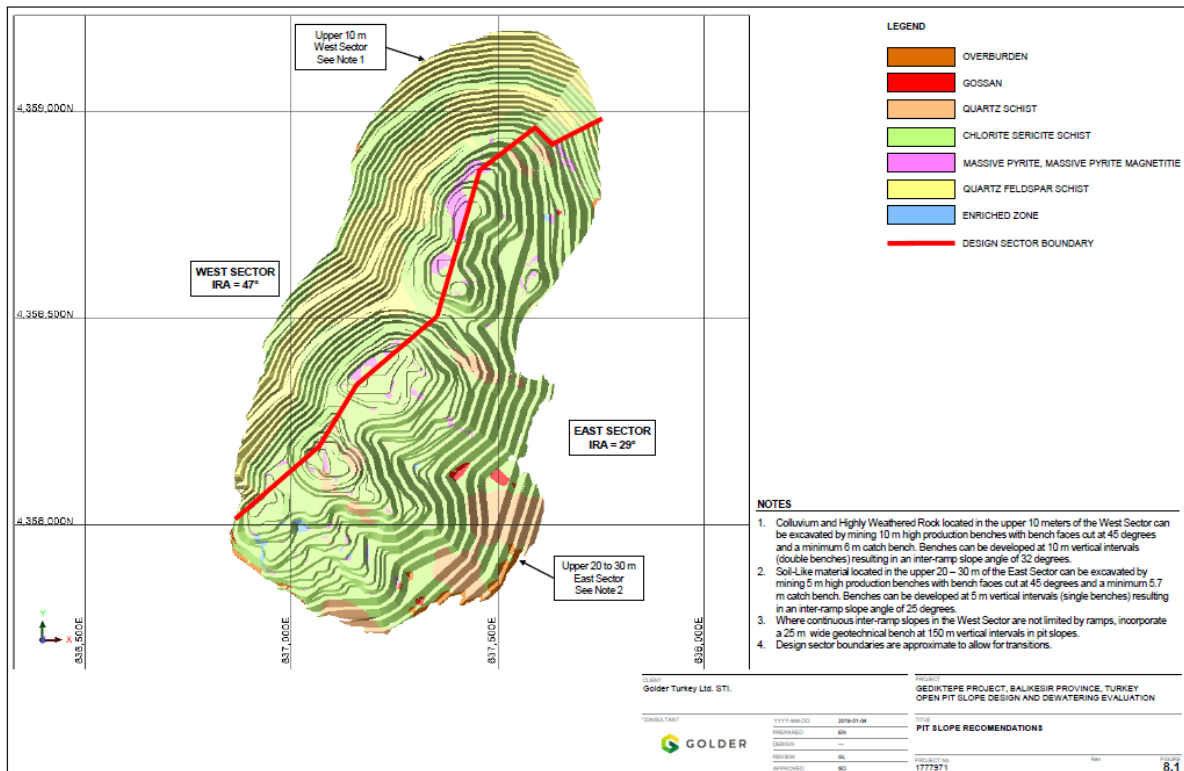
Geotechnical Unit	Dip Azimuth of Pit Sector (°)	Operating Practices	Bench Configuration and Height (m)	Catch Bench Width (m)	Bench Face Angle (°)	Design Inter-Ramp Slope Angle (°)
Colluvium and Highly Weathered Rock (uppermost bench)						
Colluvium/Highly Weathered Rock	0 to 220 (Upper 10 meters of pit slope)	Dozer Trim and Trackhoe Scaling	Single Bench 10 m (Waste)	6-meter bench on top of Bedrock	45	32
"Soil-Like" material including Slide Debris	220-360 (Upper 20 to 30 meters of pit slope)	Trackhoe Excavation with Dozer Trim	Single Bench 5 m (Waste)	5.7	45	25
Bedrock with favorably oriented foliation						
All Rock Types - Waste (Final Slopes)	0 to 220	Cushion Blasting with Trim and Excellent Scaling	Double Bench 2 x 7.5 m or Triple Bench 3 x 5 m	6.5	63.5	47
Bedrock with unfavorably oriented foliation (assume plane shear failure mode on all benches)						
All Rock Types	220 to 360	Blast and Scale to Foliation as required	Double Bench 2 x 7.5 m or Triple Bench 3 x 5 m	9.1	40 (average)	29

Note:

1. Range of dip azimuth of pit sectors measured clockwise from True North.
2. Definition of inter-ramp, bench face angle, and catch bench width shown in Figure 6.1

Recommendations for the final pit design (showing a previous version of the final design than discussed in Section 15) are shown in Figure 16.4. Bedrock conditions in the phase and annual pits are expected to be similar to those encountered in the final pit slopes. The pit slope design criteria summarized in Table 16.7 can also be used to develop phase and annual pit plans.

Figure 16.4 Pit slope recommendations by sector (Golder 2020)



16.3.6 Data gaps

There is a risk to pit slope performance from data gaps due to wide spacing between core holes and the lack of subsurface structural orientation data. While the stability analyses indicate acceptable factors of safety, zones of weaker than typical rock mass, unidentified faults, or variations in structural fabric could result in localized slope instability.

Additional intermediate scale faults should be anticipated to be encountered during mining. If these faults are in orientations unfavorable for pit slope stability, they could result in unstable slopes and benches that may require adjustments to the pit design. Systematic pit wall mapping should be undertaken and used to update the structural model.

There are no reliable subsurface structure orientation measurements, and it is assumed based on review of the geologic model that the orientation of structures observed at the surface will be similar to structure orientations at depth. Golder selected bench face angles using conservative assumptions to account for data gaps on the east side of the pit. The impact of these data gaps is that the pit slope designs may need to be adjusted during mining to achieve acceptable pit slope performance to account for locally unfavorable conditions.

Golder recommends that continuous inter-ramp slopes should not exceed approximately 150 m without a 25 m geotechnical bench. As Indicated in Figure 4.1, haul roads are included at vertical intervals of less than 150 m in the pit slope so geotechnical benches are not required.

16.3.7 AMC review

Asoka Herath, Principal Geotechnical Engineer, is employed by AMC and undertook a high level geotechnical review of Golder's geotechnical assessment and design recommendations for Gediktepe.

Golder 2020 states that hydrothermal alteration is not significant at the site and appears not to significantly affect the properties of rock materials of geotechnical interest for slope stability. AMC does not agree with this evaluation, and considers that pit wall rocks were subject to varying degrees of alteration affecting integrity of the rock mass, as per:

- In general weathering varies from 5 m to about 30 m, which is not a major design issue.
- Wall rocks are altered. AMC infers the degree of alteration can range from 10% to 50% (visual estimation from core photos).
- As a result of alteration, wall rocks appear to be in a poor condition, and strength is inferred to be poor.
- It is difficult to ascertain how far away the rock mass alteration extends from the mineralization, as all geotechnical drillholes are located within the footprint of the pit.

Core photos show significant alteration through the drilled depth (about 300 m vertical). Such alteration is commonly observed in most drill core presented in Golder 2020. AMC considers that alteration related poor rock mass conditions and strength loss are the most significant geotechnical characteristics that can adversely influence wall stability and slope design.

A range of laboratory testing was carried out consisting of UCS, UTS, PLT, DS rock and soil triaxial tests. Golder have collated all test data which are presented in Golder 2020. Golder has used the average intact strengths obtained from UCS tests in slope stability analysis. Although AMC considers that sufficient laboratory testing was conducted, given the poor conditions observed in lithological units due to alteration, the laboratory average strength values should not be used in the analysis as UCS samples are generally selected from good core hence generally overestimate the intact strength in weathered and altered rock. AMC notes that the average UCS values are significantly higher than logged strength values and considers that the field strength estimates from geotechnical logging are more appropriate to be used in pit wall stability evaluations, instead of average values obtained from UCS tests.

Golder has used RMR method for rock mass classification and the Generalised Hoek and Brown method for the stability assessment. AMC have no issues with the methodologies they have used as they are industry accepted practices. However, RMR₇₆ values appear to be on the high side and not a true representation of rock mass conditions. AMC considers that the average values (UCS and RMR) adopted for stability analyses are not representative of actual conditions and are on the high range and therefore may have resulted in wall design parameters that might be too steep.

AMC considers that Golder should have defined ranges for UCS using laboratory and field strength estimates from logging and RMR₇₆ (lower bound and average) and conducted probability of failure approach for the slope design.

AMC has undertaken check pit optimization with 5 degrees shallower walls and notes that ore tonnes are not sensitive to pit slope, but waste tonnes are, and an additional 30 mt of waste would be required at the shallower slopes.

16.4 Waste dump design

16.4.1 Geochemical assessment

The Gediktepe deposit contains waste rock with sulphide mineralization that has the potential to generate acid and may leach metals to the environment. These acid rock drainage (ARD) issues were recognized by Polimetal and a waste rock characterization study was undertaken by SRK to identify the rock types that have ARD potential and the design parameters required to manage any adverse effects.

A total of 332 core and rock chip samples were taken from exploration drilling to characterize the ARD and metal leaching potential (ARD-ML) of the main rock types of the final pit shell. Static and kinetic testing methods included modified acid-base accounting (ABA), net acid generation (NAG) tests, and major and trace elements analysis by XRF and ICP-MS analysis of aqua regia (AR) extracts. Test results were then used to assign the ARD potential by rock type. Approximately 35% of waste rock was classified as PAG.

A PAG waste rock dump has already been approved as part of the Oxide Project, which has a liner underneath to collect any contact water that may be produced during the operation, closure, and post-closure stages. The capacity of the PAG waste dump is insufficient to host all the PAG waste rock, and therefore, part of the PAG waste need alternative management:

- The PAG waste dump should be preserved for the most problematic material (PAG sulphate-sulphide) above a 2.2% S cutoff.
- Remaining PAG waste rock should be emplaced in the centre of the NAG waste dump to be encapsulated with NAG waste rock in the NAG waste dump.
- Waste dump design will account for encapsulation, presentation of PAG and NAG waste in the mining schedule the oxygen transport mechanism that typically occurs and the development of preferential channels within the WRD that may conduct water-moisture.

16.4.2 Waste dump design

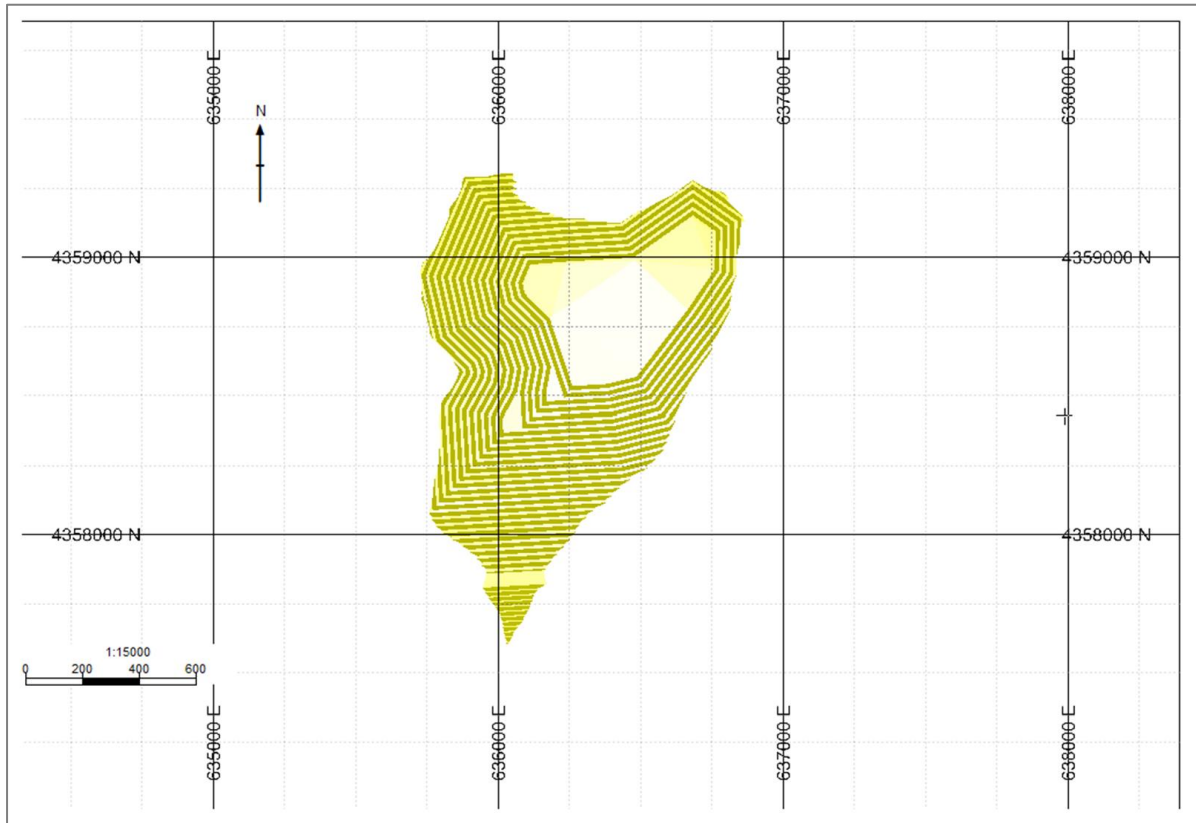
The waste dump for Gediktepe was designed by INR and is located adjacent to the pit exit to the south-west of the pit. The waste dump is designed to hold the material from the current Oxide Project mining operation as well as the for the sulphide mining operation.

The PAG waste dump area will be used for the waste rock having high S values. Waste rock with moderate or lower S values will be blended with NAG waste rock or encapsulated within NAG waste. The PAG waste rock dump is located at the south of the heap leach, between the mining contractor's facilities and the NAG waste dump. It was constructed for the Oxide Project and has 7 Mm³ of capacity. The base of this dump area is covered with clay. The design was approved by the Turkish Government Ministry of Environment and Urbanization.

The NAG waste rock dump is located to the west of the mining licence and upstream of the TSF. It is currently used for the Oxide Project, with 76 Mm³ of capacity, however, it can be increased to 122 Mm³. The surrounding topography is suitable for extensions.

The Gediktepe waste dump designed by INR is shown in Figure 16.5.

Figure 16.5 Gediktepe waste dump design



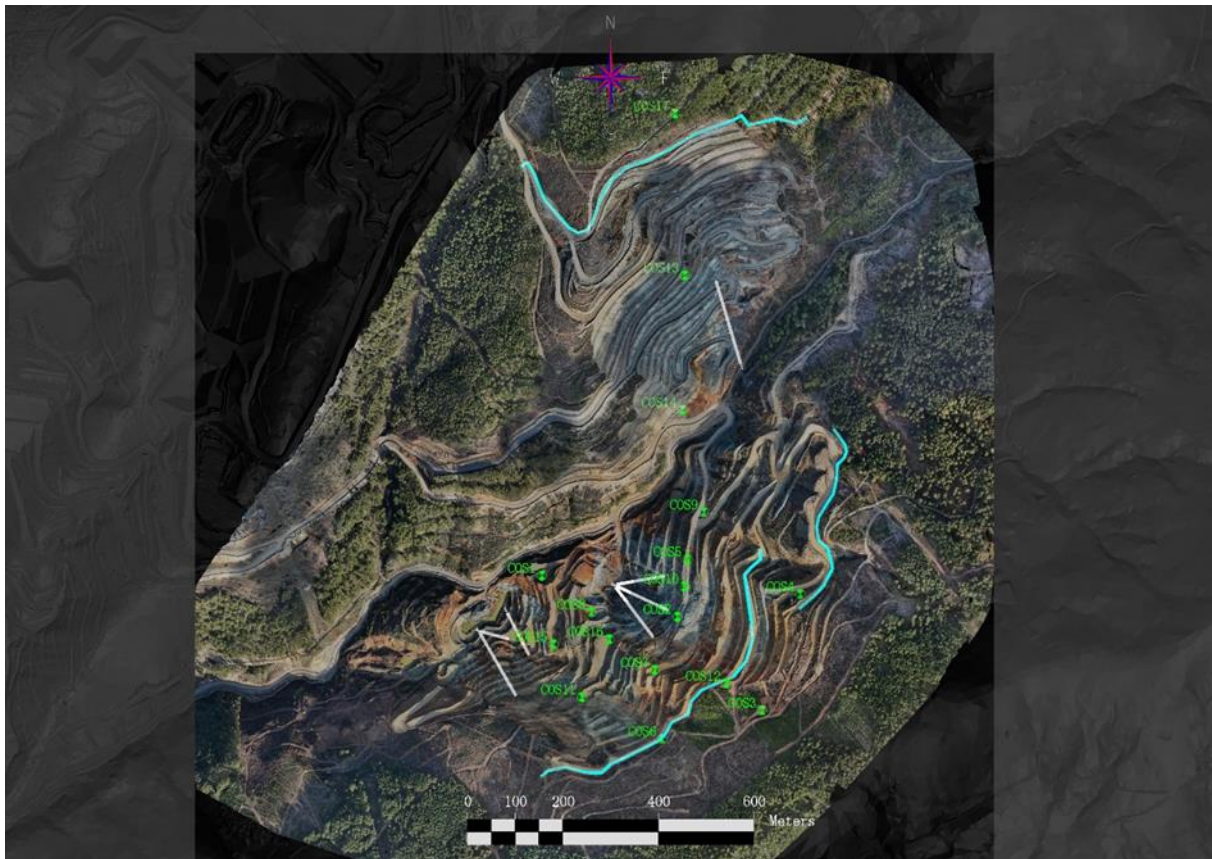
16.5 Pit dewatering, hydrogeology and hydrology

16.5.1 Oxide Project pit dewatering

Open pit dewatering is carried out by vertical pit dewatering bores, horizontal drains, and in-pit and ex-pit diversion channels. To date, 17 vertical pit dewatering bores (total 1,750 m) and 7 long-range horizontal drainage holes (total 835 m) have been drilled. Short-range horizontal dewatering/depressurization holes (10-15 m each) are also drilled on each bench face at 2-3 m spacing. Berms are designed with 3% grade and lined water diversion channels are constructed on benches as required to control runoff water.

Figure 16.6 shows the Oxide Project vertical pit dewatering bores, long-range horizontal drainage holes and diversion channels.

Figure 16.6 Diversion channels and horizontal and vertical dewatering bores



16.5.2 Hydrogeology assessment

The hydrogeology and hydrology assessment for the 2022 FS was undertaken by SRK Consulting (U.S.) Inc. (SRK) from work undertaken by SRK and others. Field work undertaken from 2015-2022 included:

- Continuous monitoring of surface water flow at 2 stream flow measurement stations.
- Comprehensive hydrocensus survey that identified 181 water points.
- Periodical water quality sampling at 22 locations.
- Drilling of 19 large diameter monitoring wells.
- Installation of 6 vibrating wire piezometers (VWP).
- Packer test profiling at 39 locations.
- Conducting aquifer tests at 10 locations.
- Monitoring water levels at 102 wells.

Key outcomes of hydraulic conductivity tests are:

- The most permeable units are alluvium and quartz feldspar schist (present in the mine).
- There is a two to three orders of magnitude variability of hydraulic conductivity values.
- There is a general trend of decreasing hydraulic conductivity of bedrock with depth.

A regional 3-D groundwater flow model was developed over a 120 km² area. After calibration, the model simulated that the open pit intersects the regional groundwater table at approximately 10 m to 20 m below the ground surface, and the numerical model indicates a maximum drawdown of 140 m within the central part of the pit. Based on the proposed mine plan, the estimated groundwater inflow will increase from 2 L/s to 14 L/s

within 2 years and inflows from Years 3-10 are predicted to increase to 15 L/s. SRK concluded that groundwater inflows can be managed by in-pit sumps located at the base of the pit and will be moved periodically through the life of the mine as pit development progresses. As a result, no additional studies on dewatering and depressurization of the pit were completed.

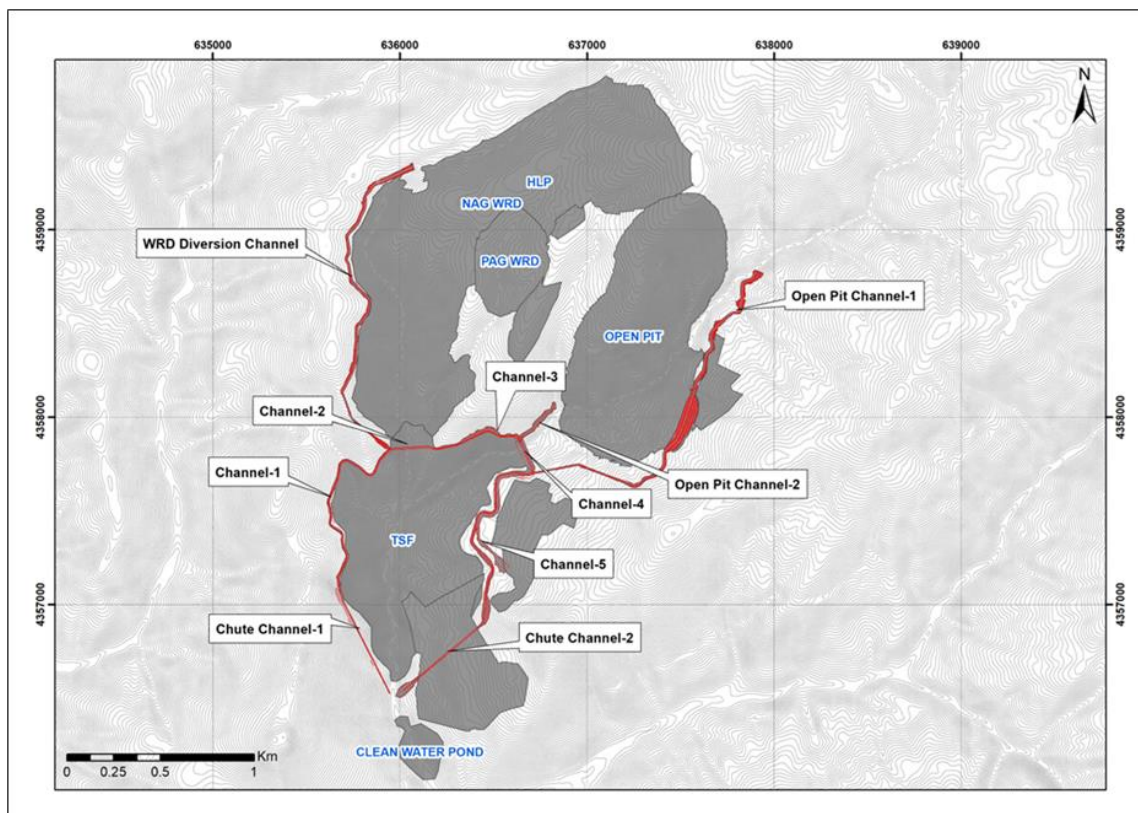
16.5.3 Hydrology assessment

Hydrological studies completed from 2015-2022 included:

- Two weirs were constructed on the Acisu Stream for continuous streamflow monitoring.
- Site climatic conditions were evaluated using an on-site meteorological station, regional stations, and climatic gridded models.
- A rainfall-runoff-snow melting model was established and calibrated with site data.
- Hydrograph analysis and baseflow separation were used to characterize streamflow.
- A catchment-wide water budget study was done to evaluate recharge to groundwater.

The Project facilities are associated with one main catchment that includes three sub-catchments. Diversion channels were designed surrounding the open pit, waste rock dump, TSF, and heap leach pad (Figure 16.7) to prevent surface flow from precipitation impacting operations and to segregate fresh and contact water. Runoff water from upstream catchments drained by Acisu, Kaynarsu, and Peynirkurusu creeks is directed to the CWP.

Figure 16.7 Gediktepe stormwater diversion channels



A site-wide water balance was done to evaluate production, consumption, movement, and storage of water through the operation, closure, and post-closure, considering the fresh and contact water, mine water demand, supply sources and makeup water requirements. Fresh water will be harvested where possible and contact water minimized. Based on

nominal mass balance calculations, the sulphide plant requires 119 m³/hr of water, of which 34 m³/hr can be supplied as process makeup water from TSF reclaim, while the remaining 82 m³/hr will be supplied as raw water makeup. When water availability is constrained, the CWP can be used as a makeup source if the reclaim and treated water are insufficient. According to the site-wide water balance model, water supply sources will be adequate to meet plant requirements.

16.6 Conclusion

AMC considers that the drill and blast, load and haul mining methods currently being used at the Oxide Project with an experienced mining contract are appropriate for the operation. AMC considers it likely that larger equipment (in waste rock) rather than scaling up the current methods and equipment fleet to account for the larger movements required for the Sulphide Project may be more appropriate.

Additional work on geotechnical assessment of pit slopes using the full range of rock strengths identified in geotechnical testing is recommended prior to implementation to confirm that pit slopes are stable.

17 Recovery methods

17.1 Introduction

Polimetal has been operating the Oxide Project at Gediktepe since 2019, mining and processing gold and silver ore from the existing Gediktepe open pit and processing the ore through the 0.864 Mtpa heap leach and Merrill-Crowe oxide ore processing plant at the site. The Oxide Project is scheduled to continue operations until 2025, after which Polimetal plan to mine and process the sulphide mineralization underlying the oxide cap currently being mined and processed.

Sulphide Project metallurgy and ore processing assessment and engineering design for the 2022 FS was undertaken by GR Engineering Services Limited (GRES), with input from Hacettepe Mineral Technologies (HMT).

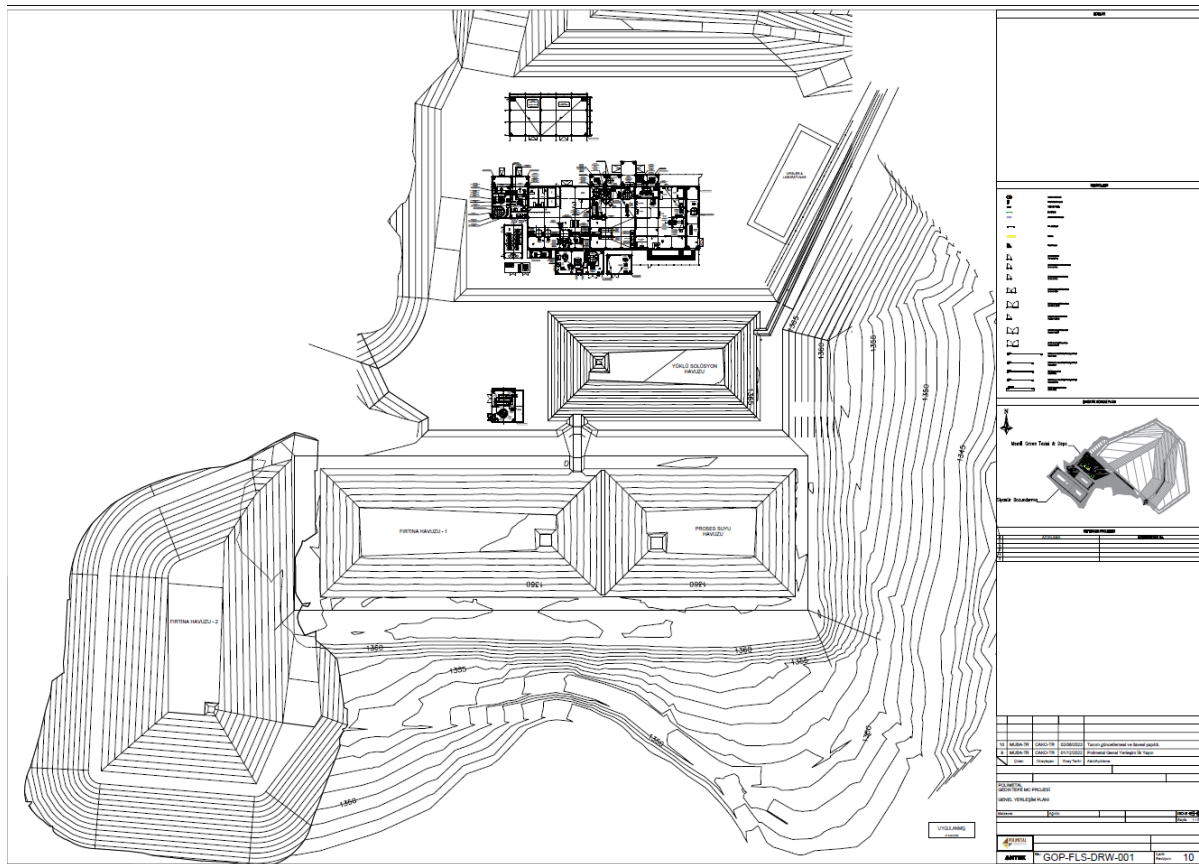
17.2 Oxide Project ore processing

The Oxide Project commenced operation in 2019. The ore processing facilities and heap leach pads are shown in Figure 17.1 and the layout of the processing facilities and the design of the heap leach pads is shown in Figure 17.2.

Figure 17.1 Oxide Project ore processing operations



Figure 17.2 Oxide Project ore processing layout



Plant description

The Oxide Project processing plant consists of the following basic circuits:

Crushing

- Nominal throughput of 3,000 tpd achieved using 220 tph feed rate, 60% plant utilization and 95% availability.
- Run-of-mine (ROM) ore at 100% passing 600 mm (F_{100}) is crushed to a P_{100} size of 19 mm (P_{80} of 12.6 mm) using a two-stage plant as shown in Figure 17.3.
- Crushing circuit consists of the following:
 - ROM ore bin.
 - Variable speed feeder.
 - Vibrating grizzly screen.
 - Primary jaw crusher.
 - Product screen.
 - Secondary cone crusher.
 - Crushed ore bin.
- Agglomeration and stacking:
 - Agglomerating drum – using cement, lime and NaCN.
 - Stacking conveyor system.
- Heap leaching:
 - Heaps consist of 6 lifts of 6 m.
 - 90-day leaching cycle.
 - Irrigation rate 10 L/h/m².
 - Pregnant leach solution (PLS) flowrate between 175 m³/hr and 238 m³/hr.

- Merrill-Crowe metal recovery:
 - Solution clarification and deaeration.
 - Zinc addition and precipitation.
 - Precipitate leaching to remove base metals and filtration.
 - Solution make-up and recycle.
 - Refining and doré production.
- Cyanide (CN) destruction:
 - Reduce free CN to <10 ppm.

Historical performance

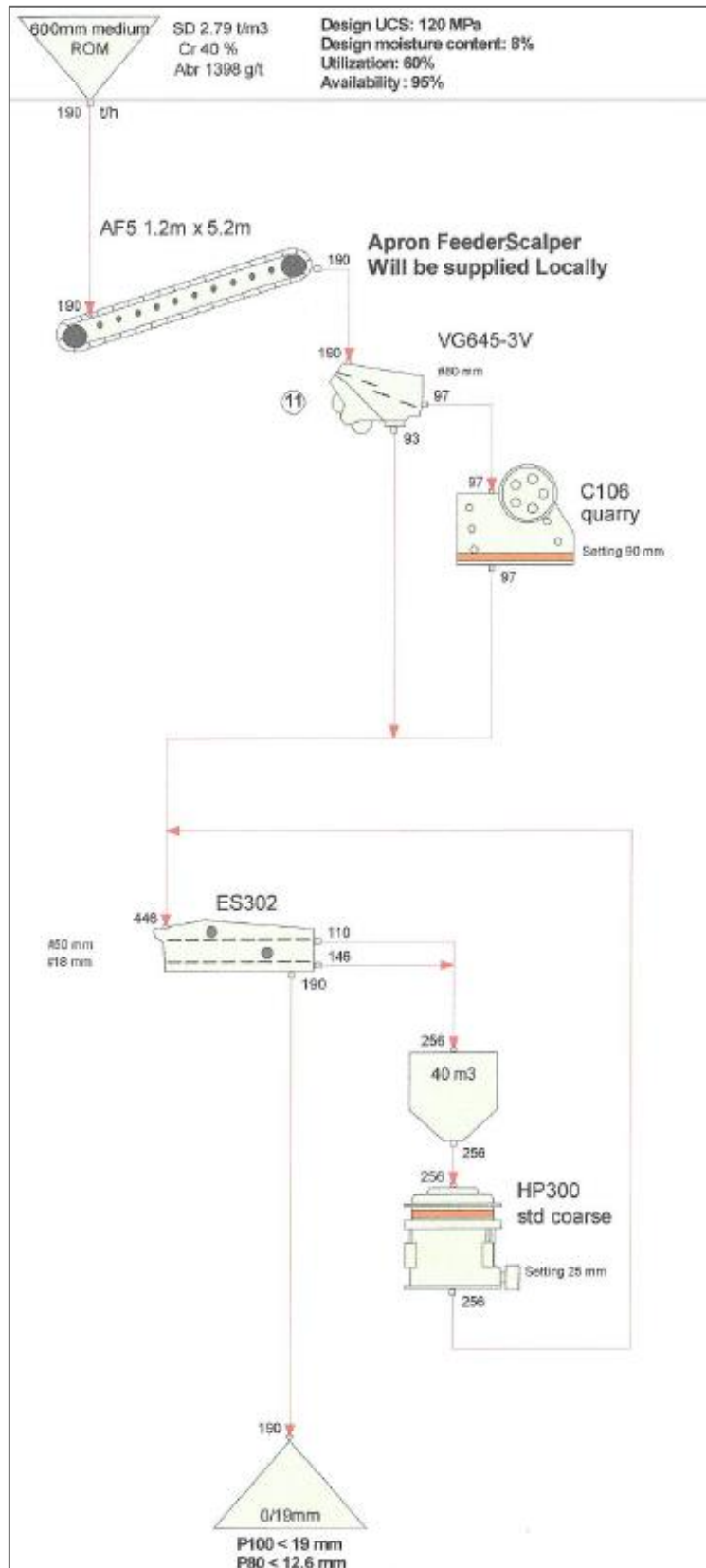
Table 17.1 shows historical production for the Oxide Project. In 2023, 678,558 tonnes were processed with average grades of 2.28 g/t Au and 57.74 g/t Ag. Gold production was 34,018 oz while silver production was 360,509 oz.

Table 17.1 Oxide Project historical production

Description	units	Q1 2024	2023	2022	2021
Ore processed	t	49,196	678,558	741,461	136,024
Gold grade processed	g/t Au	2.53	2.28	1.82	0.93
Silver grade processed	g/t Ag	47.3	57.74	51.64	21.35
Gold produced	oz	14	34,018	29,710	575
Silver produced	oz	156	360,509	308,690	3,062

Placement of oxide ore on the heaps is planned to be completed in Q3 of 2025. In Q4 of 2025 and 2026, leach solution will continue to be applied to the heaps and PLS will continue to be processed in the Merrill-Crowe plant. PLS grades can be expected to decrease during this winding-down period.

Figure 17.3 Crushing circuit



17.3 Sulphide Project Processing Plant Description

The processing facility has been designed to treat 1.82 Mt per annum (1.82 Mtpa) of copper and zinc-bearing sulphide ore. The design parameters used for the design of the comminution circuit are as follows:

- Treatment of ore at a rate of 5,000 t/d.
- Reduction to a flotation feed P₈₀ size of 38 µm.
- Consideration was given to capital and operating costs, and flexibility of operation.

A concentrator utilization of 92% (8,059 h/a) has been applied to determine the design treatment rate:

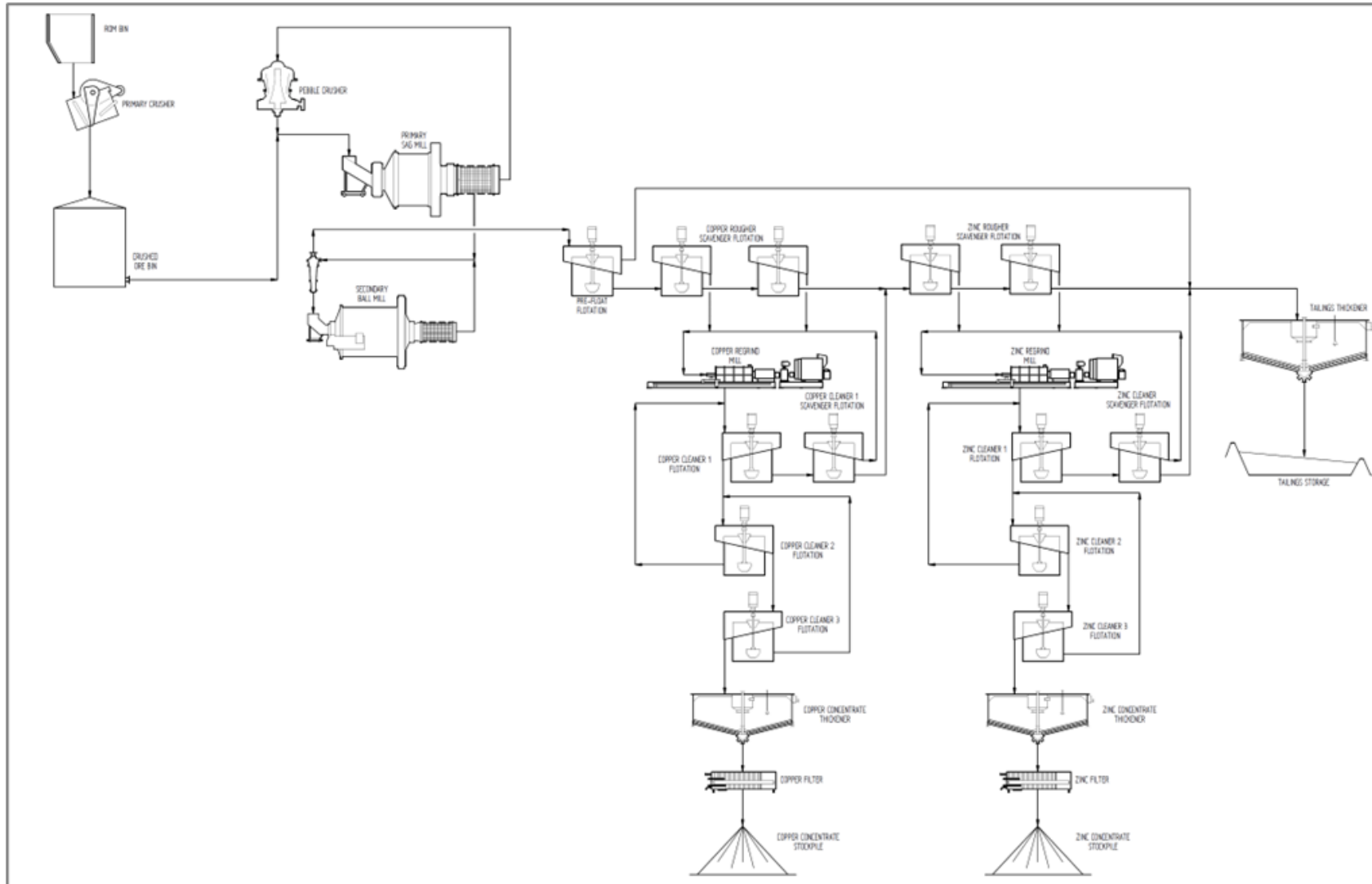
$$1,825,000 / 8,059 = 227 \text{ t/h.}$$

The circuit includes a sizing screen between the semi-autogenous grinding (SAG) SAG mill and ball mill to control the top size reporting to the ball mill in order to optimize the ball size for the fine product size targeted. The screen will also limit the top size of particle and hence the breadth of the size distribution in the cyclone feed which will promote improved classification efficiency for the fine size separation in the cyclones.

In general, the ore is soft with only disseminated ore and chlorite-sericite schist dilution material providing competent media for the SAG mill. Therefore, it is expected that the SAG mill will operate with a ball charge of up to 15% to compensate. The screen will provide flexibility to optimize the circulating load and the power drawn by the SAG mill. A bi-modal distribution of specific gravity exists with a low 3.3 for the disseminated ore relative to a specific gravity of 4.5 for the massive sulphide ore components. The higher ball charge will assist minimizing the accumulation of a heavy sand fraction in the SAG mill. Pebble ports will be installed to ensure small balls are removed from the charge to prevent 'overgrinding' of the softer high specific gravity particles and to control any build-up of competent disseminated ore pebbles.

The sulphide flowsheet shown in Figure 17.4 includes primary crushing, two stage grinding, sequential flotation (pre-float of talc/silicate minerals, and production of separate copper and zinc concentrates), regrind (copper and zinc), concentrate thickening, concentrate filtration, and tailings disposal (thickening).

Figure 17.4 Gediktepe sulphide ore processing flowsheet



Features of the flowsheet developed in the 2022 FS are:

- A single crushing stage with a SAG mill followed by a secondary grinding ball mill to generate a flotation feed P₈₀ size of 38 µm. The grinding circuit will include a pebble crusher to handle slow grinding, coarse material from the SAG mill and a sizing screen to control the transfer size to the ball mill, both operating in closed circuit with the SAG mill.
- A crushed ore storage bin has been included to minimize long-term storage of plant feed in 'dead' stockpile to minimize oxidation and aging effects in flotation.
- A pre-float stage has been included to remove naturally floating gangue and provide aeration for pulp chemistry control in the upper rougher flotation stage.
- Stirred bead mills (IsaMills) are utilized in the regrind duties to achieve a product P₈₀ size of 15 µm for the copper circuit, and for the zinc regrind a P₈₀ size of 20 µm.
- Both copper and zinc flotation circuits feature a cleaner and cleaner scavenger arrangement with the cleaner scavenger tailing open circuited to zinc flotation feed for the copper, and final tail for the zinc cleaner scavenger tail.
- Treatment of process water using activated carbon has been included to reduce the residual reagent content of the recycled water and thereby prevent inadvertent recovery of copper and zinc into the pre-float circuit concentrate.

The process plant design has been based on the key parameters as outlined in Table 17.2. The metallurgical balance and flotation circuit equipment selection has been based on median values achieved in the LCT flotation testing. The maximum concentrate production rate and grade from the LCTs has been used as a check on the capacity of the equipment to handle higher concentrate rates and the expected short term maximum head grades from the mine.

Table 17.2 Sulphide circuit design parameters

Description	Units	Design Value	Comments
Plant Throughput	Mt/a	1.825	-
Annual Operating Hours – Concentrator	h	8059	
Daily Throughput (nominal)	t/d	5000	Project requirement
Milling Rate	t/h	227	-
Grind Product Size D ₈₀	µm	38	Test work assessment
Copper Regrind Size D ₈₀	µm	15	Test work assessment
Zinc Regrind Size D ₈₀	µm	20	Test work assessment
Feed Assay			
- Copper	% Cu	0.77	AMC 15 July 2022
- Zinc	% Zn	1.96	AMC 15 July 2022
Copper Concentrate			
- Copper Grade	% Cu	25.7	Calculated - Correlations
- Copper Recovery	%	69.4	Calculated - Correlations
- Transportable Moisture Limit	% moisture	13.3	Test work Bureau Veritas
Zinc Concentrate			
- Zinc Grade	% Zn	52.1	Calculated - Correlations
- Zinc Recovery	%	76.0	Calculated - Correlations
- Transportable Moisture Limit	% moisture	13.2	Test work Bureau Veritas

The aspects identified in test work that impact on the performance and design of the processing plant have been addressed in the following manner:

- Feed Preparation - Fine grinding to a particle size P_{80} of 38 μm was required to provide adequate liberation of the minerals for their separation in a sequential flotation circuit.
- Feed Preparation - The different flotation behaviour of the three main lithologies requires control of the feed blend to limit the zinc-to-copper ratio in the enriched material to less than 1:1.
- Feed Preparation - Due to the propensity of the feed to oxidize (age) with a detrimental impact on flotation performance a maximum two-to-four-week feed supply on the ROM pad has been targeted in the operating schedule. Blending fingers will be used to minimize fluctuating head grades and ore types.
- Pre-float - A pre-float circuit will remove a portion of sheet silicate minerals, which are naturally and fast floating to minimize silica levels in the copper (and zinc) concentrates.
- Pulp chemistry - To minimize loss of base metals into the pre-float concentrate due to inadvertent flotation from residual reagents in the recycled process water, the process water will be treated using activated carbon to remove these chemicals (and some metallic ions). Any effect of metal ions in tailing dam return water will be addressed by returning this water stream to the tailing thickener to use the residual high pH from the zinc circuit to raise the pH and precipitate metallic ions.
- Pulp chemistry - An antiscalant will be dosed into the process water to prevent gypsum precipitation onto mineral particle surfaces, equipment surfaces and inside pipes. The sulphate levels in the site water have been measured at 2,000 ppm.
- Pulp chemistry - Mild steel grinding media will be used in the milling circuit to create a reducing pulp redox potential in the flotation feed which has been shown in test work as necessary to effect the copper - zinc and chalcopyrite - pyrite separation.
- Regrind size reduction - Fine grinding technology will be used in regrind applications to increase liberation with reduction in particle size to a P_{80} of 15 μm for the copper circuit and a P_{80} of 20 μm for the zinc circuit.
- Copper - zinc selectivity - In addition to the pulp redox potential, zinc sulfate will be dosed into the feed and copper cleaner circuit to depress sphalerite in the copper flotation stage.
- Copper - lead selectivity - The main contributor to lead reporting into copper concentrate is inclusions of fine galena within chalcopyrite (and pyrite) grains. In addition to the blending strategy, sodium cyanide has been shown to help limit galena recovery and addition into the copper regrind and cleaning circuit has been included in the design.
- Pyrite selectivity - Additions of SMBS and sodium sulphide will be used for depression of pyrite in the copper circuit. Lime will be used to adjust and maintain pH in the slurry at levels sufficient to depress the pyrite in the zinc circuit. Starvation levels of collector will also be used in the copper and zinc circuits to minimize inadvertent collection of the iron sulphides (and sphalerite in the copper circuit).
- Pyrite selectivity - cleaner circuits are designed for open circuit operation to avoid build-up of circulating loads of pyrite. Cleaner scavenger cells have been included to limit loss of the respective copper and zinc metal to cleaner tail.

The Gediktepe sulphide requires a fine primary grind (P_{80} of 38 μm) and a fine regrind of the copper rougher concentrate (P_{80} of 15 μm) and of the zinc rougher concentrate (P_{80} of 20 μm) to achieve acceptable liberation of the fine-grained mineral assemblage. Selectivity between copper and zinc minerals is affected by pre-activation of zinc minerals, due to the presence of secondary copper minerals in situ and/or due to galvanic effects between galena (lead mineral) and pyrite.

A depressant reagent regime of sodium sulphide, zinc sulfate and metabisulfite is needed to effect selectivity between the copper minerals and the zinc and iron sulphide minerals. Depending on the ore feed, some non-sulphide gangue (NSG) is removed in a pre-flotation stage prior to copper rougher flotation. Circulated water (tailing from zinc rougher and cleaner flotation) containing residual organics, such as xanthate ions and other reagent breakdown products, causes flotation of sulphide minerals in the pre-flotation stage and loss of copper, zinc and precious metal with the rejected pre-flotation concentrate. Treatment of the process water using activated carbon to remove the residual organics has been included in the flowsheet and plant design.

Concentrates will be dewatered using thickeners and pressure filters prior to road transport to a port for bulk shipment to smelters.

Copper concentrate grades above 23% Cu (23% to 32% Cu) with greater than 68% copper recovery, and zinc concentrate grading over 49% Zn (49% to 53% Zn) with greater than 76% recovery will be targeted. Both concentrates will contain credits for gold and silver. The copper concentrate may have variable penalties for arsenic, lead, zinc, bismuth and [fluorine+chlorine] at times. Similarly, the zinc concentrate may have iron and cadmium penalty levels at times.

Annual scheduled concentrate production is shown in Figure 15.7.

Annual scheduled metal production is shown in Figure 15.8 (copper and zinc) and Figure 15.9 (gold and silver).

17.4 Conclusion

The Oxide Project heap leach and Merrill-Crowe ore processing infrastructure and processes is well understood and will continue until the sulphide process is in production. The Sulphide Project ore processing technology is well-tested and multiple similar operations are in production around the world and metallurgical testwork and analysis has been undertaken by well-respected metallurgical consultants, GRES.

Metallurgical testwork and flowsheet development was undertaken by GRES in partnership with HMT. Extensive testwork was undertaken and analysis used to develop the current Sulphide Plant processing circuit.

The processing facility has been designed to treat 1.82 Mt per annum of copper and zinc bearing sulphide ore. The sulphide flowsheet includes primary crushing, two stage grinding, sequential flotation (pre-float of talc/silicate minerals, and production of separate copper and zinc concentrates), regrind (copper and zinc), concentrate thickening, concentrate filtration, and tailings disposal (thickening).

The process plant design has been based on the key parameters, with the metallurgical balance and flotation circuit equipment selection based on median values achieved in the locked cycled flotation testing. The maximum concentrate production rate and grade from locked cycle tests has been used as a check on the capacity of the equipment to handle higher concentrate rates and the expected short term maximum head grades from the mine.

18 Infrastructure and services

The infrastructure and services section for the 2022 FS was prepared by Polimetal, with input from GRES (process plant) and INR (roads and site infrastructure). Existing infrastructure will be used as much as possible. However, the Sulphide Project will need some new infrastructure, with the major infrastructure items being the TSF and CWP, additional power transmission lines (PTL) to supplement the current PTL and mine buildings, such as offices, warehouse, workshops, changing room, and canteen.

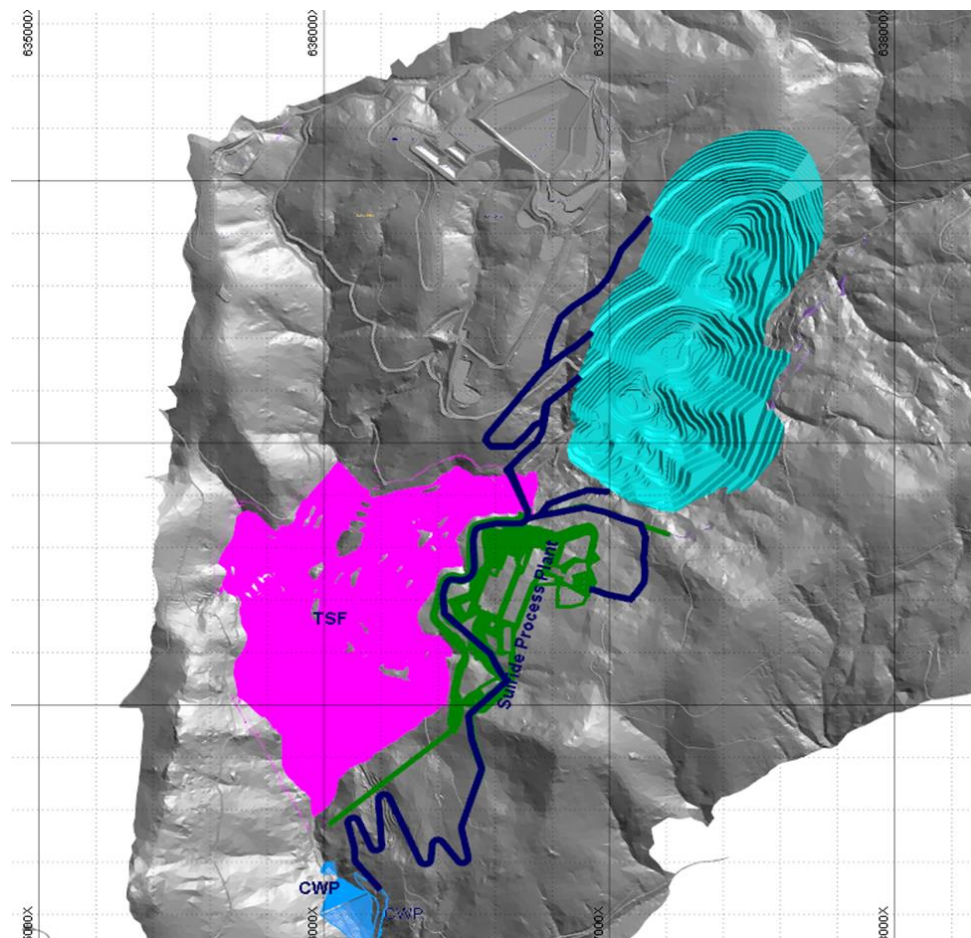
The current Oxide Project team has been using Turkcell GSM mobile phone operator for mobile communication and has internet infrastructure. The site transfers required data via radio link to Ankara and İstanbul.

18.1 Roads and Site Access

Access to the Gediktepe mine and logistics to supply operations are well established, with all year access to the open pit, heap leach, and other facilities. For the Sulphide Project, a new access road will be constructed passing over the top of the CWP to the sulphide plant. Approximately 6.4 km of new road will be constructed using cut and fill and is planned for sealing with cold asphalt or concrete. The road will be constructed by the mining contractor.

Access to facilities will be as shown in Figure 18.1, with haul roads leading to the ROM pad and plant access on the eastern side.

Figure 18.1 Sulphide plant road access schematic



18.2 Process Plant

The licence area is currently occupied by the forestry department. The mine and process plant border the woodlands. The plant site is relatively steep towards the western flank and levels out towards the eastern flank, bordering the proposed TSF location. The open cut mine is located to the northeast, setting the alignment for the ROM pad and ROM crushing pocket.

Crushed ore is conveyed to the coarse ore bin, located on moderately sloped terrain to the east of the crusher pocket, which utilizes the natural fall in slope to minimize fill requirements. The remainder of the processing circuit extends to the southwest, aligning the plant with the TSF on the east. The circuit follows a moderate slope, dipping downward in this direction. The process and contact water ponds are located in the lower southwest corner, taking advantage of the slope to gravity flow surface run off water to the site contact pond. The process water pond borders the TSF embankment to allow gravity flows.

An aerial view of the plant site is shown in Figure 18.2.

Figure 18.2 Aerial view of the plant site



The remaining infrastructure, administration, canteen, change rooms and emergency services are located in the southwest corner on the main entry road to the process plant.

The security gatehouse is at the main entry perimeter fence. Workshops, the laboratory and the main control room are located on the process plant pad to allow for direct access.

18.3 Project buildings

18.3.1 Processing Plant Buildings

The plant workshop will be contained within a single pre-engineered 36 m by 12 m clad, steel framed building, located adjacent to the process plant with 4 m front awnings. The workshop will incorporate electrical, mechanical and welding bays, have high bay lighting with skylight roof sheeting, roof and wall vents, concrete floors and 6 m wide concrete aprons.

The plant warehouse will be contained within a single pre-engineered 36 m by 12 m clad, steel framed building with an eaves roof, 4 m overhang awnings, two offices, kitchen, toilet, store racking, and tool store. The warehouse incorporates a tool store with heavy-duty shelving, an open area for non-waterproof and non-sunproof large equipment, pallet racking, office area under a mezzanine floor, concrete floors and a 6 m concrete apron. A 72 m by 12 m fenced compound will be installed at the rear of the warehouse and workshop to enable secure storage of large bulk items and unloading of semi-trailers.

The laboratory will be a pre-engineered building located next to the workshop and divided into wet and dry areas, with a concrete floor and floor drain for the wet area, and a roller door to accommodate the sample and equipment transportation. The dry area will consist of a balance room, TGA room, fusion room, SRF room, office with small kitchenette and toilet. A breezeway will be between the dry and wet area with all the double doors for internal and external access.

The main control room will be the centralized control hub from crushing circuit to both oxide and sulphide circuits. It will be a 12 m by 12 m prefabricated building located to the north of the grinding building. There will be eight main control stations to cover each part of the processing plants and four smaller control stations on the side. The main control building consists of a 6 m by 3 m server room to store critical communication equipment.

Allowance has been made for one light vehicle diesel storage tank to supply fuel to the plant light vehicles. The facility will include a truck unloading bay, complete with an unloading pump.

18.3.2 Administration and General Buildings

A two-storey prefabricated office complex building will be located on the main LV access road to the process plant. The administration building will be approximately 800 m² each storey and will accommodate 100 management personnel, including administration, human resources, health safety and environment, payroll, procurement, and processing. There will be a small kitchenette, large meeting room, toilets on each level and single offices for management and joint offices and open plan areas for the general employees.

The security gatehouse will be located at the perimeter fence on the main access road. There will be an automatic gate for vehicles and trucks, with a swipe card system for vehicles and personnel and continuous monitoring by a security guard. The building will have a gatehouse turnstile, security office, community office, induction room and ablution blocks. A trade certified weighbridge to record freight in-bound and concentrate loads outbound will also be located there. A car park for private vehicles will be located outside the main gatehouse perimeter fencing. Security for the camp area and for the current operation was contracted to local security providers, SitePlus. The number of security personnel will be increased as per the needs of the construction camp and sulphide plant.

A 21 m by 14 m prefabricated clad, steel framed change room will have male and female change rooms separated by a 3 m wide covered breezeway, lockers, shower and ablution

cubicles for 180 personnel to allow for local employees who drive-in and drive-out each day. A pedestrian footpath alongside the LV access road connects to the front gatehouse.

A prefabricated prayer room and ablution building will be located between the kitchen and the emergency response team (ERT) building, consisting of a 12 m by 6 m prayer room with two entry and exit points, to allow for separate male and female entry and exit. A screen will be installed in the prayer room to separate males and females. A 1.5 m long awning will be hung over the ablution block.

A prefabricated ERT building and induction room will be located next to the prayer room, with sufficient space for the ambulance and emergency response vehicle. The building will have a treatment room, medical storeroom, data room, disabled toilet and shower unit, emergency response team office, safety and medical area, and induction room. The emergency response team will utilize the safety and medical area for rescue equipment. The induction room will be used for the employee induction, training or assembly.

Canteen facilities will be prefabricated and located opposite the administration building, and consist of a kitchen and dining area, with a truck parking bay and double door at the back of the kitchen to accommodate bulk food delivery. The cooking facilities will be required to produce meals on a two-shift basis, seven days per week.

18.4 Tailings storage facility

18.4.1 Background

The TSF and CWP included in the 2022 FS was designed by EN-SU consultants and the designs were reviewed by CMW.

The TSF will occupy an area of approximately 60 ha and will have a storage volume of approximately 11.1 Mm³ to 1,142 mRL to accommodate the 17.6 Mt of sulphide ore processed over the LOM. The CWP is located immediately downstream of the TSF and will accept runoff diverted around the Gediktepe mining operations.

The TSF and CWP pond are located in a steep sided valley in a tributary to the Kocagecemek D. valley. The closest settlements to the facilities are the Asidere and Meyvali neighbourhoods 300 m downstream, and Haciomerderesi neighbourhood 600 m downstream.

18.4.2 Geotechnical investigations

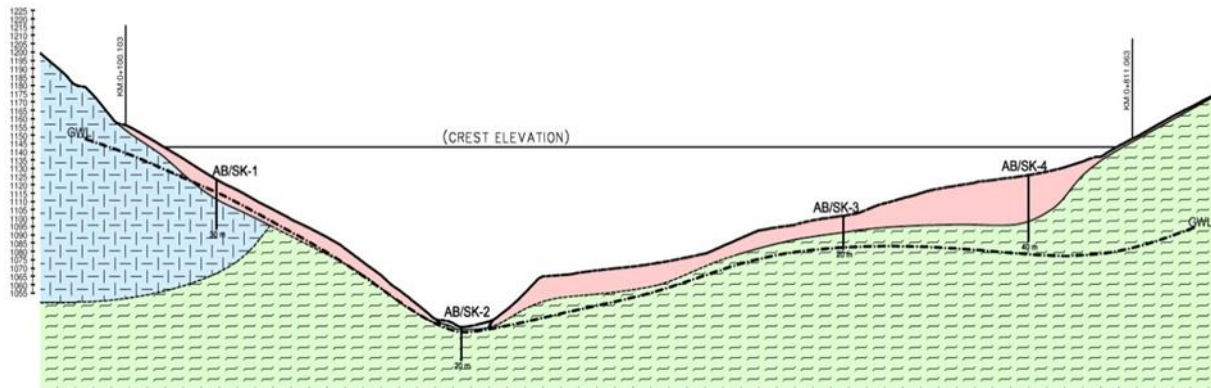
Geotechnical investigations conducted for the design of the TSF and CWP included boreholes, test pits and sampling and laboratory testing of both borrow and foundation materials. Seismic assessments were also carried out including a detailed site seismic assessment. Twelve cored boreholes with a total depth of 312 m were drilled to investigate the embankment area and field tests were performed in the bores. 27 permeability (leakage) tests were carried out at 2 m intervals in boreholes within the alluvial soils to determine the permeability of bedrock/soil material. 28 Lugeon Tests at 2 m intervals and 42 pressure-meter tests were carried out in 3 additional bores at 2 m intervals to assess elastic moduli. UCS and point load tests were done on drill core samples and samples of proposed mine waste borrow materials were also tested, including with direct shear (box) tests.

The ground conditions at the TSF site comprise a thin alluvium, colluvium and talus (land slide debris) over mainly quartz schists. On one (right-hand) abutment, a more competent dacite volcanic rock was encountered. Slope debris was encountered on the slopes of the TSF site and alluvium over bedrock was encountered in the creek bed at the base of the valley. The bedrock under the TSF has been altered, and in places disintegrated partly by the effect of faulting. This altered material does not exhibit soil properties, as there is not extensive weathering at the site. Based on in situ testing, the upper levels of the bedrock

are generally more permeable, whereas the lower levels are less permeable to impermeable.

A geological cross section is present in Figure 18.3.

Figure 18.3 Longitudinal Geological Section of Embankment and Ground Water Level



Based on the investigation, the alluvium in the creek bed varies in thickness between 1.5 - 4.8 m. The slope debris (talus) as intersected by the boreholes extends to 12.0 m depth to 28.0 m and to thicknesses varying between 10 m to 31 m in other bores. The depth of slope debris is generally greater in bores drilled in the left bank crest.

Geophysical borehole studies were performed on the right and left bank slopes, in addition to the borehole studies. This study indicated, slope debris with a thickness varying between 9 m to 15.5 m on the right bank, and between 5 m-30 m on the left bank. This data was used in the estimation of stripping excavation volumes for the TSF construction.

The slope has a thick talus deposit believed to be a paleo-landslide area. It will be necessary to remove it from the base of the embankment during foundation excavations to prevent a potential landslide being triggered due to the embankment stripping excavations. Stripping excavation should include excavation 1 m into the bedrock to remove fractured-cracked, disintegrated zones that may remain under the embankment footprint. To provide a low permeability facility, the embankment and storage area will be provided with geosynthetic clay and geomembrane cover.

18.4.3 Hazard Rating

The Gediktepe TSF has a 'Very High' consequence classification (refer Global Industry Standard on Tailings Management (GISTM), 2020). This rating has been assessed based on a 'potential population at risk' (PPAR) of at least 100.

The Gediktepe TSF and CWP have a High-A consequence rating (refer Australian National Committee on Large Dams (ANCOLD) 2019). This rating has been assessed based on a population at risk (PAR) of at least 100 and a Major damage classification (i.e. losses >US\$100M, a crippling effect on the business and significant effects downstream).

18.4.4 Design Criteria

The design criteria adopted in the design by EN-SU were based on Turkish standards and were considered compatible with ANCOLD 2019 hazard rating at the time of the design. TSF design and all the construction drawings and reports were approved by Ministry of Environment & Urbanization and the design is in line with related Turkish regulations. International guidelines were subsequently changed since the original TSF design was compiled.

The following summarizes the criteria adopted in the design:

- Provide LOM tailings storage for 17.4 Mt of tailings.
- Maximum Design Earthquake (MDE) used in deformation assessments of the embankment approx. 1:2,500 yr. Annual Exceedance Probability (AEP).
- Design criteria for diversion design during operations, 1:1000-year AEP.
- Assessed against the criteria from the GISTM for 'Very High' consequence facilities.
 - Seismic criteria: Operations 1:5,000 yr. AEP and Closure 1:10,000 yr. AEP.
 - Flood criteria: Operations 1:5,000 yr. AEP and Closure 1:10,000 yr. AEP.

The TSF and CWP are located in a relatively high seismic area. The most important tectonics in the region is the Çay-Simav segment belonging to the Simav Fault.

Gediktepe is located in the 1st Degree Earthquake Zone according to the Turkish Earthquake Zone Map prepared by the Earthquake Research Department of the General Directorate of Disaster Affairs, Ministry of Public Works and Settlement in 1996.

A Seismic Hazard Study of Gediktepe was performed to provide inputs for geotechnical design. The peak ground acceleration at the TSF/CWP site is summarized as follows:

- 1:2,500 yr. AEP, 0.55g.
- 1:5,000 yr. AEP, 0.749g.
- 1:10,000 yr. AEP, 0.892g.

18.4.5 Tailings Characteristics

Tailings geotechnical properties are based on test work on representative samples. Settling tests were conducted on a slurry sample at a slurry density of 65% solids, to a methodology supplied by CMW. The key tailings characteristics were:

- Particle size distribution P_{80} of 39 μm , approximately P_{20} of 7 μm .
- Undrained settled density, 1.67 t/m^3 (dry).
- Drained settled density, 1.74 t/m^3 (dry).
- Air Drying test, final density, 1.85 t/m^3 (dry).
- C_v , 4 to 223 m^2/yr .

Sulphide tailings have good settling characteristics. The relatively high dry densities obtained in the testing are a result of the high solids SG of the tailings. The tailings solids SG is 4.1 – 4.2 based on metallurgical testing.

For the purposes of operational design, the following tailings parameters were assumed:

- Tailings in situ dry density, 1.85 t/m^3 (dry).
- Beach slope, nominally 1.5%.

The tailings are PAF and the solids have elevated levels of metals.

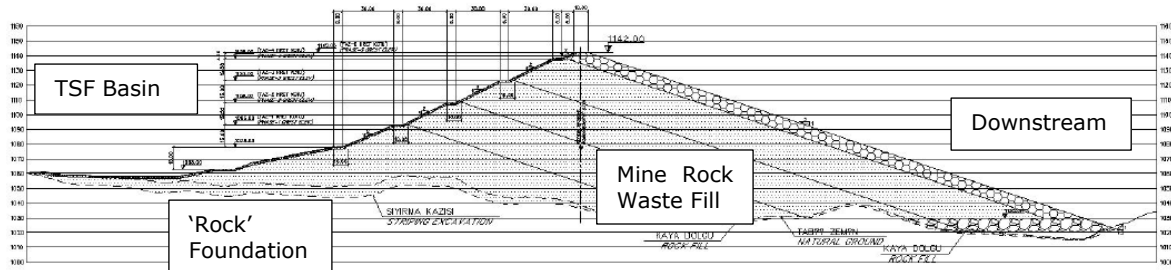
18.4.6 Design Concept

The TSF was designed with a storage volume of 11.1 Mm^3 (crest 1,142 mRL). To provide this volume with the lowest cost, the Acisu Stream valley located adjacent to the proposed pit and processing facilities was selected. The embankment axis is proposed in an appropriate section of the valley to reduce embankment volumes whilst providing capacity to enable LOM storage and potential for additional storage.

The TSF embankment will be constructed using waste rock from the mine pit operations. The embankment will be constructed with an upstream slope of 1V:2H with benches at 15m in vertical height and a downstream slope of 1V:3H. The TSF basin area slopes have

been designed with a bench height of 15 m with 1:2 (v:h) slopes and 6 m bench width in order to allow for liner construction. Figure 18.4 shows the TSF embankment profile.

Figure 18.4 Typical TSF embankment profile



Earthworks (excavation and fill) will be provided in the TSF reservoir area to re-profile the valley sides in order to provide a surface for installation of a lining system. A liner system is required to ensure the floor and side surfaces of the facility have low permeability and reduce the impact of seepage to the surrounding and downstream environment.

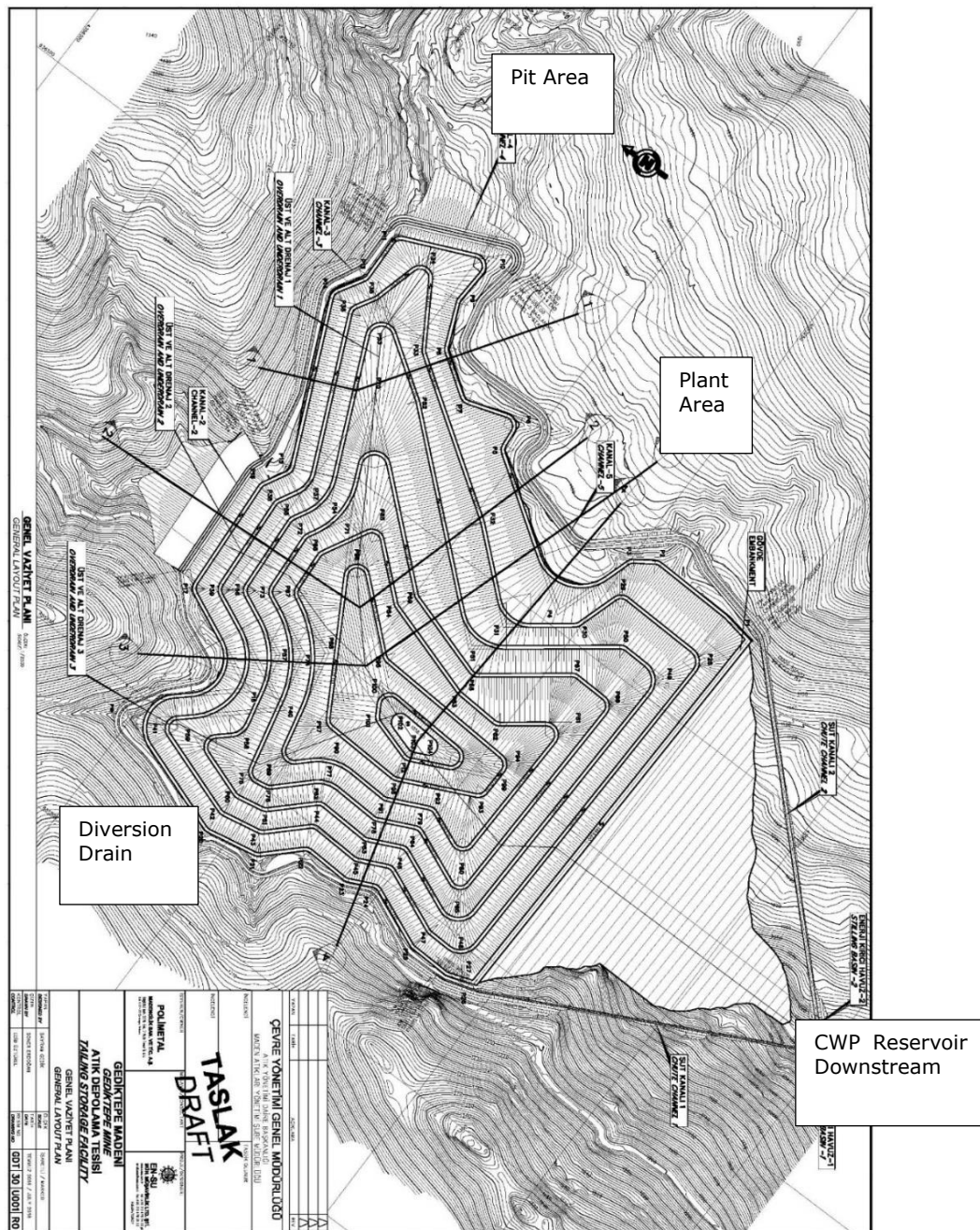
The lining system will comprise natural clay material, 0.50 m thick in the bottom of the valley and geosynthetic clay material on the valley sides. A textured 2 mm thick HDPE geomembrane will be laid over the clay sub-layers. This lining system will have adequate strength and be resistant to environmental and atmospheric effects and leachate from the PAF tailings.

An over drainage system (above the lining system) will be constructed to capture leachate for the tailings profile and reduce the phreatic surface within the TSF. Reducing the phreatic surface over the liner will reduce the leakage rate through any defects in the lining. An underdrain system will be installed under the TSF lining system to recover water from springs within the TSF valley and act as a leak detection system. The underdrain system will discharge to the CWP reservoir downstream of the TSF.

The TSF area will be surrounded by the diversion channels. Runoff from upslope of the TSF will be diverted through concrete lined channels above the TSF. The concrete diversion channels will discharge into concrete chutes aligned down the abutments of the TSF, with the concrete chutes discharging into the CWP.

The site layout for the TSF is provided Figure 18.5.

Figure 18.5 TSF layout



Stability and deformation analyses were performed for an embankment with a crest at 1,153 mRL rather than the approved crest 1,142 mRL. Embankment stability analyses indicated FoS greater than 1.5 for normal loading conditions and 1.1 for pseudo-static earthquake cases. The stability and deformation under earthquake loading (1:2,500 yr. AEP) for the TSF embankment was checked by performing dynamic analysis using Plaxis. This was similar to deformation estimated by CMW using the Swaisgood Method, an empirical method as a check.

The TSF embankment was analyzed for the 1:5,000 year AEP earthquake (PGA 0.749 g) and the 1:10,000 year AEP earthquake (PGA 0.892 g). The results of the stability analyses indicated adequate FoS for the 1:5,000 yr. earthquake and FoS around 1 for the 1:10,000 yr. earthquake. A FoS around 1 indicates some damage to the embankment can be expected.

Deformation analyses were done using Plaxis for the 1:5,000 yr. AEP and the 1:10,000 yr. AEP earthquakes. These analyses indicated some local damage under a 1:5,000 year earthquake and a 1:10,000 year earthquake. However, it was noted maximum deformations were approximately 1.3% of embankment height or around 1.5 m. This deformation is less than the freeboard allowance of 2 m and hence the maximum deformation is assessed as acceptable.

It is considered that the embankment complies with GISTM requirements for seismic design.

18.4.7 TSF Storage Characteristics

A storage capacity curve for the TSF was compiled by CMW utilizing the latest EN-SU design. This storage capacity and storage life for the TSF was estimated based on a tailings in-situ dry density of 1.85 t/m³, a beach slope of 1.5% and a tailings production rate of 1.83 Mtpa. The tailings beach slopes modelled assumed tailings deposition as per the CMW Operations Manual, that is from the main embankment and along the western boundary of the TSF with the decant to be raised up a ramp towards the north east.

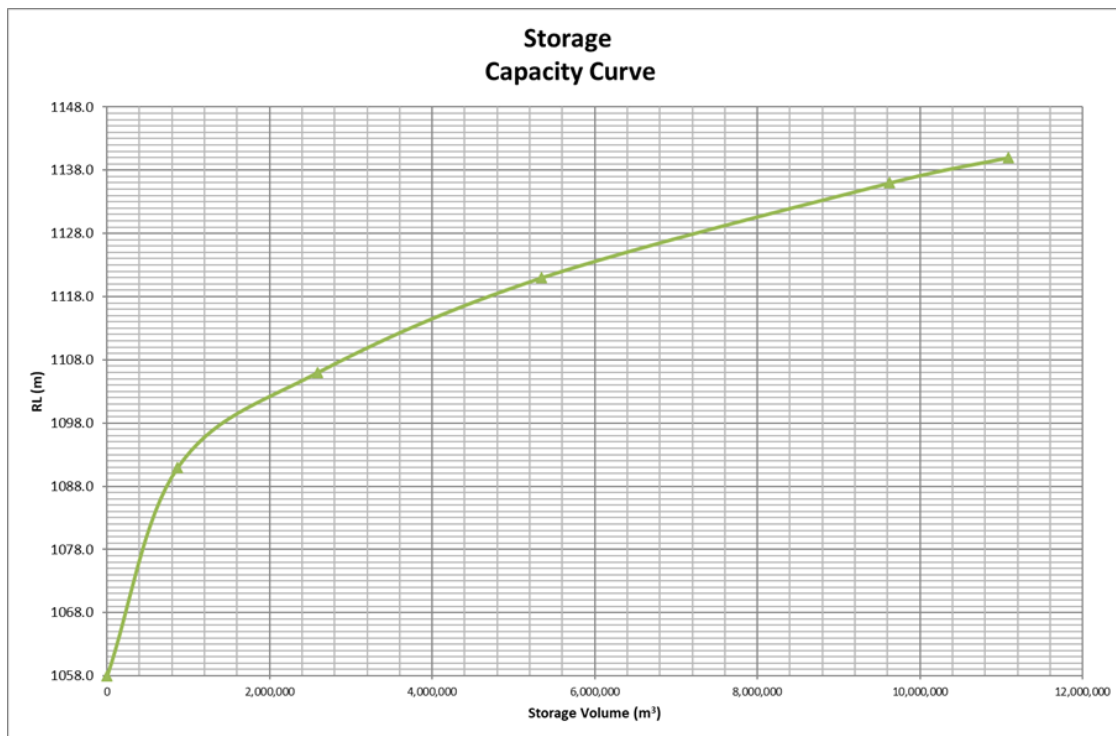
Table 18.1 shows the TSF storage capacity and a storage capacity curve is shown in Figure 18.6.

Table 18.1 TSF storage capacity summary

RL (m)	Cumulative Volume (m ³)	Cumulative Capacity (t) ¹	Cumulative Storage Life (years)	Comments
1140	11,082,656	20,502,914	11.2	Stage 5 tailings level*
1136	9,622,447	17,801,527	9.7	Stage 4 crest level
1121	5,344,206	9,886,781	5.4	Stage 3 crest level
1106	2,587,201	4,786,322	2.6	Stage 2 crest level
1091	868,412	1,606,562	0.9	Stage 1 crest level
1058	-	-	-	Bottom of TSF

Note: *Stage 5 crest level, 1142.0 m, i.e. an allowance of 2 m freeboard above the tailings level – as per the drawing used for modelling.

Figure 18.6 Storage capacity curve for the TSF



To store 17.4 Mt, the TSF will need to be raised to 1138 mRL. It should be noted that government approvals for the TSF are for a final crest elevation of 1142 mRL and hence the approved TSF design can accommodate more than the current LOM.

18.4.8 Liners and Drainage

On the base of the tailing storage area there will be barrier layer comprising 0.5 m of natural clay, underlying a geomembrane, 2 mm thick HDPE liner. On side slopes, a textured 2 mm thick HDPE geomembrane will be used, overlying a geosynthetic clay layer. Textured HDPE liner has greater friction angle to reduce movement on the 1:2 (v:h) batter slopes. Above the HDPE geomembrane there will be a protective geotextile where over-drainage is placed.

To reduce the phreatic surface over the lining system and hence reduce the rate of leakage a leachate collection and drainage system will be constructed. This will reduce the potential risks of leachate contaminating the underlying groundwater and the environment downstream.

The over-drainage system will comprise a protective geotextile under an over-drainage aggregate layer with a minimum 0.5 m thickness. This over-drainage layer will be installed across the base of the TSF, over the lining system. The over-drainage system will also comprise a network of slotted drainage pipes running up the valley. The over-drainage pipework system will grade to an internal sump. An inclined bore will run down the side of the TSF into the internal sump. A bore pump deployed down the inclined bore will recover leachate and pump the leachate water back into the facility for reuse.

An underdrainage system will be installed under the lining system (and over-drains). This system will act as a leak detection system and also intersect water from springs within the TSF valley. The underdrain system will deliver water under gravity to a collection pond, downstream of the TSF embankment via an HDPE outfall pipe. Water will be recovered from the underdrainage system in the downstream collection pond. The water quality within the collection pond will be monitored and only water of an acceptable quality allowed in the CWP.

18.4.9 Instrumentation

Instrumentation is included in the TSF design and includes observation wells downstream of the main embankment as well as vibrating wire piezometers, accelerometers and movement monitoring in the TSF and CWP embankments. The instrumentation system should be monitored in real time with trigger levels set (by the designers) and alarms to alert when action by the mine is required. The data from instruments should be collected using data loggers and transmitted via telemetry to a mine-based computer (usually web-based). If data indicates a trigger is exceeded, an alarm can be sent to site management.

18.4.10 Surface Water Diversion

TSF area will be surrounded by the diversion channels. Runoff water from upstream will be diverted through these channels. The diverted runoff water from the upstream catchments will be diverted to the reservoir of the Clean Water Pond downstream of TSF.

The table below summarizes the flows for various catchments reporting to the diversion drains. The channel types are provided on the drawings. Peak flow estimates were calculated using two methods. For the catchment areas below 1 km², the "Rational Method" was used and for the catchment areas above 1 km², "Mockus Method" was used.

A design check using Manning's formula (Manning's number 0.015, utilized) indicates that the existing channel design generally has sufficient capacity to cater for a 1:5,000 yr. AEP event. EN-SU has advised that the number 3 and 5 channels, have flood levels slightly above the freeboard and hence these channels walls must be designed slightly higher (i.e. by 3 cm and 11 cm higher than the current design, respectively). The drainage design is considered to comply with the GISTM requirements for water management design. Table 18.2 summarizes the catchment area, design flow and channel details.

Table 18.2 Diversion drain details

Name	Channel 1 *	Channel 2	Channel 3	Channel 4	Channel 5 **
Catchment Area	0.296 km ²	2.406 km ²	3.103 km ²	3.103 km ²	9.716 km ²
Capacity (Q1000)	5.2 m ³ /s	17.2 m ³ /s	25.2 m ³ /s	25.2 m ³ /s	78.4 m ³ /s
Channel Width	2.0 m	1.5 m	3.5 m	1.5 m	5.0 m
Channel Slope	0.003 m/m	0.002 m/m	0.0025 m/m	0.002 m/m	0.0025 m/m
Nominal Flow Depth#	1.0 m / 1.2 m	1.6 m / 1.9 m	1.9 m / 2.5 m	1.9 m / 2.3 m	3.1 m / 3.9 m
Capacity (Q5000)	7.4 m ³ /s	25.6 m ³ /s	37.9 m ³ /s	37.9 m ³ /s	113.6 m ³ /s
Channel Length	1090 m	228 m	455 m	260 m	947 m

Notes:

- * Channel 1 will join chute channel 1 on the right-hand abutment of the TSF embankment
- ** Channel 5 will join chute channel 1 on the left-hand abutment of the TSF embankment
- #. Q1000 flow depth / Q5000 flow depth

18.4.11 Construction Methods

The construction of the TSF and CWP will utilize both resources from the mining operations and a civil contractor. The bulk fill from embankment construction will be sourced from the pit operations as well as stripping from within the TSF and CWP. The bulk fill sourced from the mine will be delivered to the TSF and CWP site using the mine truck fleet. The civil contractor will be responsible for fill spreading, working and compaction, at the embankments.

The civil contractor will perform the following activities as part of the TSF and CWP construction:

- Clearing and topsoil stripping.
- Embankment stripping and excavation. Suitable material for embankment construction (i.e. rock-fill) would be hauled to the embankments by the civil contractor.
- Unsuitable materials from the TSF/embankment stripping (i.e. clays, sands etc.) will be hauled by the civil contractor to the waste dump area.
- Spreading, working and compaction of the fill on the embankments using dozers, graders and roller compactors.
- Diversion channel construction. Mostly excavation using excavators and a trucking operation to take materials to the embankment or to the waste dump area.
- Foundation preparation for the embankments
- Foundation preparation for the liner system
- Installation of the under-drainage system (below the liner)
- Installation of the liner system
- Installation of the over drainage system (above the liner)

A competent and experienced liner contractor will be engaged to install the liner system.

18.4.12 Operational aspects

The operational design of the facilities has the following objectives:

- Provide optimum removal and return of water to the plant for re-use in processing.
- Optimize tailings storage capacity by maximizing tailings density (i.e. undertaking cyclic tailings deposition between groups of spigots).
- Reduce environmental impact (i.e. due to seepage) by incorporation of a liner system and over-drainage and under-drainage systems in the design.
- The following operational considerations have been incorporated into the design:
- Tailings in the form of slurry will be discharged sub-aerially into the facility in thin discrete layers, not exceeding 0.3m thickness, in order to allow optimum density and strength gain by subjecting each layer to a drying cycle. The number of deposition location will need to be trialled but is likely to be 1 to 3 points dependent on through-put.
 - At start-up, deposition will take place via multiple spigots located on the upstream main embankment crest.
 - Additional discharge locations (open end discharge points) are located on the western boundary of the TSF in order to beach the tailings to the north-east as the tailings level rises (i.e. during Stage 1).
- Tailings deposition or spigotting is to be carried out such that the supernatant pond is maintained at and around the decant pump, which will be deployed from a ramp running down the north-east arm of the TSF valley. The pond is to be maintained well away from the main embankment at all times.
- Water will be removed from the facility and pumped back to the process plant via a decant pump deployed from the access ramp.
- The tailings storage area is in the form of a truncated prism with a depressed cone on the top surface and will have capacity to store a considerable volume of water during a large to extreme storm event. Minimum operation freeboard is 0.5 m at the main embankment.
- Frequent inspections should be made of the tailings line, water return line, discharge point, water recovery system and the position of the supernatant pond in relation to

the water recovery system, the liner system, and over-drainage and underdrainage systems.

- Only by regular inspection and appropriate remedial action can the performance of the water return system, and over-drainage and underdrainage systems be optimized, and operational problems be avoided.
- Operations, safety and environmental aspects will be periodically reviewed by a suitably experienced and qualified engineer. This inspection should be done at least every year.
- On decommissioning, the TSF will remain as a permanent feature and drain to form an increasingly stable mass. The top surface will be stabilized and rehabilitated.

18.5 TSF closure

The TSF will be closed to comply with Turkish Mining Waste Regulations. These regulations require that after the tailing storage process is finished, the area is dried / dehydrated before the top layer is formed over the storage area.

The downstream slope of the main embankment will have a slope of 1:3 (v:h) and will not require major rehabilitation works.

At completion of the processing at Gediktepe, preparations will be made for closure of the TSF. Upon decommissioning, the slurry pipework will be removed. The decant pump and pipework will be left in place over the closure period to remove water from the storage as required to lined water ponds at the plant. The over-drainage system will remain operating post decommissioning and prior to closure until little water can be recovered from the inclined bore. The underdrainage system will remain operational post closure with water from this system flowing to the CWP. The CWP will remain operational and will be taken over by the 'state' at closure.

The tailings will take several years to consolidate (at least 2 years and less than 5 years) and gain strength following completion of deposition of tailings. When a sufficient 'crust' has developed over the tailings and the tailings are suitable for trafficking by equipment, the top surface of the TSF should be covered.

The objectives of the cover design should be to reduce the ingress of water and oxygen into the tailings profile. A mixed type of cover has been selected as the most suitable for the climate at Gediktepe (Mediterranean climate of hot dry summers and wet winters with snow). This cover system includes a store and release system to remove rainfall ingress into the cover by evapo-transpiration and a barrier layer to reduce the potential for water to seep into the tailings profile.

The minimum total thickness of the cover on the top-surface of the TSF will be 2 m. While the overall cover thickness of 2 m is appropriate, it is recommended that the alternative cover design provided below, be considered. In the alternative, the drainage layer could be allowed to act as a capillary break when placed above the tailings. A compacted clay layer (target permeability k , 10⁻⁹m/s) will be placed over the capillary break layer and roller compacted. A buffer layer located at the top of the profile will act as a store and release layer, protecting the compacted clay from drying out.

Materials characterization, borrow investigations and laboratory testing will also be required in order to advance the cover design. Geosynthetic clay layers could also be considered to provide low permeability instead of natural clay if no appropriate clay sources can be found.

The TSF cover design options comprise in Table 18.3.

Table 18.3 TSF cover design

Proposed Cover Design – Alternative Design	Cover Design in EN-SU Report
Topsoil, over	Topsoil, over
1m, Store and Release (Buffer) layer, over	0.2m, Drainage layer, over
0.5m, Compacted clay, over	0.5m, Compacted clay, over
*0.2m, Drainage layer / capillary break layer, over	1m, Buffer layer, over
Tailings	Tailings

Note: * May need to be thicker for constructability

The cover will be constructed by progressively pushing waste out over the tailings. The cover system will be pushed out over the tailings in layers using small dozers. Small dump trucks will be required to traverse the cover, along haul roads to deliver materials to the work front.

It is recommended that towards the end of the life of the facility, the closure design be reviewed and a formal closure plan for the TSF compiled. Trials should be conducted in order to review the design and assess the required cover thickness. These trials should comprise plots instrumented in order to assess the ingress of water and oxygen into the tailings profile.

A spillway will be required for closure in order to ensure water does not accumulate on top of the TSF. The closure spillway will comprise a concrete spillway graded across the TSF rehabilitated surface, discharging into the concrete chute on the left-hand abutment. The closure spillway has been designed for a 1:1,000 yr. AEP flood event. The capacity of the closure spillway will be 2.83 m³/s. It was noted that this capacity assumes a functional diversion system at closure diverting runoff from upslope around the TSF, this aspect should be reviewed as part of the development of the TSF closure plan. In order to comply with the GISTM the diversions and ultimate spillway should be designed for a 1:10,000 yr. AEP event.

When construction of the cover system has been completed, the top-surface should be lightly tyned and the area seeded and fertilized. Preference should be giving to cultivating grasses and low vegetation over deep rooted plants. Deep rooted plants could penetrate the cover and lead to greater ingress of water and oxygen into the tailings profile.

Post closure monitoring should be considered in the TSF closure plan. The post closure monitoring would need to take place over a minimum five-year period and include regular monitoring of instrumentation and repair and maintenance of TSF infrastructure e.g. channels, batters etc.

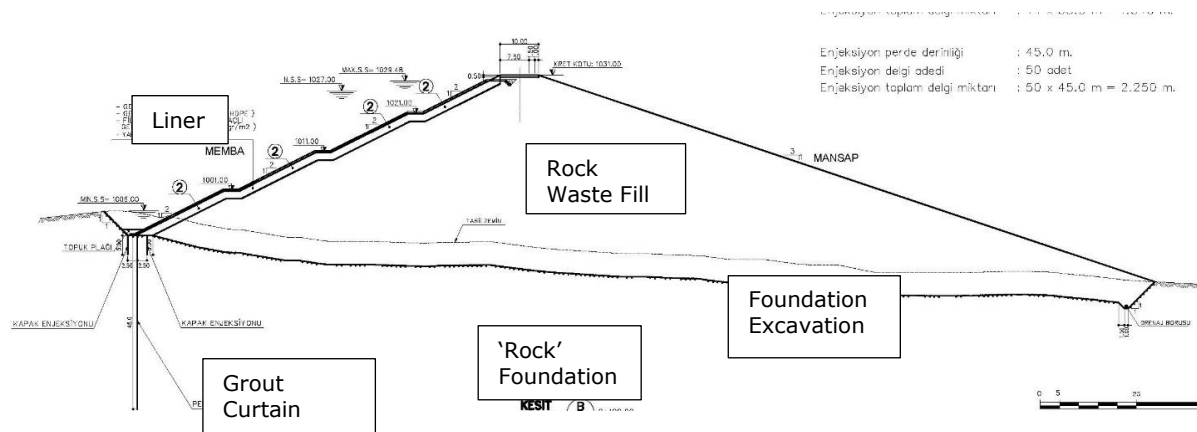
18.6 Clean Water Pond

The CWP area is located downstream of the TSF and receives diverted clean water. The location of the embankment was largely determined by the location of the EIA boundary downstream. This boundary was determined by the proximity of nearby villages.

CWP active capacity was determined at 680 000 m³, which is the required storage capacity to meet the annual water balance requirements for the mine. This capacity allows for a dead volume of approximately 57 000 m³ or 20years of sediment accumulation (based on 250 m³ / year / km² value which is the Turkish average).

The CWP embankment will comprise compacted rock waste with a liner on the upstream face and a grout curtain to reduce seepage losses. The rock waste will be sourced from the open pit area (the same source as the TSF). The CWP impoundment area is not lined. The section below (Figure 18.7) provides a typical cross section of the CWP embankment.

Figure 18.7 Typical cross section of CWP embankment



Embankment stability analyses indicated safety factors greater than 1.5 for normal loading conditions and 1.1 for pseudo-static earthquake cases.

To facilitate construction of the CWP embankment a pipe diversion was designed with a capacity of 23.5 m³/s, which should be able to cater for a 1:25 year AEP flood from upstream of the CWP. The design incorporates a concrete spillway on the left-hand abutment. The spillway has been sized for a probable maximum flood (or catastrophic flood discharge) of 138 m³/s, which is understood to be in accordance with the general instruction of General Directorate of State Hydraulic Works (DSİ).

18.7 Power Supply and electrical distribution

Power will be supplied to the plant via an overhead power line and substation to step down the voltage to 6.6 kV. Power will be distributed around the site at a voltage of 6.6 kV, with a switchboard established in a substation adjacent to the plant to distribute power to substations. Power will generally be distributed via buried cables. A substation will also be established at the TSF and fed via an overhead power line. Transformers will be installed in fenced, bunded compounds located adjacent to the low voltage switchboards or MCC that they supply. Electric motor voltages for drives other than the mill (SAG, ball and grind) motors will be 400 V.

Prefabricated transportable switch rooms will be constructed from non-combustible materials and fitted with smoke detection and handheld fire extinguishers. Switch rooms will be elevated above the ground on either concrete or steel plinths to allow for the installation of cables beneath the building floors. These switch rooms will house the 400 V MCCs, variable speed drives, instrument marshalling and PLC cubicles for the various areas of the plant. A dedicated high voltage switch room will house the 6.6 kV switchgear and SAG Mill variable speed drive.

All 400 V MCCs will be arranged for cable entry from the beneath the boards. PLC equipment associated with the motor control modules will be built into one or more tiers of the MCC and the PLC inputs and outputs (I/O) will be hard wired between drive modules and the PLC racks. Communications between the MCCs and control system HMI will be via Ethernet and by fibre or copper as appropriate. Low voltage variable speed drives will be VVVF six-pulse and either wall or floor mounted depending on size and weight.

All drives will have local control stations with start and stop buttons adjacent to the for local control for maintenance. Selected drives will be remotely operable from the control room. The operating status of drives will be displayed on the operator interface pages. Any drive fault will be reported by the control system, and an alarm will be initiated and logged. The control voltage for all drives will be 24 VDC. Hot-dip galvanized cable ladders will be installed through the plant to support electrical cables. Low voltage power cables

in processing areas will be insulated. Screened cable will be used for all variable speed drive applications.

LED lighting will be used for general plant lighting. Battery back-up lighting will be installed in all switch-rooms and access ways to ensure safe evacuation is possible in the event of a blackout. Small power circuits feeding socket outlets and lighting circuits will be protected by residual current devices.

18.8 Water Management

The CWP will provide water for the Project. It will be treated as needed for industrial use and for personal use. Acısu Creek and Kaynarsu Creek pass through the open pit and NAG waste dump areas and have been diverted with deviation channels. The Kaynarsu Creek deviation channel is connected to the deviation channels around the TSF. The TSF and Acısu Creek deviation channels direct water to the reservoir of the CWP.

Surface rain and snow non-contact water will be directed to the non-contact water pond for the use of the plant and facilities. Contact surface water will be directed to the contact water pond for treatment and used in the process plant. Non-contact water will be directed to the CWP's reservoir and any water after treatment, as per the regulation standards can be discharged to the environment. Drains will be constructed by the side of all roads and the plant areas to divert surface water to the dedicated locations.

Water gathered in the site perimeter diversion flumes will be collected in the Non-Contact Water Pond and pumped to the process plant via a sand filter for use as raw water. Filtered Raw Water will be stored in the Potable Water Tank and pumped to the control room, offices, ablution areas, laboratory and lunchroom via an ultraviolet sterilizer.

Tailings thickener overflow will be pumped to the water treatment plant, where remaining flotation reagents will be stripped and then to the process water pond. Decant water will be pumped to the process water pond and reticulated through the plant. Excess process water will be treated in the water treatment plant to a level compliant with regulations.

18.9 Waste Disposal

In the plant area, separate and dedicated area will be constructed for waste separation, such as for timber, steel, oil, and plastic. These waste streams will be collected by recycling companies and any dangerous waste, such as oil will be sent to certified disposal facilities.

Non separated waste will be collected by the Municipality. Polimetal has donated a garbage truck to the Municipality, and they collect waste twice a week.

Biological treatment units will be installed for sewage treatment.

19 Market studies and contracts

19.1 Introduction

This marketing section was prepared by Polimetal from information supplied by Link and input from AMC and GRES on concentrate quantities and qualities.

Polimetal requested Link to assess the value and the marketability of the concentrates to be produced from the Sulphide Project, including payables, deductions, forecasts of smelting charges and metal prices. The forecast terms were used in financial modelling and sensitivity analyses in Section 15. Link noted that major European and Asian smelters showed interest in both copper and zinc concentrates from the Project.

The Project will produce a copper concentrate and a zinc concentrate between years 2 and 11 to generate revenue for the Project. The estimation of the annual and LOM production in thousands of wmt ('000 wmt) forecast of each concentrate is as per Table 19.1.

Separate copper and zinc concentrates will be produced and shipped to major smelters. Formal discussions have commenced, and smelters have confirmed their interest in both concentrates under long-term agreements and have indicated willingness to sign Letters of Intent (LOI) as soon as final qualities and quantities are known.

Table 19.1 Annual concentrate production

Year	Annual concentrate production ('000 wmt)	
	Copper	Zinc
Year 1	-	-
Year 2	11	11
Year 3	43	49
Year 4	53	35
Year 5	55	51
Year 6	42	53
Year 7	36	72
Year 8	40	67
Year 9	41	70
Year 10	45	51
Year 11	43	76
Total	409	536

The typical quality of products (copper concentrate and zinc concentrate) to be generated from the Project are shown in Table 19.2, which are based upon the results of metallurgical test work undertaken by ALS Metallurgy Pty Ltd (ALS)⁴ and metallurgical analysis carried out by HMT⁵ during the PFS. Values given for the main commercial elements of gold, silver, copper, zinc, lead, and arsenic were calculated according to a weighted average based on ore type tonnages. The remaining element values are estimated from the locked cycle tests that were completed rather than calculated according to a weighted average based on ore type tonnages and do not necessarily represent the specifications for the Project. However, these are considered to be representative for the Project, although feed and product grades will vary over time.

⁴ Quantitative Automated Mineralogical Analysis on Sulphide Samples from the Gediktepe Sulphide Project for Polimetals Madencilik, A21847, various reports (8), April 2021-July 2021, ALS. See Appendix 8.2.

⁵ Gediktepe Project Ore Variability Testwork and Derivation of Grade vs Recovery Equations, March 2023, Hacettepe Mineral Technologies. See Appendix 8.1.

Table 19.2 Average concentrate quality

Average concentrate quality			
		Cu Conc.	Zn Conc.
Au	ppm	14.39	1.84
Ag	ppm	294.14	194.60
Cu	%	25.39	1.47
Zn	%	2.99	51.63
Pb	%	3.96	2.53
Al ₂ O ₃	%	0.06	<0.04
As	ppm	2,806	630
Bi	ppm	742	198
Cd	ppm	194.5	1750
Cl	ppm	60	160
Co	ppm	5	3
Cr	ppm	110	70
Hg	ppm	4.51	23.1
S	%	33.2	35.9
F	ppm	160	<20
Fe	%	23	8.01
MgO	%	0.56	0.1
Mn	ppm	70	150
Mo	ppm	10.3	3.8
Ni	ppm	22	11
Sb	ppm	985	388
Se	ppm	400	80
SiO ₂	%	1.5	-
Te	ppm	4.1	-

The copper concentrates are expected to be attractive for western copper smelters, however, attention should be given to the contents of Pb to maintain the level below 2.5% and as low as possible to reduce penalty charges.

The zinc concentrates are clean, without any deleterious elements and with payable precious metal contents, generating additional income in the concentrates.

19.2 Smelters and refining options

Based on the expectation that growth in copper smelting capacity will be greater than the growth in concentrate supply, it is expected that global smelting capacity for copper remains sufficient to absorb the new production. In China, new smelter projects are already in construction or committed to the market and will start operation within 3 years. The permitting issues in China levelled the rate of growth in smelters. On the other side, China converted its smelters to use more environmentally friendly technologies and it is forecast that the copper smelting capacity will increase to over 40 Mtpa. There is only one copper smelter in Türkiye, which is located in Samsun. The smelter processes 210 ktpa of concentrate containing 20% copper and produces 40 ktpa of blister copper.

The rising demand for zinc metal will reach 2.0 Mtpa from 2024, with the higher smelter production expected to come from higher utilization, new smelters or expansions at existing smelters. There is no operational zinc smelter in Türkiye. However, the neighbouring country of Bulgaria has production capability of 72 ktpa of zinc ingot in the city of Plovdiv.

The Project is a polymetallic mine and an early engagement with smelters with off-take agreements could be an additional tool to secure project financing. Prominent smelters such as Boliden in Sweden, Aurubis in Germany and KCM in Bulgaria, which are potential smelters to buy the concentrates, expressed interest during various meetings, as well as during Boliden's site visit in December 2021. Europe will be the most convenient market for Gediktepe concentrates in terms of location, although Asian smelters remain active alternatives, depending on freight rates to the main Asian ports.

19.3 TCRCs and payability of copper and zinc concentrates

The treatment costs and refining costs (TCRCs) forecast is sensitive to concentrate availability and smelter production capacity. Typically, significant surplus in this market results in a rise in spot TCRCs and in annual benchmark terms. A rising deficit is forecast over the next two years as primary smelting capacity in the custom traded sector continues to increase, while growth in mine production capability destined for this market is forecast to slow. Link's base case long-term forecast assumes copper TCRC of US\$90/dmt of concentrate treatment cost and US\$0.09/lb of copper refining cost (see Table 19.3).

Table 19.3 Payability and TCRCs assumptions for Gediktepe copper concentrate

Item	Term
Payable Copper	Pay lesser 96.5% or Cu content less 1%
Treatment Charge	US\$90/dmt
Refining Charge	US\$0.09/lb
Payable Gold	Pay lesser of 90% or Au content less 1 g/t
Payable Silver	Pay lesser of 90% or Ag content less 30 g/t
Gold Refining Charge	US\$10/oz
Silver Refining Charge	US\$1/oz

For zinc, the ramp-up of concentrate production from new mines is forecast to move the concentrate market towards a significant surplus, thus the market needs more smelter capacity, and smelters will take advantage when negotiating terms. Link's base case long-term forecast assumes zinc TC of US\$200/dmt of concentrate (see Table 19.4).

Penalties for deleterious elements in copper concentrates are shown in Table 19.5 and for zinc concentrates in Table 19.6. Penalties are based on dry metric tonnes of concentrates.

Table 19.4 Payability and TCRCs for Gediktepe zinc concentrate

Item	Term
Payable Zinc	Pay 85% or zinc content less 8%
Treatment Charges	US\$200/dmt
Payable Gold	70% after 1 g/t deduct from Au content
Payable Silver	70% after 108.862 g/t deduct from Ag content

Table 19.5 Penalty limits for copper concentrates

Elements	Copper Concentrate LOI* Limits (%)	Copper Concentrate Reject Limits (%)	Penalty Charges
Pb	2.5	6.0	US\$4.50 for each 1% above 0.5%
Zn	7.0	10.0	US\$1.50 for each 1% above 1.5%
As	0.5	0.5	US\$2.50 for each 0.1% above 0.2%

Note: *LOI – Letter of Intent

Table 19.6 Penalty limits for zinc concentrate

Elements	Zinc Concentrate Limits (%)	LOI Limits (%)	Rejection Limits (%)	Penalty Charges
Cu	-	5.0	-	No penalty
Pb	3.0	5.0	-	US\$1.50 for each 1% above 3%
As	0.2	0.6	0.6	US\$1.50 for each 0.1% above 0.2%

19.4 Smelter payment terms for copper and zinc concentrates

Payment terms for copper and zinc concentrates by the smelters are as per below:

- 90% first provisional payment, calculation based on provisional assay results and London Metal Exchange (LME) spot prices at the time of shipment, to be paid by smelter within one week following the arrival of the vessel at the port of discharge.
- 10% second provisional payment 60-90 days following the arrival of the vessel at port of discharge.
- Final settlement when final metal prices, weights, moisture, and final assays are known.

19.5 Shipping

Shipment of the Gediktepe concentrates is planned from Marmara Sea ports (Gemlik or Bandirma) or Aegean Sea ports (Aliaga), where various shipping options are being examined to minimize cost and maximize control of concentrates. Consumers of zinc concentrate and copper concentrate generally prefer to receive cargoes in bulk shipments of 2,500 wmt to 7,500 wmt. Subject to the locations and the proximity of customers for various concentrates, one bulk carrier may be used to carry two different qualities of concentrates with separations between cargoes of differing quality. Minimizing inventories at the mine site and at the loading port can be managed, which will provide a steady cash flow for the Project as well as a yearly average pricing mechanism, with approximately 5,000 wmt to 7,500 wmt of concentrate shipped per month.

There will not be a stockpiling area for concentrate at the mine site, so all the concentrate will be transported to a storage facility at the port. Based on port visits, there is no shed option at any of these ports, but Gempport (Gemlik Port) has a shed for lead concentrate only to avoid contamination with other concentrates. This shed option will be investigated to store copper and zinc concentrates during the operation. Shipment costs have been calculated on the basis of cost, insurance and freight (CIF) and the breakdown is shown in Table 19.7.

Table 19.7 Shipment costs

Item	Cost
Inland Transport	US\$16.80/wmt
Open Warehousing (after 30 days)	US\$1.25/wmt monthly basis
Material Handling (splitting, drying, and tumbling)	US\$4.00/wmt
Port charges (weighing, transfer, ship loading, and ISPS)	US\$18.00/wmt
Sea Freight (CIF)*	US\$57.00/wmt
Insurance**	US\$0.06/wmt
Custom Clearance	US\$1.00/wmt
Inspection***	US\$3.29/wmt
Marine Insurance (0.2% CIF)	US\$0.11/wmt
TOTAL	US\$101.51/wmt

Notes:

- * Average of potential destinations
- ** 0.15% over CIF amount
- *** covers sampling, sizing, moisture determination, sample preparation, pre-shipment moisture sampling, flow moisture point and transportable moisture limit sampling and analysis, weighing by draught survey and supervision, sample dispatch to laboratory, assay performed (Cu, Zn, Pb, As, Au, Ag) and environmental fee.

Inland transport costs were quoted from a local transport cooperative from Bigadic that can transport minerals such as boron from Bigadiç to Bandırma port. Other than boron minerals, the same cooperative also transports concentrate to Aliağa port from small local mines.

Sea freight cost were calculated based on CIF Europe port rates.

In addition, international supervisory companies such as Alex Stewart UK, SGS Geneva and Alfred H. Knight UK have quoted for inspection facilities. The above inspection cost covers sampling during loading, sizing determination, moisture control, flow moisture point (FMP), transportable moisture limit (TML) testing, assays and environmental fees.

Overall, the total logistics and transport cost for Gediktepe concentrates from the mine site to the discharge port are estimated at US\$101.51/wmt. According to moisture tests, the moisture will be around 9% for both concentrates, so the total logistics and transport cost for Gediktepe concentrates will be US\$93/dmt.

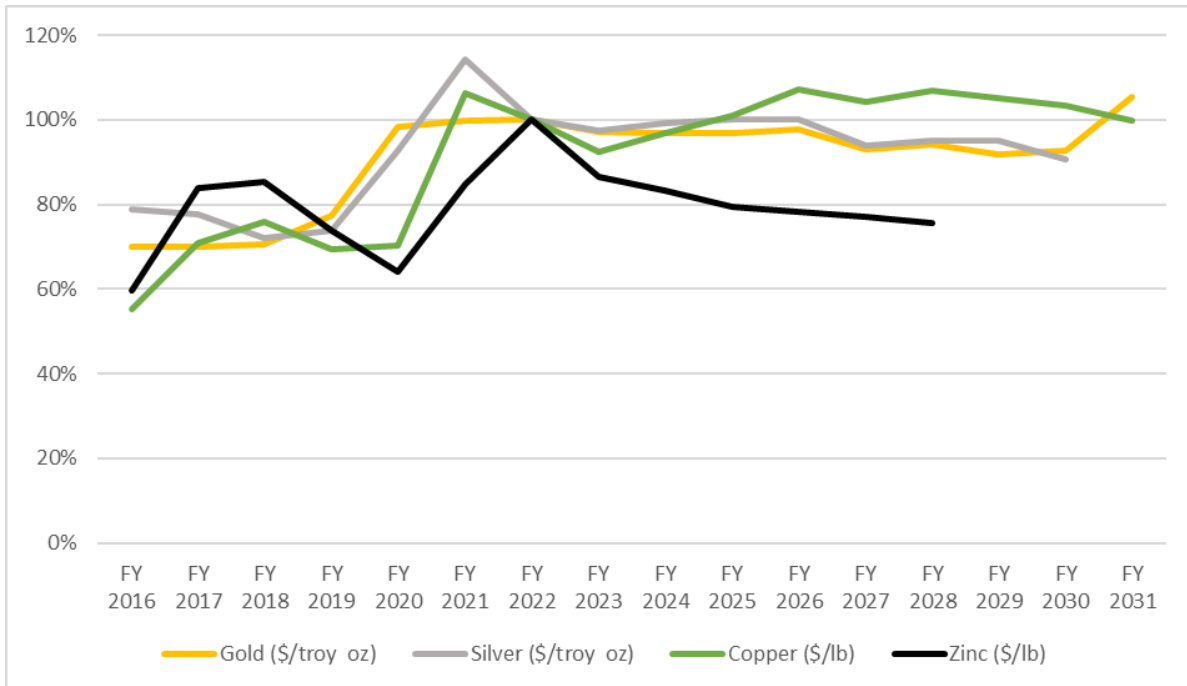
19.6 Market Outlook

Project financials are sensitive to metal prices, like most of the mining projects around the world. In addition to this, smelting, refining charges and other related costs also play a role in determining revenue. Metal demands within manufacturing industries, as well as the capital and operating cost of production all influence long-term metal prices.

Incentivizing new production capacities in most base metals requires that higher metal prices will be required than current levels over the long term. The inability of supply to match demand is pertinent in the copper market for medium to long term. Higher prices in the zinc concentrate market are also required to incentivize the development of new projects. However, for the long-term, both copper and zinc metal prices are expected to remain close to the historical real term average prices.

The commodity price outlook from S&P Global Commodity Insights Capital IQ Commodities Estimates Overview dated December 2022 (S&P IQ Capital) is shown in Figure 19.1 and the long-term metal price forecast in Table 19.8.

Figure 19.1 Commodity price outlook, FY16-FY31 (Indexed FY22 = 100%)



Source: S&P Global Commodity Insights Capital IQ Commodities Estimates Overview dated December 2022.

Table 19.8 Long-term metal price forecast (2023-2031)

S&P Capital IQ Long Term Prices (Median-High)		
Gold	US\$/oz	1,708.5-1,948.4
Silver	US\$/oz	21.23-22.88
Copper	US\$/lb	3.94-4.93
Zinc	US\$/lb	1.22-1.42

Table 19.9 and Table 19.10 show the three-year backward realized and three-year forward forecast prices for copper, zinc, gold and silver and the TCRCs for copper and zinc concentrates respectively. The realized numbers are based on moving average of spot market prices and the forecast numbers are taken from the (S&P Capital IQ).

Table 19.9 Spot Market 3 Years Backward/Forecast Metal Prices (S&P Capital IQ)

Metal Prices	2019R	2020R	2021R	2022YTD	2023F	2024F	2025F
Gold (US\$/oz)	1,394	1,775	1,801	1,805	1,753	1,748	1,750
Silver (US\$/oz)	16.28	20.47	25.22	22.10	21.50	21.94	22.09
Copper (US\$/lb)	2.73	2.76	4.18	3.93	3.63	3.81	3.97
Zinc (US\$/lb)	1.15	1.00	1.32	1.56	1.35	1.30	1.24

Note: December 2022

Table 19.10 Spot Market 3 Years Forecast TCRCs for Cu/Zn Conc.

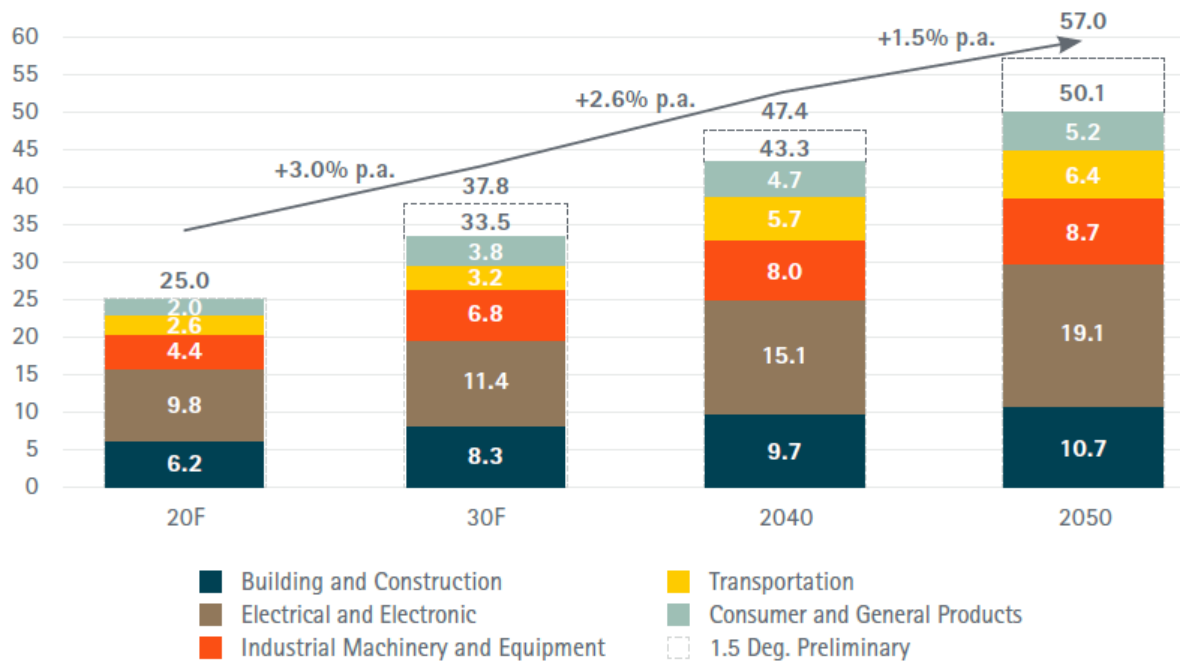
	2023F	2024F	2025F	2026F	2027F	2028F	2029F
Copper							
TC (US\$/dmt)	90.00	90.00	90.00	90.00	90.00	90.00	90.00
RC (US\$/lb)	9.00	9.00	9.00	9.00	9.00	9.00	9.00
RC of Au (US\$/payable oz Au)	10.00	10.00	10.00	10.00	10.00	10.00	10.00
RC of Ag (US\$/payable oz Ag)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Zinc							
TC (US\$/dmt)	200	200	200	200	200	200	200

19.7 Copper Demand

Copper is one of the highest electric conductive metals. With this unique feature, it is commonly used in electrical applications, accounting for almost 70% of total consumption⁶. Most countries are in growth mode at different stages of their economic cycles. On this basis, the economic growth for copper looks bright for the near to medium term. Urbanization, industrialization, and electrical vehicles are the major drivers of copper demand.

Refined copper demand is forecast to grow by an average annual rate of 2.8% from 2020 to 2050 (ICA 2023, see Figure 19.2). The inability of supply to match demand in the medium to long-term will be one of the biggest risk factors for the copper market. Refined copper consumption forecast from 2020 to 2050 in 10-year periods is shown in Figure 19.2.

Figure 19.2 Refined copper consumption by end use (Mt)



Source: ICA 2023

⁶ International Copper Association, March 2023, Copper - The Pathway to Net Zero, ICA 2023.

19.8 Zinc Demand

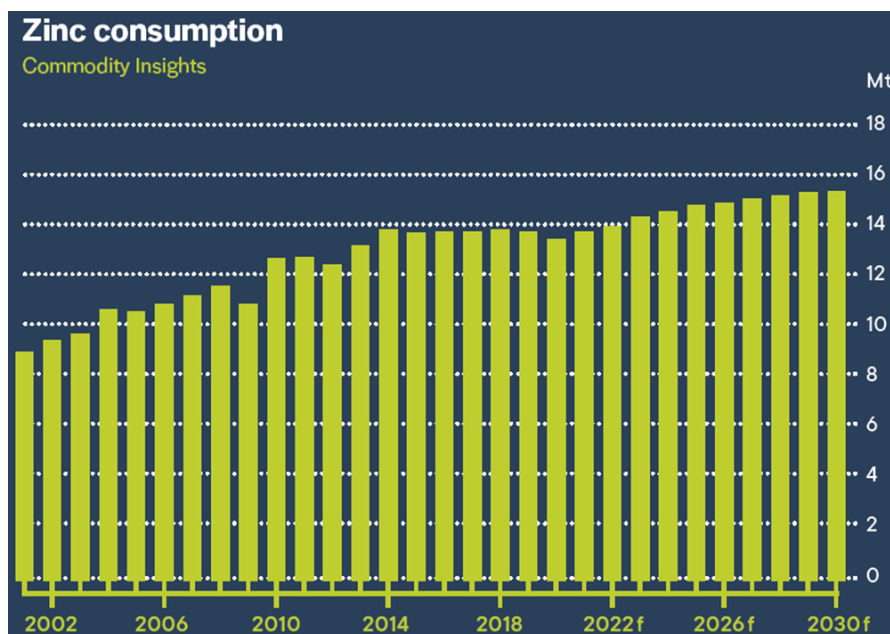
Zinc has wide range of use in industry due to its physical, electrochemical and chemical properties. The largest end-use sector for zinc is in zinc galvanizing for its anti-corrosive properties, accounting for approximately 50% of global end-use zinc consumption (US Geological Service Fact Sheet 2011-3016). The second most important end-use sector is in alloying with other metals (such as copper to form brass), used in automobiles, electrical components, and household fixtures. A third significant use is in the production of zinc oxide, which is used in rubber manufacturing and as a protective skin ointment.

As a result of zinc's use in construction and transportation, ongoing urbanization and industrialization of the developing world has been and will continue to be the primary driver of global zinc consumption. Rising populations will require higher numbers of larger apartment buildings that will require higher steel intensity, with the resulting increased construction of transport infrastructure and the requirement for zinc to manage corrosion risks likely to be a dominant trend.

With China in the midst of restructuring from investment and export-led growth to one driven by domestic consumption and services, the pace of Chinese zinc demand growth is slowing and Chinese economic growth in the longer-term will inevitably be less zinc intensive than it has been in the past. Similarly, lower use of zinc in the automobile industry as internal combustion engines are replaced by lower zinc intensity electric vehicles will reduce zinc requirements.

However, the outlook for global zinc consumption over the near to medium term is moderately positive, with growth of 1.0% p.a. forecast until 2030⁷. Annual historical and forecast zinc consumption from 2002 to 2030 from the Minerals Council of Australia and Commodity Insights, 2023 is shown in Figure 19.3.

Figure 19.3 Annual historical and forecast zinc consumption (Mt)



⁷ Minerals Council of Australia and Commodity Insights, Commodity Demand Outlook 2030, MCA 2023.

20 Environmental studies, permitting and social impact

The environmental studies, permitting and social impact section was prepared by SRK.

20.1 Permitting

The Gediktepe Site has an operation licence (Licence number: 85535) obtained from the General Directorate of Mining and Petroleum Affairs (MAPEG). This licence was merged with the operation licence 20054077 (Access number: 2060132) and an exploration licence (Licence number: 201400291, Access number: 3316107). The necessary applications regarding uniting the mentioned licences will be made to the General Directorate of Mineral Research and Exploration. An "EIA is not required" decision was granted for the site with Licence No: 20054077 by the Balıkesir Provincial Directorate of Environment and Urbanisation on March 14, 2012.

EIA permitting is the first step in the Turkish environmental permitting system. EIA studies for the Oxide Project were carried out by SRK Danışmanlık ve Mühendislik A.Ş. The prepared EIA Report was given an "EIA Positive" decision by the Ministry of Environment and Urbanization (MoEU) on July 1, 2016. The geophysical and geotechnical studies carried out at the former WRD area of the Oxide Project demonstrated that the ground condition was not suitable, hence the location of the Project facilities was changed. The waste area, WRD, heap leaching and Merrill-Crowe facility area, explosive storage area, vegetable soil storage areas and subcontractor settlement areas have been relocated, on the assumption that the EIA boundaries remain the same. The MoEU approved the relocation of the Project units on November 6, 2019.

Following the completion of the EIA process, property permits, environmental permits and licences, and business licence must be obtained in order to start construction and operation. Gediktepe is composed of 1,052.38 ha (90.78%) of forest land, 82.04 ha (7.08%) of agricultural land, and the remaining land belongs to treasury, and municipality. The necessary permitting process for Gediktepe has been completed and operational activities have started in 2022. Table 20.1 lists the permissions obtained within the scope of the Project.

Table 20.1 Current permits and project approvals

Type	Permit	Corresponding Government Authority	Date
Licence	85535 operating licence	MAPEG	June 23, 2011 – June 23, 2036
	Clay production permit	MAPEG	July 19, 2016 (validation number: 808320)
EIA Permit	Gediktepe Project "EIA positive" decision	MoEU	July 1, 2016
	Relocation of project units	MoEU	November 6, 2019
	"EIA is not required" decision for Licence No: 20054077	Balıkesir Provincial Directorate of Environment and Urbanisation	March 14, 2012
Ownership	Forest permit (open pit, road, water, yard, waste rock storage area, topsoil storage area, enrichment plant 1,661,547.09 m ²)	General Directorate of Forestry (OGM)	June 23, 2030
	Non-agricultural use permit (1,024,663.24 m ²)	Balıkesir Governorship, Provincial Directorate of Food, Agriculture and Livestock	May 24, 2016
	Decision of expropriation of 58 parcels (170,805.75 m ²)	MAPEG	November 7, 2017
	Decision of expropriation of 6 parcels (7,95.09 m ²)	MAPEG	November 11, 2019
Business and Working Licence	Business licence, 1 st Class 3.7. open pit (92.31 ha)	Balıkesir Governorship	January 2, 2018
Environmental Permit and Licence	Temporary licence (including air emission, wastewater discharge, mine waste disposal-category A)	MoEU	October 4, 2021 - October 4, 2022
Other permission	Permission to purchase and use explosives	Balıkesir Governorate, Provincial Police Department	December 29, 2016 – December 31, 2017
	Groundwater use permit for two wells (371.00 t/day or 135,415.00 t/year) and (1,000.00 t/day or 365,000.00 t/year)	Ministry of Forestry and Water Management, General Directorate of State Water Works 25 th Regional Directorate	October 4, 2017
	Construction permit	Bigadiç Municipality	October 7, 2015
	Private Security Permit	Balıkesir Governorship	August 31, 2021
	Road Access Permit	Balıkesir Municipality	November 09, 2021
	Industry registration certificate	Ministry of Industry & Technology	November 09, 2021
Project approval	Wastewater treatment plan	Balıkesir Provincial Directorate of EU	October 22, 2016
	PAG Waste Dump Application Project	MoEU	April 30, 2021
	Clean Water Pond Geotechnical Report	Regional Directorate of State Water Works	August 23, 2021

Gediktepe Competent Person's Report

Polimetal Madencilik Sanayi Ticaret A.Ş.

0224006

Type	Permit	Corresponding Government Authority	Date
	EIA Exemption Letter for the industrial wastewater treatment plant project	Balıkesir Provincial Directorate of EU	August 20, 2021
	Approval of the water supply transmission line project in Meyvalı, Hacıömerderesi, Aşidere Village	Balıkesir Metropolitan Municipality BASKİ General Directorate	February 24, 2016
	Approval of the Gediktepe mine diversion channel project	Ministry of Forestry and Water Management, General Directorate of State Water Works 25. Regional Directorate	February 12, 2020
	Approval of the mine waste management plan	MoEU, General Directorate of Environmental Management	August 1, 2018
	Approval of the heap leach facility project	MoEU, General Directorate of Environmental Management	October 23, 2020
	Approval of Industrial Waste Management Plan	Balıkesir Provincial Directorate of EU	February 14, 2022
	Approval of the PAG waste store area application project	MoEU General Directorate of Environmental Management	April 30, 2021
	Approval of measures taken for fire protection purposes	Balıkesir Metropolitan Municipality	March 3, 2022

20.2 Environmental Impacts

The environmental impacts of the Oxide Project and the sulphide mining and processing operation were previously evaluated within the scope of the EIA Report approved in 2016. The project units were relocated in the project area due to geotechnical reasons, and this update was exempted from EIA by the MoEU.

20.2.1 Construction Phase

Land preparation and construction activities will include clearing vegetation and topsoil within affected areas, constructing haul roads and auxiliary buildings, preparing open pits and waste rock storage areas, and constructing the CWP, the TSF, surface water diversion channels, and other infrastructure.

Stripping and excavation activities will result in topsoil loss. In order to reduce this impact, the topsoil will be stripped and stored in a separate zone within the Project area. Erosion losses will be prevented by planting the upper part of the soil piles, limiting the height of the vegetative soil pile, and constructing diversion channels around it.

Activities such as cutting the existing trees, removing vegetation, and stripping the vegetative soil in the area will result in habitat loss. In order to reduce this impact, transferable fauna species was moved out of the area during the Oxide Project, construction activities will be carried out gradually during the breeding season, seeds of endemic flora species was collected and delivered to the gene bank to be transported to suitable habitats outside the Project area. Personnel were trained as necessary regarding the existing ecological characteristics.

Dust emissions will result from construction activities being carried out in the Project area, such as excavation, loading, unloading and transportation. Dust formation will be minimized through the application of regular watering of operation areas and roads.

To control environmental noise, vehicles will be required to comply with speed limits and undergo regular maintenance, and working hours will be regulated.

20.2.2 Operations Phase

During the operations phase of the Project, ore is planned to be extracted by using open pit mining and processed using flotation. The wastes to be generated as a result of the process will be stored in the TSF. The waste rock from the open pit will be stored in the WRDs.

Blasting will be performed in the open pit to allow removal of ore and waste. Blasting impacts can be listed as stone throwing, vibration, and air shock. Blasting works will be delayed by milliseconds, all operations will be stopped during blasting and personnel will be removed from the area. Vibration measurements will be performed in the nearest public building. The working areas and roads will be regularly irrigated to keep dust emissions under control. Dust emissions and noise levels will be regularly measured at environmental monitoring points. Stable slope angles obtained from geotechnical survey data will be studied to ensure open pit slope stability.

Modelling studies were carried out to determine the effects of possible dust emissions on air quality during the mining activities planned within the scope of the Project. The PM10 concentrations in the nearest settlements are measured below the limit values set by the Regulation on the Control of Industrial Air Pollution during the Oxide Project. In addition, air pollution control measures have been proposed for the preparation of the land, the construction and operation periods, filling and unloading without tossing, irrigation of the roads and working areas, and compliance with speed limits on the field. It was determined that the estimated emissions will not affect human health provided that these control measures are applied. Compliance with the limit values set by the Regulation will be ensured with monitoring studies to be carried out at two pre-determined points in the field.

The TSF is planned to store sulphide ore process wastes. The grounds and side surfaces of the TSF will be covered with impermeable layers to ensure impermeability. Impermeability of the TSF ground will be provided with a 50 cm thick natural clay layer and a 2 mm thick HDPE geomembrane. Impermeability of the side surfaces will be ensured with a geocomposite clay layer and a 2 mm HDPE geomembrane layer. The drainage system to be installed on the impermeable layer formation will collect the water filtered through the waste at the lowest elevation at the bottom of the TSF to be pumped to the surface. The TSF drainage system will consist of drainage pipes to be placed in a 900 mm thick drainage material.

Diversion channels are planned to be constructed at Gediktepe to prevent contamination of water coming from natural drainage upon entering the site. The diversion channels to be built around the open pit, waste storage areas, HLF, and TSFs have been sized considering Q1000 extreme peak flow rates. The diversion channels will be directed to the clean water pond and the water to be collected in the clean water pond will be used within the scope of the Project.

The need for process water in the first years of the operation will be higher, as in the following years, water will be recycled in the system, with supplemental water required for water losses. Water needs will be met from the CWP and surface water, provided that the necessary permits are obtained. Water from the CWP will be distributed to the relevant units after being treated at the WTP. A water collection pond with an approximate water collection capacity of 690,000 m³ is planned on Acisu Creek, prior to the operations phase. A water collection pond will be built in the south of the Project area to supply water to the. After the water collection pond, a minimum of 4 L/s of water will be continuously released from the pond to the stream bed. In addition, in cases where a road crossing is required over the surface water resources passing through Gediktepe, Project boundaries, or its vicinity, the necessary art structures will be constructed in the appropriate section, and transition will be provided.

The majority of water needs for the process plant will be met by return water from the TSF. For this purpose, the return water from the TSF will be treated at the WTP prior to reuse. Open pit dewatering water and WRD seepage water will be diverted from the mine to the TSF for reuse. Open pit operations will be conducted below the groundwater level. At this stage, the dewatering water that will come to the open pit and the precipitation water that will fall onto the open pit area will be collected in the collection pond (sump), which will be built at the lowest elevation of the open pit, and then pumped to the TSF.

Runoff from catchments will be diverted from the open pit and WRD with diversion channels to be constructed around these areas. Precipitation that falls onto the waste area will be released as leachate by seeping through the waste. Drainage gravel will be installed on the waste areas to collect the leachate, and seepage will be collected and monitored in collection pools downstream of the waste. During operations, seepage water from the WRD will be transferred to the TSF and later used as process water, together with return water.

Wastewater to be generated within the Project will consist of domestic wastewater, vehicle maintenance and washing unit wastewater, tire washing unit wastewater, ready mixed concrete plant wastewater, filter backwash water of the clean water preparation plant, precipitation water contaminated by falling onto the mine site, seepage water from the WRD, and open pit dewatering water. A package wastewater treatment plant will be constructed to treat domestic wastewater, and the plant effluent will be discharged to the receiving environment within the scope of environmental and licence permits to be obtained in accordance with the discharge standards of the Water Pollution Control Regulation (WPCR). Other wastewater will be collected, transferred to the TSF, and then treated in an industrial wastewater treatment plant to be used for process water purposes. The wastewater of the industrial wastewater treatment plant will be used for process purposes, and if its discharge is needed, the wastewater will be disposed of in accordance with the WPCR sector tables. In order to reuse industrial wastewater in the process, necessary works and procedures will be carried out within the scope of the Wastewater Treatment / Deep Sea Discharge Facility Project Approval Circular numbered 2014/7.

Waste generated by the Project will consist of excavation waste, municipal waste, packaging waste, treatment sludge, waste oil, waste vegetable oil, hazardous waste, medical waste, waste batteries and accumulators, and waste tires. All waste will be managed within the framework of the waste management plans to be prepared in line with regulations published within the Turkish Environmental Legislation. Process waste will be stored in the TSF in accordance with the Mining Waste Regulation. TSFs to be constructed for this purpose will be covered with a sealed layer to prevent groundwater pollution. Groundwater quality will be monitored with observation wells at the upstream and downstream of the TSF. Water inflow into the TSF from the basin where it is located will be prevented by constructing diversion channels around the site. Possible flood risk due to direct precipitation onto the field will be prevented thanks to the air margin to be left. Consolidation of the waste will be ensured by collecting the water with the floating pump system from the pond that will be formed as a result of the precipitation of the waste in the TSF over time. The impermeability of the base will increase thanks to the wastes consolidating over time.

The level of environmental noise to be generated by construction equipment to be used during open pit mining activities has been evaluated in the Acoustic Report. Calculations in the report estimated that the final cumulative sound level would be 56.2 dBA in Meyvalı, 50.5 dBA in Hacıömerderesi and 51.9 dBA in the Aşidere neighbourhood. The noise limit, as given in Table 4 of the Regulation on the Evaluation and Management of Environmental Noise, for "areas where commercial buildings and noise sensitive uses are located together and where residential areas are densely located", is 65 dBA during the day, 60 dBA in the evening, and 55 dBA at night. In the worst-case scenario where all equipment operates simultaneously, noise to be generated due to the activities at Gediktepe will be below the limit values in the legislation during the daytime and evening periods. The value calculated for the Meyvalı neighborhood for the night period was 1 dBA over the limit. As all equipment will not work at the same time and the noise that will be caused by a large part of activities will be shielded by topographic obstacles and existing vegetation, it is predicted that limit values will be met for all periods of the day in Meyvalı, actual sound levels will be lower than calculated values in nearby settlements, and there will not be any issues in terms of noise in settlements located in close proximity.

Geochemical studies were carried out to determine the acid mine drainage and metal leaching potentials of the waste that is planned to be stored in the waste storage areas. According to the studies, the geochemical characterization of the waste showed mined rocks have the following ARD characteristics:

- Samples having a paste pH less than 5.5 (immediately acid generating rocks) were classified as potentially acid generators due to the occurrence of soluble Fe- and Al- oxy-hydroxy-sulphates. Among these, two groups were distinguished: samples with an occurrence of sulphide above and below 0.1%. As such, samples can be classified as PAG sulphate, PAG sulphide and PAG sulphide – sulphate depending on the main acid generator mechanism (dissolution of Fe- and Al- oxy-hydroxy-sulphate, sulphide oxidation, or both, respectively).
- Samples having a paste pH > 5.5 are classified with an uncertain acid generator potential if they have sulphide above 0.1% and an NP/AP ratio between 1 and 3.
- Samples having a paste pH > 5.5 are classified as not acid generator (NAG) if they have NP/AP greater than 3, independently of the sulphide contents.

The kinetic analysis confirms the immediate acidic conditions that can be produced by the PAG sulphide-sulphate and PAG sulphate, and that can be sustained for several water pore volumes, and it also shows that some PAG sulphide rocks have long delay times to reach acidic conditions associated with sulphur oxidation.

Considering these geochemical characteristics, and the limited capacity of the already approved PAG waste rock dump (16 Mt), the waste rock management plan must consider the following aspects:

- To minimize the impact on the surrounding water systems, PAG material to be dumped in the PAG WRD should correspond to that with the capacity of generating immediate acidic conditions in the presence of water due to the dissolution of Fe- and Al oxy-hydroxy-sulphate (PAG sulphate-sulphide waste rocks).
- Since the mass of the PAG sulphate-sulphide waste rocks is close to 18.6 Mt, the material to be dumped in the PAG WRD should correspond to that with higher sulphur contents. A 2.2% cut-off of S was calculated to match the PAG waste rock capacity.
- PAG rocks classified as PAG sulphate (2,671 t), PAG sulphide (36.1 Mt), uncertain (0.34 Mt), undefined (5.48 Mt) as well as PAG sulphate-sulphide with total S contents lower than 2.2 wt.% (2.72 Mt) will be hauled within the NAG WRD.
- Since the main ARD mechanism of the PAG rocks to be deposited into the NAG waste rock dump is oxidation of sulphides (mainly pyrite), these PAG rocks need to be placed in the centre of the WRD, encapsulated by NAG waste rocks.
- The encapsulation objective is to prevent PAG waste rocks from entering in contact with water and oxygen, and if they do, enough neutralization potential exists along the water flow path to neutralize any acidic leachates that could be generated by sulphide oxidation.

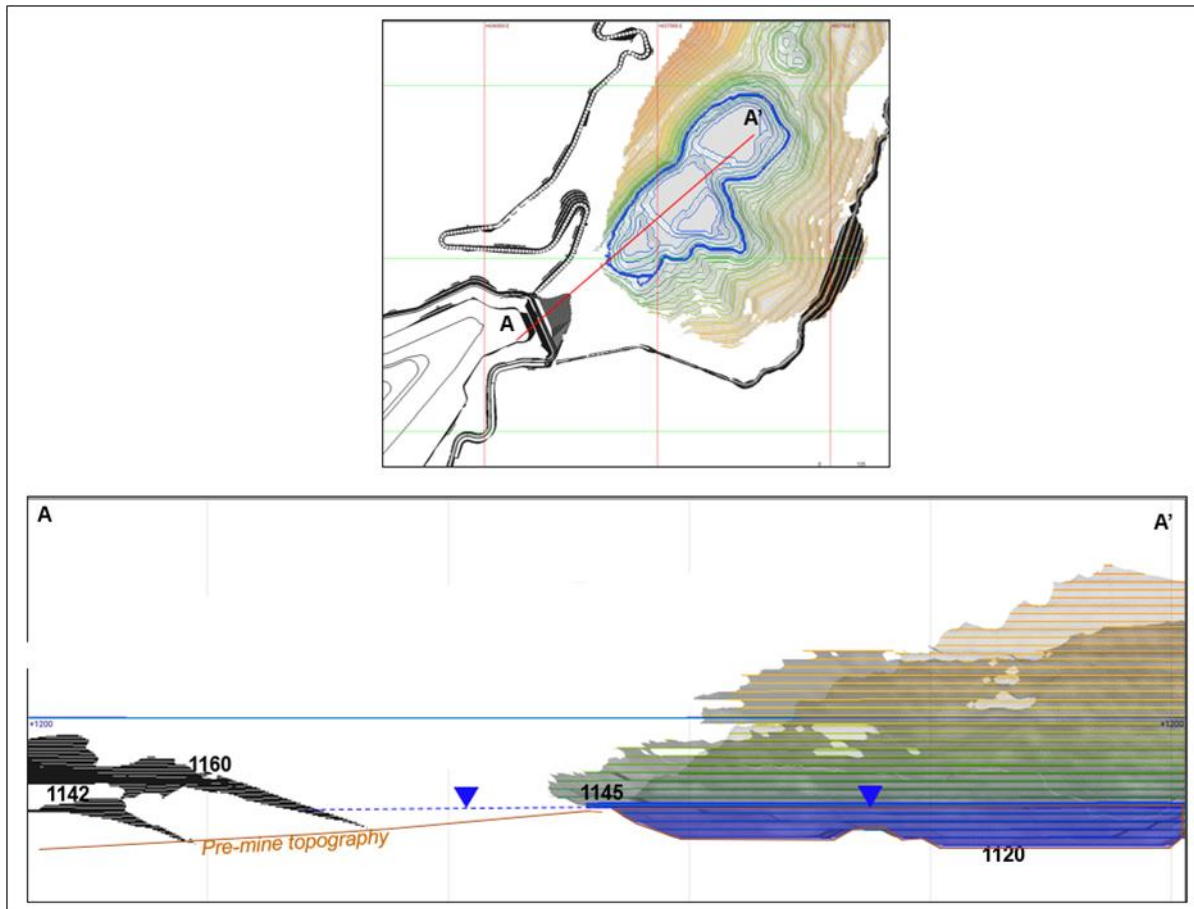
20.2.3 Closure Phase

Closure and rehabilitation works will be carried out upon completion of operational activities at Gediktepe. The 11-year production plan of the open pit operation at Gediktepe will end at the bottom level of 1,155 m AMSL and 1,120 m AMSL respectively, in the northern and southern parts. According to the findings obtained from the hydrogeological studies, a lake will be formed in the open pit during the closure phase, where the dewatering works will be terminated. According to the final pit hydrology, the northern pit lake is expected to reach its final level and feed the south pit lake in the later stages of the lake formation process. The water accumulated in the north pit during the closing period will spill over to the southern open pit at 1175 m AMSL elevation 5 to 6 years after closure, depending on the closure conditions. The southern pit, on the other hand, will reach topographic elevations at 1145 m AMSL within 6.5-7 years from the end of dewatering and will begin to overflow after this stage. The south pit lake level will eventually be 1145 m AMSL. According to a recent water balance model for the pit lake, it is predicted that the southern pit will spill over into natural drainage within 2 to 7 years, depending on upstream diversion conditions.

The closure phase of water management will focus on transferring spilled-over water downstream, without allowing any ponding behind the TSF. To establish such transfer, a NAG embankment has been planned (Figure 20.1). With this embankment, the storage capacity of the southern pit lake capacity increases from an elevation of 1145 m AMSL to 1160 m AMSL, and according to the water balance model for the pit lake (SRK, 2023), with the NAG embankment, water will spill over the southern pit will into natural drainages within 19 to 20 years under an active diversion channel scenario, and within 5 to 6 years under a deactivated upstream diversion channel scenario.

Under both scenarios, water quality estimates indicate that elements like Cd, Cu, Pb and Zn need to be actively treated if the water is to be discharged into the surrounding water system. Given the hydrochemical characteristics of the pit lake water modelled, an in-pit lime treatment can be implemented on an annual basis once the pit lake is developed. This treatment consists of dosing with lime to a pH around 9.5, where metals are removed as metal-hydroxides. Once metals precipitate, and the pH values decrease to 8 (due to the absorption of atmospheric CO₂) water can be pumped out of the pit.

Figure 20.1 Position of pit lake, spillover point and TSF perimeter embankment



A total of 9.5 Mt of NAG waste rock from the open pit will be used for the TSF and CWP construction. The remaining waste will be stored in the NAG WRD and PAG WRD. NAG rock will need to be stockpiled and made available for construction of the NAG embankment between the TSF and the pit.

With the closure studies to be carried out in parallel to operations, a closure cover will be installed over the parts of the waste storage areas where the storage process is completed to prevent air and water from entering into the waste. Thus, the amount of leachate formation will be reduced and the reactivity of the sulphide zone rocks will be prevented or minimized by preventing oxygen contact.

At closure, the TSF will be covered with rock and levelled. The minimum total thickness of the cover on the top-surface of the TSF will be 2 m. While the overall cover thickness of 2 m is appropriate, an alternative cover design is being considered where the drainage layer is allowed to act as a capillary break when placed above the tailings. A compacted clay layer (target permeability k , 10^{-9} m/s) can then be placed over the capillary break layer and roller compacted. A buffer layer located at the top of the profile can act as a store and release layer, protecting the compacted clay from drying out.

Topsoil, which has been previously stripped and stored, will be spread over the area and a natural appearance will be achieved with plants without deep roots.

20.3 Social studies

20.3.1 Previous Studies

In 2018, SRK developed a draft Environmental and Social Impact Assessment (ESIA) study for Polimetal to align the Turkish EIA studies with international best practice standards, and International Finance Corporation Performance Standards (IFCPS) on Environmental and Social Sustainability (2012). Within the scope of this ESIA study, a draft Social Impact Assessment (SIA) report, a draft Stakeholder Engagement Plan (SEP) and a draft Land Acquisition Plan (LAP) including a Livelihood Restoration Framework were also produced.

Social Impact Assessment (SIA)

The SIA included a Social Baseline Study that provides the socio-economic details regarding the Project Area of Influence (AoI) through desktop studies (literature review, secondary data collection), household surveys, focus group discussions, key informant interviews, and field observations. The AoI for Gediktepe includes environments and communities that may experience negative or positive changes to baseline conditions as a direct or indirect result of the Project. Four distinct neighborhoods were identified within the AoI, which are Haciomerderesi and Meyvali Neighborhoods as the primary AoI at the closest distance to the Project area, and Bozbuk and Citak Neighborhoods as the secondary AoI. The SIA also identified the social impacts associated with the Project activities and presented a Social Management Framework Plan that included the company's commitments to manage the social impacts identified by the impact assessment process.

The SIA findings revealed that the main impacts of the Project will be land acquisition and changes in local livelihoods. Accordingly, the Project site and infrastructure would create economic displacement due to loss of agricultural and forestry land for inhabitants of both the neighborhoods of Haciomerderesi, Meyvali and to a lesser extent of Bozbük. SRK addressed these impacts with a Land Acquisition and Livelihood Restoration Plan as well as a Stakeholder Engagement Plan. The complete list of potential negative and positive socio-economic impacts identified during SIA are listed below:

- **Economic Development:** Employment generation by the Project resulting in increased income, increased economic activity leading to inflation and impact on standard of living, employee training leading to skills development in the local community, contribution to the Turkish national economy, and opportunities for local suppliers and contractors leading to local economic growth.
- **Loss of Land and Natural Resources:** Impoverishment through loss of land and agricultural produce, loss of traditional livelihoods and threat to long term sustainable livelihoods, increased water availability improving rural livelihoods, and post-closure decreased water availability affecting rural livelihoods.
- **Sense of Place:** Change in rural landscape impacting people's well-being.
- **Social and Cultural Practices:** Increase in social and lifestyle problems due to changed livelihoods and influx, and real or perceived lack of or unequal distribution of Project benefits leading to social tension.
- **Human Health:** Increased pollution (noise, air, water, soil) affecting human health and wellbeing, and increase in road accidents as a result of increased traffic.
- **Social Services:** Additional pressure on social services.
- **Closure:** Loss of income for people and businesses directly or indirectly associated with the Project leading to an economic downturn and decrease in the standard of living.

Stakeholder Engagement Plan (SEP)

The scope of the draft SEP prepared by SRK was to plan appropriate stakeholder engagement during the ESIA for Gediktepe Project in line with all relevant legal and regulatory requirements (including EIA public hearing) and aligned with international good practice. The draft SEP: i) identified stakeholders and mechanisms through which they will be included in the engagement

process for the ESIA (with particular attention paid to inclusion of vulnerable groups), ii) outlined the consultation, disclosure and engagement activities to be implemented during the ESIA, and iii) served as a record of the engagement process followed for the EIA and ESIA.

Land Acquisition Plan (LAP)

It was established during the impact assessment that the neighbourhoods of Hacıömerderesi and Meyvalı would incur loss of agricultural land, crops, and forestry land; and to a lesser extent Bozbük would lose their forestry land because of the Project. This triggered the IFCPS 5 on Land Acquisition and Involuntary Resettlement and required the development and execution of a LAP. The LAP was compiled to guide the land acquisition process for the Gediktepe Project in such a manner that it complies with IFCPS 5 and the Turkish legislation. The LAP provided an outline of the IFC policy and Turkish legal framework for land acquisition; identified and described the Project Affected People (PAP) and their loss of assets; defined criteria for eligibility for compensation and the nature of compensation entitlements for PAPs as well as options for livelihoods restoration. It also outlined organizational arrangements for the land acquisition process, provided mechanisms for stakeholder participation, and outlined monitoring mechanisms.

20.3.2 Stakeholders

Stakeholder identification should be an ongoing process through the mine life, and the list should be continuously updated. The stakeholder identification and analysis undertaken during the ESIA process listed the stakeholder groups as follows:

- National government agencies/departments.
- Regional government agencies/departments.
- Local government agencies.
- International and national NGOs/civil organizations.
- Political parties.
- Local unions.
- Communities (from Hacıömerderesi, Meyvalı, Citak, Bozbuk, Kurenderesi, Yagcilar, And Bigadic).
- Special interest groups.
- Businesses and universities.
- Media.

Vulnerable Groups

Vulnerable stakeholder groups include those who, by virtue of their sex, ethnicity, age, physical or mental disability, economic disadvantage, or social status, may be more disproportionately impacted or further disadvantaged by a project compared to other groups, and who may be limited in their ability to take advantage of a project's development benefits. IFC Guidelines state that vulnerable stakeholders require special attention in terms of their effective participation in the process. As defined by the IFCPS, vulnerable people may include, but are not limited to households headed by women or children, people with disabilities, the very poor, the elderly, persons without social security, illiterate people, and people without secure land tenure.

Vulnerable groups in the study area were identified by SRK as part of the ESIA studies in 2017 as shown in Table 20.2.

Table 20.2 Vulnerable people in the study area as identified in 2017

Category	Bozbük	Çitak	Hacıömerderesi	Meyvalı
Mentally disabled	3	3	2	2
Physically disabled	2	1	2	-
Sick Abed	-	-	2	2
Elder	5	2	-	10
Illiterate	25-30	10	10-15	50-60
Women-headed household	10+	5-6	15	30
Households supported by the Government	5	8	40	47
Households supported by the neighbours/relatives	5	number unknown	-	-
Receiving widow's pension	-	-	-	number unknown
Receiving old-age pension	-	-	-	number unknown

Source: SRK Social Baseline Study: Muhtar Interviews & FGDs – June 2017 and August 2017.

Project Affected People (PAP)

Project affected parties refer to people/person/household who will lose assets or the right to use assets as a result of the Project. PAP might be affected by loss of (co)ownership of private land; loss of rented land; loss of crops; loss of trees; or loss of land improvements (such as irrigation ponds, fences, irrigation pumps). PAPs may be affected by one or several of these losses and would be compensated for these. Gediktepe Project required land, affecting Hacıömerderesi and Meyvalı neighbourhoods. The reported number of PAP by loss of their private land was 197, and 4 who were renting the treasury lands for agricultural purposes.

20.3.3 History of Engagement

Engagement between stakeholders and Polimetal commenced during the exploration and early scoping phases, when Polimetal established a Community Relations Department and employed a Community Relations Chief. Between 2014 and 2017, Polimetal conducted stakeholder engagement activities by distributing project leaflets/background information documents and conducting meetings to inform local communities and government authorities about the progress of project activities, land acquisition, and potential social and environmental impacts, as well as to receive and respond to comments, requests, grievances or suggestions about the Project.

The main stakeholder engagement activity followed as part of the EIA was the EIA Public Participation Meeting in 2015, with 110 participants, to communicate a summary of the data provided in the EIA Application Document, the activities carried out to date, those to be carried out, and to receive comments and suggestions of the potentially PAP.

As part of ESIA, secondary and primary data collection were performed along with field studies in June and August 2017. Prior to the field study, secondary data was gathered through desktop research to compile information regarding Balıkesir province, Bigadic district, Bozbuk, Çitak, Hacıömerderesi and Meyvalı neighbourhoods for developing the questionnaires/interview guidelines to be used during the field survey. Primary data collection studies are listed and summarized as follows:

- Initial scoping visit was conducted by SRK in 2017, during which the project area was visited, and interviews conducted with the muhtars of Hacıömerderesi and Meyvalı neighborhoods to collect data about the demographic and socio-economic structure, infrastructure capacities, health and educational services of the neighborhoods, and the perception and attitudes towards Gediktepe Project. The collected information informed the development of household survey questionnaires.
- Household survey of 47 households from Hacıömerderesi and 85 households from Meyvalı based on random selection in 2017.

- Focus Group Discussion (FGD) with 8 FGDs to inform participants about the scope and purpose of field studies and EIA and ESIA studies. Data was collected from female and male populations residing in Bozbük, Çıtak, Hacıömerderesi and Meyvalı neighbourhoods about their economic income resources, daily practices, access to health and educational services and their suggestions, grievances, and perceptions about Gediktepe.
- Key Informant Meetings, with 7 meetings in 2017, including Bigadic Mayor, District Directors and Sub-Governors, to receive information about Bigadiç district and their service areas in Hacıömerderesi, Meyvalı, Bozbük and Çıtak neighbourhoods.
- Oral History with 5 interviews with the elder or notable people from Hacıömerderesi, Meyvalı, Bozbük, Çıtak Neighbourhoods were conducted to gather information about the history of the settlements, traditions, economic income resources from past to present, changes on life standards, and population movements.
- Informal (Unstructured) Interviews were held with local men and women between 2017 and 2018 to discuss a broad range of topics on local livelihoods and life in the villages.

The core principle of the land acquisition for the Project is that nobody defined as a PAP should be worse off after their land has been acquired. As part of this principle, Polimetal has adopted a "genuine consultation and participation" principle, which required all affected people to be informed and consulted about the land acquisition and have a voice in the land acquisition process, including the determination of compensation rates. The draft LAP outlines the entitlements, including compensation methods and rates, and mitigation measures, for different PAPs identified for the Project. The document also identifies the parties involved in the preparation and execution of the land acquisition process, together with their roles and responsibilities. The stakeholders identified specifically for the land acquisition process were the proponent (Polimetal), land valuation team, law firm, ESIA team, PAPs, Muhtars, Fiscal Director of Bigadic District, District Directorate of Food, Agriculture and Livestock, and other relevant government departments and agencies.

Current status

Polimetal reports that they have received significant local support since the commencement of exploration and into the Oxide Project. Local residents were recruited during construction activities of the Oxide Project, and currently 60% of the workforce is from the nearby villages, of Bigadiç or Balıkesir, strengthening the relationship between Polimetal and local residents. The community relations department of Polimetal has communicated with local authorities, local villagers, and other stakeholders about the development progress of Gediktepe.

The same employment approach will be used for sourcing labour for the Sulphide Project, with Polimetal receiving feedback that with the oxide ore scheduled for depletion by the end of 2025, local residents have been waiting for approval of the Sulphide Project to provide long term employment. Unionization of the workforce also gives security of personal rights and has also built trust between local residents, the workforce and Polimetal.

Polimetal will continue to make donations to local community organizations throughout the life of the Project, such as scholarships, road repairs, renovations of village houses and mosques, and school construction.

Currently, training has been organized for all operators at the site to have certification. Local labour will continue to be employed during the sulphide operation. Polimetal encourages local business opportunities in areas such as cooperatives for personnel transportation, and continues to allocate funds to the Regional Forestry Department for reforestation activities, the Law Enforcement Foundation, the Bigadiç Municipality (for rubbish truck purchases), the Bigadiç Municipality for construction of a vocational high school, local villages for mosque refurbishment, cooperative offices, village health units and for improving conditions of local roads, water diversion channels, and bridges. Polimetal also donates books to libraries, provides scholarship to students and supplies weaving looms to local organizations.

21 Capital and operating costs

21.1 Sources of Information

AMC collated capital and operating costs from the input of others and used the following sources of information:

- The Minemax mining schedule developed by AMC.
- Updated mining costs provided by Polimetal, based on the contract unit rates for the current Oxide Project mining operation and in consideration of the sulphide mine plan and haulage distance.
- Mining owner costs (salaries and personnel levels) for technical, administration, and supervisory personnel provided by Polimetal.
- Updated oxide and sulphide ore processing operating costs, inclusive of G&A and sustaining capital costs, and initial construction capital costs provided by GRES.
- Owner's operating and capital costs provided by Polimetal.
- TSF and CWP capital costs provided by EN-SU Engineering⁸.
- Forestry costs provided by Polimetal.
- Mine closure and environmental monitoring costs provided by Polimetal.

All costs are expressed in Q2 2022 US dollars (US\$).

21.2 Scheduled physicals

AMC developed the mining and processing production schedule using Minemax schedule optimization software. The mining ore tonnes, grade and waste tonnes; processing plant tonnes, grade, and contained metal; and concentrate tonnes and metal production are shown in Table 15.10.

21.3 Operating costs

Mining contractor costs were provided by Polimetal expressed as a flat unit cost per bcm mined (US\$/bcm mined) for oxide and sulphide ore and waste, plus a haulage cost.

Mining Owner costs were provided by Polimetal and they comprise the fixed costs of Polimetal supervisory and technical mining personnel, which increase as production ramps up. Costs are estimated from personnel numbers, annual salaries, US\$6.60/day messing and accommodation allowance and US\$4.17/trip travel allowance.

Haul road construction costs of US\$1,146M were provided by Polimetal based on a design undertaken on site.

Ore processing costs, inclusive of G&A and sustaining capital costs were provided by Polimetal, expressed as a variable unit cost per tonne of ore processing feed (US\$/t feed).

Owner's personnel costs for site wide G&A were developed by GRES and Polimetal in the 2022 FS, based on first principles cost estimation and experience with Polimetal's Oxide Project, which identified 45 roles across the site.

Other Owners costs provided by GRES in the 2022 FS include:

- Insurance.
- Outsourced security.
- Travel and accommodation.
- Health and safety equipment.

⁸ TSF Design Report Rev02, TSF report submitted to Ministry of Environment & Urbanisation, dated March 2019

- Holding charges.
- Licence fees.
- IT support.
- Intercompany charges
- Owner's sustaining capital costs.
- Forestry costs.

Operating costs for economic evaluation are summarized in Table 21.1.

Table 21.1 Gediktepe operating cost assumptions

Parameter	Units	Value	Source
Mining contractor cost			
Oxide ore- Variable	US\$/bcm mined	2.65	Polimetal
Oxide and sulphide waste- Variable	US\$/bcm mined	2.65	Polimetal
Sulphide ore- Variable	US\$/bcm mined	3.75	Polimetal
Haulage- Variable	US\$/bcm mined	1.44	Polimetal
Mining Owner cost - Fixed	US\$/year	3.559	Polimetal
Processing costs			
Oxide processing cost – Fixed/Variable	US\$/t feed	19.94	Polimetal
Sulphide processing cost – Fixed/Variable	US\$/t feed	22.58	Polimetal
General and administration (G&A)	US\$/year	-	Included above
Owner's costs	US\$/M	18.82	Polimetal
Forestry costs	US\$/year	2.65	Polimetal
License and compliance costs	US\$/M	0.20	Polimetal

A summary of annual operating costs is provided in Table 21.2.

21.4 Capital cost

Capital costs were provided by GRES and Polimetal for the sulphide ore process plant, TSF and CWP capital costs, Owner's capital costs, Owner's sustaining capital costs, and mine closure costs. Capital costs were estimated in Q2 2022.

A summary of annual capital costs is provided in Table 21.3.

Table 21.2 Annual Gediktepe operating costs

Description	Unit Cost	Units	Totals \$'000	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10	2034 Year 11	2035 Year 12
Operating Costs															
Mine															
Owner Staff	0.20	\$/t total	22,981	203	1,216	2,376	2,378	2,379	2,347	2,353	2,390	2,352	2,339	2,452	197
Mining Cost	1.67	\$/t total	195,499	3,185	7,399	26,302	24,115	33,095	23,796	18,745	21,955	19,527	9,039	8,341	0
Sub-total	1.86	\$/t total	218,480	3,389	8,615	28,678	26,493	35,474	26,143	21,097	24,345	21,879	11,378	10,793	197
Process															
Oxide Direct Cost	19.94	\$/t feed	27,170	13,893	8,442	4,835	0	0	0	0	0	0	0	0	0
Sulfide Mill Direct Cost	22.58	\$/t feed	391,497	466	18,086	41,415	41,446	41,465	40,868	40,973	41,679	40,966	40,713	42,838	583
Sub-total	22.39	\$/t feed	418,667	14,359	26,528	46,249	41,446	41,465	40,868	40,973	41,679	40,966	40,713	42,838	583
Owners Costs															
Sitewide G&A	1.01	\$/t feed	18,816	1,145	2,196	1,724	1,714	1,854	1,814	1,724	1,714	1,694	1,609	1,609	20
Land Usage/Forestry Fee	1.64	\$/t feed	30,652	1,786	2,477	2,477	2,747	2,646	2,646	2,646	2,646	2,646	2,646	2,646	2,646
License and Compliance Fees	0.11	\$/t feed	2,116	19	196	196	196	196	196	196	196	196	196	16	319
Sub-total	2.76	\$/t feed	51,585	2,950	4,869	4,397	4,657	4,696	4,655	4,565	4,555	4,535	4,451	4,271	2,984
Total Operating Cost	36.83	\$/t feed	688,732	20,698	40,012	79,324	72,595	81,635	71,667	66,636	70,579	67,380	56,541	57,902	3,764

Table 21.3 Annual Gediktepe capital costs (Q2, 2022)

Description	Totals \$'000	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10	2034 Year 11	2035 Year 12	2036 Year 13
Initial Capital Costs														
Plant	95,964	33,669	61,054	1,241	0	0	0	0	0	0	0	0	0	0
Infrastructure	28,366	9,491	15,282	3,593	0	0	0	0	0	0	0	0	0	0
Mining	992	743	249	0	0	0	0	0	0	0	0	0	0	0
Contingency	8,029	2,780	4,887	362	0	0	0	0	0	0	0	0	0	0
Subtotal	133,350	46,683	81,472	5,195	0	0	0	0	0	0	0	0	0	0
Sustaining Capital Costs														
Plant	832	130	249	144	25	93	87	41	41	19	3	0	0	0
Infrastructure	39,014	0	5,397	6,755	4,797	7,614	7,740	1,850	0	3,645	1,215	0	0	0
Mine closure	11,421	0	0	2,217	1,420	65	65	65	65	65	229	1,296	2,974	2,962
Contingency	6,248	0	469	1,142	772	678	689	177	16	333	163	324	743	741
Subtotal	57,514	130	6,116	10,258	7,014	8,450	8,581	2,133	122	4,061	1,609	1,620	3,717	3,703
Total	190,864	46,813	87,588	15,453	7,014	8,450	8,581	2,133	122	4,061	1,609	1,620	3,717	3,703

22 Economic assessment

22.1 Sources of Information

AMC developed a high-level Microsoft Excel based pre-tax cash flow economic assessment model for the Project using the following sources of information:

- The Minemax mining schedule developed by AMC.
- Operating and capital costs.
- Metal recoveries and concentrate grades provided by GRES and HMT.
- Metal prices, metal payability, concentrate land and ocean transport costs, concentrate treatment costs and penalties, and metal refining costs.
- Government and third-party royalties and on-site and off-site costs provided by Polimetal.

Polimetal provided taxation calculations in the economic assessment model to develop post-tax cash flows and financial indicators, such as internal rate of return (IRR), net present value (NPV) and payback periods.

All costs are expressed in Q2 2022 US dollars (US\$) and a discount rate of 10% per annum was used to estimate discounted cash flows.

22.2 Revenue assumptions costs

Royalties are based on a sliding scale based on the sale price. A State Area royalty is also applicable, discounted by 40% for gold and silver and 50% for copper and zinc to account for the value added to ROM ore by processing. At the metal price used for the Project, the royalty is calculated as per Table 22.1.

Table 22.1 State area royalty

Table 22.2 Metal prices, royalties and treatment costs

Metal	Metal Price	Payability Lesser of		Royalty (% Metal Price)	Treatment and Refining Cost
Copper concentrate					US\$90/dmt
Copper	US\$3.63/lb	96.5%	Cu -1%	5.5	US\$0.09/lb Cu
Gold	US\$1,500/oz	90%	Au - 1 g/t	4.8	US\$10.00/oz Au
Silver	US\$20.00/oz	90%	Ag - 30 g/t	3.6	US\$1.00/oz Ag
Zinc concentrate					US\$200/dmt
Zinc	US\$1.27/lb	85%	Zn - 8%	4.5	-
Gold	US\$1,500/oz	70%	Au - 1 g/t	4.8	US\$10.00/oz Au
Silver	US\$20.00/oz	70%	Ag - 108.862 g/t	3.6	US\$1.00/oz Ag

Source: Link and Polimetal.

Additional to pit optimization costs, a royalty is also payable to EMX Royalty Corporation (EMX) resulting from the purchase of the Project, as 10% of the net smelter return (NSR) for oxide production, 2% for sulphide production and a US\$10M payment over three tranches (US\$4M of which was triggered in 2022 and no longer current) triggered by reaching production milestones.

Metal prices and revenue factors used for economic evaluation, such as metal payability, and treatment and refining costs were generally as per the pit optimization and were supplied by Link based on experience of current mining contracts. Royalties as per legislation were provided by Polimetal.

Bullion sales from oxide production are assumed as 99% payability for gold and 98% for silver. A gold refining cost of US\$5.133/oz was applied, and silver refining cost of US\$1.602/oz. Off-site concentrate costs (treatment costs) are expressed as a US\$/dmt and on-site concentrate costs as a US\$/wmt. Concentrate moisture is assumed as 9.0%.

Metal prices, royalties, payabilities, treatment and refining costs, additional on-site and off-site concentrate related costs, and penalty elements and penalty charges that were used in pit optimization were applied in economic evaluation are discussed in section 19.

Annual Gediktepe revenues from copper and zinc concentrates are shown in Table 22.3.

22.3 Economic evaluation

The Project returns a positive undiscounted cash flow of US\$569M, on revenue of US\$1,549M, operating costs of US\$689M, total royalties of US\$101M, and capital cost of US\$191M. Cash flows discounted at 10% provide a net present value (NPV) of US\$264M, and the internal rate of return (IRR) is 60%. The payback period for discounted cash flows is 3.4 years.

The annual cash flow summary for Gediktepe is summarized in Table 22.4.

The undiscounted and discounted cash flows are shown in Figure 22.1 and the cumulative undiscounted and discounted cash flows are shown in Figure 22.2.

Figure 22.1 Undiscounted and discounted cash flows

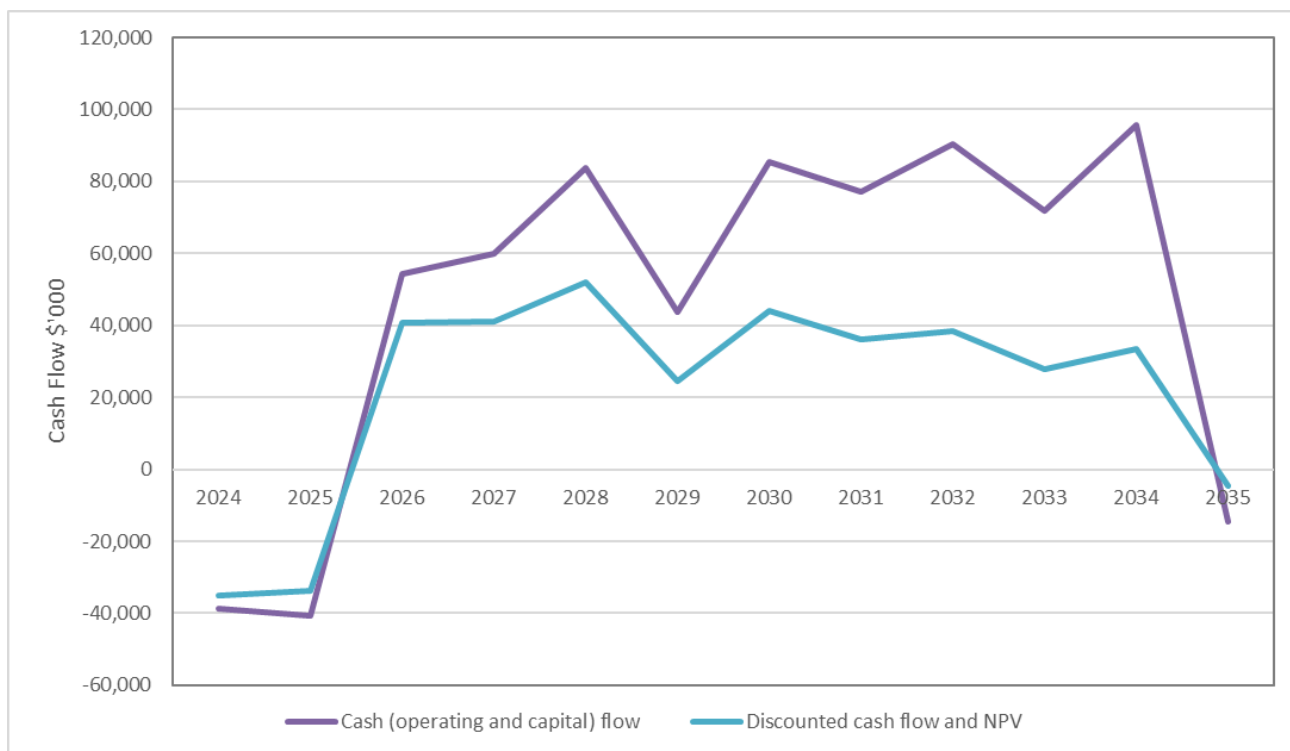
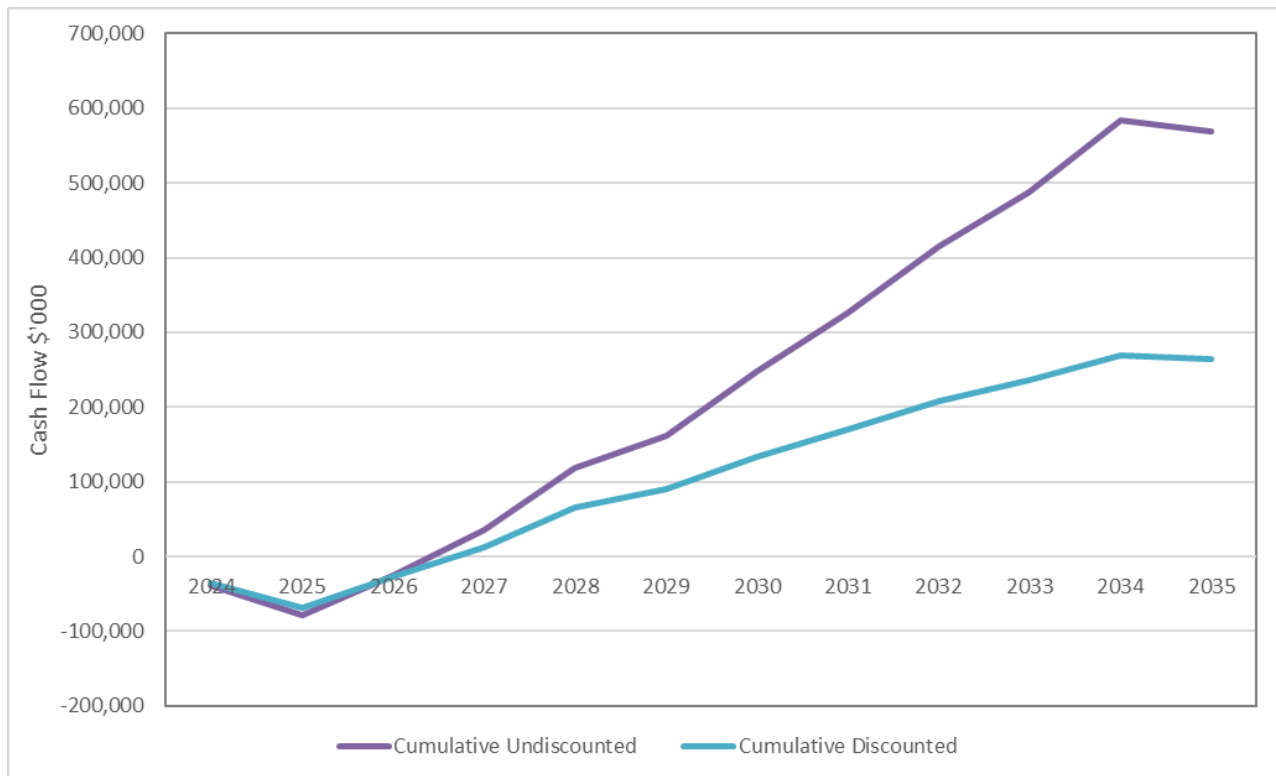


Figure 22.2 Cumulative undiscounted and discounted cash flows



22.4 Economic sensitivity

Sensitivity of NPV to changes in a range of +/-15% in the key economic drivers of operating cost, capital cost and revenue is shown in Figure 22.3, both as an absolute change in NPV (left hand graph) and a percentage change in NPV (right hand graph).

The Project is most sensitive to inputs that directly affect revenue (such as metal price, recovery, or grade), with a 15% change in metal prices resulting in a 47% change in NPV.

The Project is least sensitive to capital cost, with a 15% change in capital cost resulting in a 9% change in NPV. This is as a result of the relatively moderate capital cost estimate for the Project, with capital cost representing just 19% of the combined total of operating, royalty and capital cost.

The Project is moderately sensitive to operating cost, with a 15% change in operating cost resulting in a 23% change in NPV. Operating cost is estimated as 69% of the combined total of operating, royalty and capital costs for the Project.

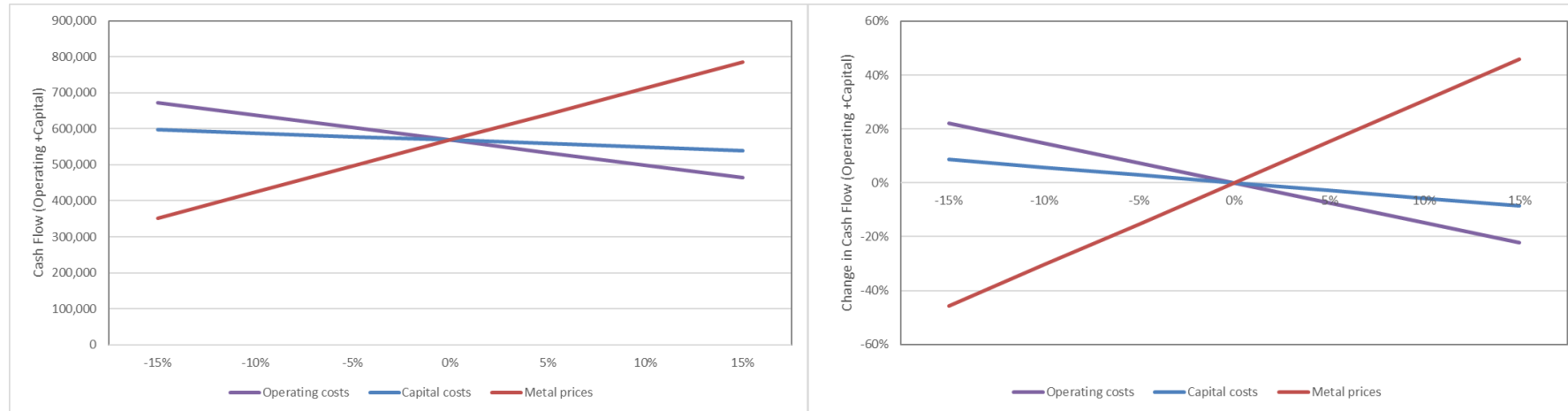
Table 22.3 Annual Gediktepe revenues

Description	Totals \$'000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Oxide													
Au	108,456	59,077	36,952	12,427	0	0	0	0	0	0	0	0	0
Ag	14,889	7,469	5,747	1,673	0	0	0	0	0	0	0	0	0
Subtotal	123,345	66,546	42,699	14,100	0	0	0	0	0	0	0	0	0
Sulfides													
Cu	730,695	0	18,539	77,379	103,847	107,420	71,357	62,991	68,253	70,008	77,842	73,059	0
Zn	619,615	0	12,858	56,598	40,686	58,325	62,184	84,649	77,528	81,227	57,982	87,577	0
Au in Cu Conc	240,025	0	6,753	20,236	19,554	37,018	16,754	28,776	28,515	37,187	20,596	24,637	0
Ag in Cu Conc	64,080	0	1,690	5,834	3,780	6,404	5,542	9,161	8,193	9,672	4,602	9,202	0
Au in Zn Conc	14,481	0	259	1,059	935	1,513	1,352	2,129	1,831	2,237	1,168	1,999	0
Ag in Zn Conc	19,964	0	222	1,007	849	2,199	2,321	3,362	2,433	3,672	1,078	2,821	0
Subtotal	1,688,861	0	40,320	162,113	169,651	212,879	159,510	191,069	186,753	204,004	163,267	199,295	0
Sal Oxide Sales Cost	1,564	800	587	177	0	0	0	0	0	0	0	0	0
Dore Au	371	105	165	87	15	-	-	-	-	-	-	-	-
Dore Ag	1,193	346	531	276	39	-	-	-	-	-	-	-	-
Cu Concentrate Transport Cost	41,496	0	1,099	4,343	5,340	5,558	4,301	3,698	4,027	4,158	4,565	4,409	0
Zn Concentrate Transport Cost	54,318	0	1,145	4,980	3,582	5,177	5,398	7,327	6,766	7,102	5,129	7,713	0
Copper Conc. Treatment	33,790	0	895	3,537	4,349	4,525	3,502	3,011	3,279	3,386	3,717	3,590	0
Zinc Conc. Treatment	98,291	0	2,072	9,011	6,482	9,367	9,768	13,258	12,244	12,851	9,282	13,957	0
Copper Conc. Cu Refining Charge	18,123	0	460	1,919	2,576	2,664	1,770	1,562	1,693	1,736	1,931	1,812	0
Copper Conc. Au Refining Charge	1,697	0	47	142	137	257	121	206	202	263	145	178	0
Copper Conc. Ag Refining Charge	4,202	0	96	342	231	430	393	626	531	667	284	601	0
Copper Conc. Insurance	1,942	0	51	194	239	285	174	189	197	220	193	200	0
Zinc Conc. Insurance	1,111	0	23	99	72	105	112	154	139	149	102	157	0
Subtotal	256,534	800	6,473	24,744	23,007	28,369	25,538	30,030	29,078	30,532	25,347	32,615	0
Penalties													
Lead in Copper Conc	5,996	0.0	87	413	312	514	677	837	804	939	434	977	0
Zinc in Copper Conc	271	0	0	20	14	21	23	58	36	51	0	47	0
Arsenic in Copper Conc	781	0	0	77	75	97	54	197	107	106	10	59	0
Lead in Zinc Conc	32	0	0	0	0	0	31	1	0	0	0	0	0
Copper in Zinc Conc	-	0	0	0	0	0	0	0	0	0	0	0	0
Arsenic in Zinc Conc	-	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	7,080	0	87	511	400	633	785	1,093	948	1,096	444	1,084	0
Total Revenue	1,548,591	65,745	76,459	150,958	146,244	183,877	133,188	159,945	156,727	172,376	137,476	165,596	0

Table 22.4 Annual Gediktepe cash flows

Description	Totals \$'000	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10	2034 Year 11	2035 Year 12
Total Operating Cost	688,732	20,698	40,012	79,324	72,595	81,635	71,667	66,636	70,579	67,380	56,541	57,902	3,764
Total Revenue	1,548,591	65,745	76,459	150,958	146,244	183,877	133,188	159,945	156,727	172,376	137,476	165,596	0
Government Royalty on Ore	55,488	0	2,424	2,609	5,158	5,352	7,115	4,526	5,690	5,563	6,320	4,807	5,924
EMX Royalty	45,248	9,332	7,721	3,996	2,818	3,534	2,572	3,082	3,024	3,321	2,653	3,193	0
Operating cash flow	759,123	35,715	26,302	65,029	65,673	93,356	51,833	85,702	77,434	96,111	71,961	99,694	-9,688
Capital cost	190,587	74,364	66,978	10,716	5,693	9,721	8,201	111	126	5,577	82	4,009	5,011
Cash (operating and capital) flow	568,536	-38,648	-40,676	54,314	59,980	83,635	43,632	85,591	77,308	90,534	71,879	95,685	-14,699
Cumulative cash flow		-38,648	-79,325	-25,011	34,969	118,604	162,237	247,828	325,136	415,670	487,549	583,234	568,536
Discounted cash flow and NPV	264,530	(35,135)	(33,617)	40,807	40,967	51,931	24,629	43,922	36,065	38,395	27,712	33,537	(4,683)
IRR	60%												

Figure 22.3 Economic sensitivity of discounted cash flows



23 Adjacent properties

There are no adjacent properties to Gediktepe with significant mineral assets.

24 Other relevant data and information

24.1 Project Execution Strategy

24.1.1 Engineering, procurement and construction management

Polimetal will use the engineering, procurement and construction management (EPCM) approach and appoint a managing Engineer to arrange suitable installers to carry out design, procurement and fabrication and construction works, to deliver the completed Sulphide Project. Polimetal will pay for direct costs of plant, equipment, materials, supply, fabrication and erection orders as approved by the Engineer and apply for all permits and licences to operate. Once these are granted and the Sulphide Project approved by the Board and adequate funding is available, Polimetal will award an EPCM agreement to carry out all necessary design, engineering, procurement, construction and commissioning works for the processing plant and infrastructure.

The EPCM Engineer will coordinate project activities to ensure the Project is delivered on time and budget. The EPCM Engineer will provide the following services:

- Project management including management of safety, cost, time, quality, changes, communications, design, procurement, manufacturing/fabrication and inspection, expediting and logistics, construction and commissioning.
- Cost control including maintaining a cost control system which includes budgets, commitments, estimates to complete, cost projections and change management.
- Planning and scheduling including a detailed base line schedule, actual dates, times to complete, projected end dates and planned versus actual S-curves.
- Quality assurance / quality control covering the design, procurement, manufacturing / fabrication, construction and commissioning phases of the Project.
- Engineering design, design reviews, hazard studies, drafting, equipment and works specification and work scope preparation.
- Procurement services for purchase orders including tender preparation based on Client agreed terms and conditions, tender evaluation and recommendation, order preparation and award, order administration and close out as appropriate.
- Manufacturing / fabrication and inspection including associated quality control and testing and any required systems integration and pre-assembly.
- Expediting and logistics including transportation, storage and inventory control as required.
- Construction management including safety management, installer supervision and works inspection and testing.
- Commissioning including construction verification, pre commissioning, dry commissioning and wet commissioning.
- Project handover including close out of all purchase orders, close out report, and 'as built' engineer's drawings.

Other specialist consultants will be engaged via the Engineer (as part of the direct costs), as required, to provide geotechnical assessments., an access road upgrade, tailings dam design and construction management, transport and logistics management, and surveying services.

Polimetal will liaise with the Government and manage community relations and environmental regulation.

Construction management will be undertaken from an on-site Project office. The strategy for implementation of the Project is driven by relying on Turkish construction companies and fabricators where practical and/or competitive that will compete for defined work packages.

All buildings installed on site will be temporary prefabricated buildings including the laboratory, administration and training facility. Larger facilities such as the mining workshop and warehouse will be light steel structured buildings over an enclosed space with concrete floors as required. The containers will be used as stores and offices. The mining workshop installed by the mining

contractor for the Oxide Project will continue as the mining workshop for the expanded mining operations. Specialized buildings such as the plant control rooms and titration laboratory will be prefabricated in shipping containers and brought to site fully assembled. Switch rooms (housing the various MCCs) will likewise be prefabricated and pre-wired inside shipping containers, with the wiring tested in the factory before dispatch, to minimize site work.

24.1.2 Schedule Overview

The project schedule is governed by the requirement to pre-strip mine waste to access the deeper sulphide ore, to be undertaken as part of the Oxide Project mining operation. The reactivity of the sulphide ore is such that stockpiled sulphide is unsuitable for processing, and therefore any sulphide ore mined prior to the sulphide processing plant commissioning will be considered as waste. The mine schedule allows for waste pre-strip up to September 2024, and a further 3 months of production ramp-up.

Prior to this, the mining fleet must be procured, shipped to site, assembled and commissioned. In order to mobilize the mining fleet to site, the access road must be upgraded.

The process plant and remaining infrastructure will be constructed during the mine pre-stripping operations.

The overall Project is estimated to take 116 weeks to commissioning from approval of finance and the start of basic engineering.

The following summarizes the implementation schedule:

- Project approvals period following submission of BFS – 2 months.
- CM agreement completed month 1.
- Complete detailed design month 11.
- Mills delivered months 18 - 20.
- Pre-commissioning months 22 to 23.
- Commissioning months 23 to 24.
- Practical Completion month 25.

Once Gediktepe is approved, the critical path for the project schedule is as follows:

- Mine pre-stripping operations and ramp-up of production to sustainable crushing rates.
- Commissioning.

The schedule is based on the following:

- Offsite – nominal forty (40) hour week, no work on public holidays.
- Client approval period – five (5) working days unless otherwise noted herein.
- Onsite, Engineer and construction companies – thirteen (13) days per fortnight, ten (10) hours / day; no site activities during holiday seasons.
- No work on gazetted Turkish public holidays.

The Engineer will follow a commissioning plan to bring the Project into production. A key aspect of the commissioning will be on the job training for the processing and maintenance staff. As part of their familiarization with the process and equipment and problem-solving skills development, they will assist with commissioning, working under the direction of the Engineer's commissioning team to check the construction integrity and no-load operation of drives, the introduction of water to the process and finally slurry and process chemicals. The Owner's team will then take over operation of the plant.

24.2 Project organization

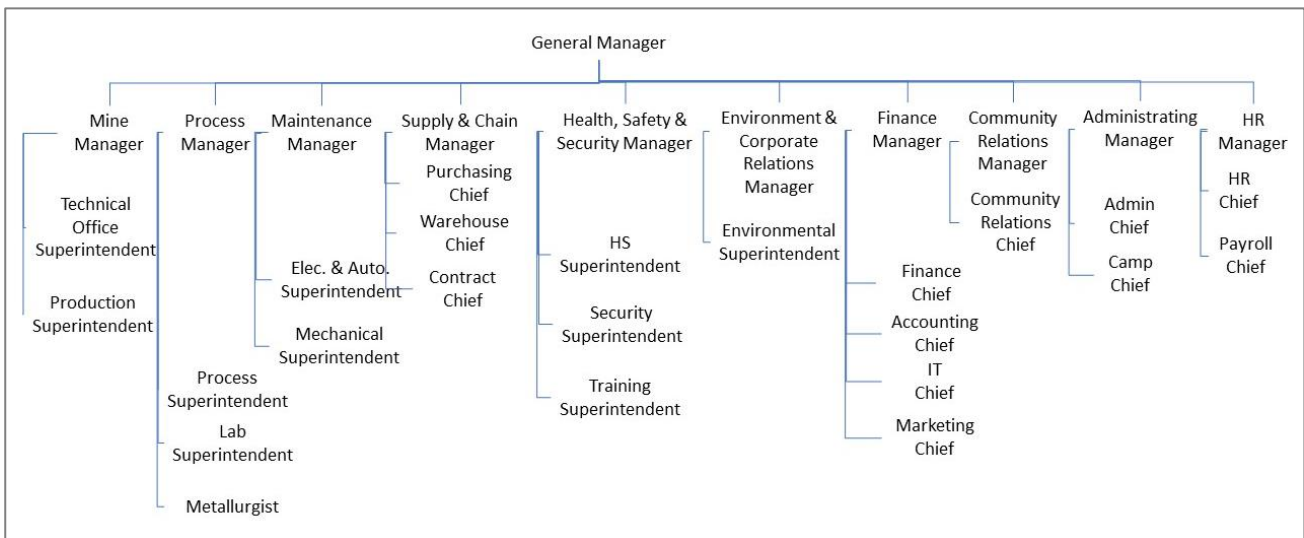
Gediktepe will have a conventional mining organization structure, with the workforce predominantly unionized. A General Manager will be in charge of sulphide operations. Each functional department will have managers, superintendents, chiefs, engineers and other specialized personnel.

The current Oxide Project has the functional areas of mining, process, maintenance, health, safety and the environment, administration, purchasing, warehouse, public relations, information technology and communications, finance and accounting, and human resources departments. The same departmental structure will be used for managing the sulphide operation. Additional to the current departments, a marketing department will be included in the organization.

The mining team has been managing all open pit and waste rock mining planning and operations to date and they will be in charge of all open pit and waste rock mining during the sulphide operation. The current Oxide Project process team will be strengthened with flotation experienced engineers and operators. Turkiye has a significant amount of flotation plants and has enough experienced engineers and operators with flotation experience and training.

Other departments will continue to manage the sulphide operation by recruiting additional personnel. The marketing department will be in charge of off take agreements, selling concentrates and organizing ports. The Gediktepe organization will be as shown in Figure 24.1.

Figure 24.1 Gediktepe organization chart



Where possible, Polimetal proposes that the increase in the size of the workforce during sulphide construction and operation be from local villages, Bigadiç and Balıkesir, the Simav district, the Sındırgı district and the Kütahya province.

25 Interpretation and conclusions

25.1 Geology and Mineral Resources

The regional and Gediktepe geology is well understood and reflected in the geological model used in the Mineral Resource estimate. Gediktepe has been extensively drilled through a combination of RC and DD enabling a robust interpretation of the geology and mineralization. Twin hole comparisons have been completed for 7 pairs of RC and DD holes. Visual comparisons of the holes show broadly comparable intercept locations and interval lengths.

AMC is of the opinion that the Mineral Resource is a fair representation of the sample and geological data. AMC has carried out a series of visual and statistical validation checks on the Mineral Resource block model, comparing grade estimates against the sample data on which they are based. The validation checks show that the Au, Ag, Cu, Zn and Pb grade estimates correlate with the sample data.

The Mineral Resource classifications are suitable and consider data quality, geological continuity, grade variability, and performance of the grade estimates. Areas classified as Measured are limited to the massive pyrite domain (MSPY), where there is good coverage by drilling data and a good understanding of geological and grade continuity. Areas classified as Indicated are well supported by drilling data, however, they exhibit greater grade and geological variability than the areas classified as Measured.

Mineral Resources have been reported on an NSR basis. Any changes to metal prices, costs, or recoveries will lead to revised reported Mineral Resource numbers. Metal prices for Ag, Cu and Zn appear reasonable. The Au price of US\$1,725/oz appears conservative and may present some upside potential.

25.2 Exploration

The geochemical and geophysical exploration surveys have identified anomalies which correspond to the known mineralization occurrences, supporting the use of these methods for exploration purposes. Additional, exploration targets have been identified through the exploration methods beyond the current Mineral Resource.

Polimetal have outlined four near mine target areas with oxide potential. These are situated around the existing open pit and comprise:

- Area 1: situated immediately SW of the open pit.
- Area 2: situated on the NW flank of the open pit.
- Area 3: situated NE of the open pit.
- Area 4: located approximately 1.3 km west of the open pit.

AMC has compared the four near mine oxide target areas with the geochemistry and geophysical data. The target areas correspond to areas exhibiting soil and rock geochemistry results with anomalous elevated gold grades, indicating potential oxide hosted gold mineralization.

25.3 Ore Reserve Estimates

The drill and blast, load and haul mining methods currently being used at the Oxide Project with an experienced mining contractor are considered appropriate for the operation, as is the scaling up the current methods and equipment fleet to account for the larger movements required for the Sulphide Project.

AMC completed an assessment at feasibility level to determine appropriate Modifying Factors to convert Measured and Indicated Mineral Resources to Ore Reserve. The Ore Reserve takes account of diluting materials and allowances for losses that may occur when the material is mined and processed. Economic assessment, using reasonable financial assumptions, shows that extraction of the Ore Reserve can reasonably be economically justified. Inferred Mineral

Resources are considered as waste rock in the mine plan and economic assessment of the Ore Reserve. Confidence in the geotechnical Modifying Factors is not as high as other Modifying Factors. Additional work on geotechnical assessment of pit slopes using the full range of rock strengths identified in geotechnical testing is recommended prior to implementation to confirm that pit slopes are stable.

The work to estimate Ore Reserves was supervised by persons who have sufficient relevant experience in the style of mineralization or type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined by the JORC Code. AMC considers that Modifying Factors are an appropriate level of confidence for an Ore Reserve estimate and that the Ore Reserve estimate and classification is reasonable.

25.4 Mine Plan

The mine plan developed by AMC is reasonable and robust. The Oxide Project is well understood through extensive experience over four years. The Sulphide Project is less well understood, with enriched mineralization and buffer material complications making mine planning and mine scheduling more complex.

Additional work on geotechnical assessment of pit slopes using the full range of rock strengths identified in geotechnical testing is recommended prior to implementation to confirm that pit slopes will be stable.

25.5 Mineral Processing

The Oxide Project heap leach and Merrill-Crowe ore processing infrastructure and processes are installed, operating and well understood and will continue until the sulphide process is in production. The Sulphide Project ore processing technology is well tested and multiple similar operations are in production around the world and metallurgical testwork and analysis has been undertaken by well-respected metallurgical consultants, GRES.

Metallurgical test work and flowsheet development for the Sulphide Project were undertaken by GRES in partnership with HMT. Extensive test work was undertaken and analysis used to develop the current Sulphide Plant processing circuit.

The processing facility has been designed to treat 1.82 Mt per annum of copper and zinc bearing sulphide ore. The sulphide flowsheet includes primary crushing, two stage grinding, sequential flotation (pre-float of talc/silicate minerals, and production of separate copper and zinc concentrates), regrind (copper and zinc), concentrate thickening, concentrate filtration, and tailings disposal (thickening).

The process plant design has been based on the key parameters, with the metallurgical balance and flotation circuit equipment selection based on median values achieved in the locked cycled flotation testing. The maximum concentrate production rate and grade from locked cycle tests has been used as a check on the capacity of the equipment to handle higher concentrate rates and the expected short term maximum head grades from the mine.

25.6 Infrastructure

The infrastructure and services was prepared by Polimetal, with input from GRES (process plant) and INR (TSF, CWP, roads and site infrastructure). Existing infrastructure will be used as much as possible. However, the Sulphide Project will need some new infrastructure, with the major infrastructure items being the TSF and CWP, additional power transmission lines, such as offices, warehouse, workshops, changing room, and canteen.

The Gediktepe TSF has a 'Very High' consequence classification (refer Global Industry Standard on Tailings Management (GISTM), 2020). This rating has been assessed based on a 'potential population at risk' (PPAR) of at least 100. The TSF and CWP pond are located in a steep sided valley, with the closest settlements to the facilities being the Asidere and Meyvali

neighbourhoods 300 m downstream and Hacıomerderesi neighbourhood 600 m downstream. It was designed to store the Gediktepe LOM production.

The design criteria adopted in the design by EN-SU were based on Turkish standards and were considered compatible with ANCOLD 2019 hazard rating. TSF design and all the construction drawings and reports were approved by Ministry of Environment & Urbanization and the design is in line with related Turkish regulations. International guidelines were subsequently changed since the original TSF design was compiled.

The TSF was designed with a storage volume of 11.1 Mm³. To provide this volume with the lowest cost, the Acisu Stream valley located adjacent to the proposed pit and processing facilities was selected. The embankment axis is proposed in an appropriate section of the valley to reduce embankment volumes whilst providing capacity to enable LOM storage and potential for additional storage.

25.7 Markets and Contracts

The Project will produce a copper concentrate and a zinc concentrate between years 1 and 11 to generate revenue for the Project. Formal discussions have commenced, and smelters have confirmed their interest in both concentrates under long-term agreements and have indicated willingness to sign Letters of Intent (LOI) as soon as final qualities and quantities are known.

The copper concentrates are expected to be attractive for western copper smelters, however, attention should be given to the contents of Pb to maintain the level below 2.5% and as low as possible to reduce penalty charges. The zinc concentrates are clean, without any deleterious elements and with payable precious metal contents, generating additional income in the concentrates.

Based on the expectation that growth in copper smelting capacity will be greater than the growth in concentrate supply, it is expected that global smelting capacity for copper remains sufficient to absorb the new production.

The rising demand for zinc metal will reach 2.0 Mtpa from 2024, with the higher smelter production expected to come from higher utilization, new smelters or expansions at existing smelters. There is no operational zinc smelter in Türkiye. However, the neighbouring country of Bulgaria has production capability of 72 ktpa of zinc ingot in the city of Plovdiv.

25.8 Environment, approvals and social

All permits are in place for the Oxide Project, local authorities visit to confirm that adequate controls are in place, and periodic reporting to regulatory authorities is in place. Because the Oxide Project is operating, site-specific conditions are well-defined. Dust, noise, and vibration measurements are all controlled and reported, along with assays of surface and underground water monitoring wells. Diversion channels have been built around the open pit, waste dumps, heap leach facility, and TSFs, with further channels planned to prevent contamination of water from natural drainage entering the site during the Sulphide Project.

Geochemical studies were carried out to determine the acid mine drainage and metal leaching potential of waste rock. Geochemical characterization of the waste showed potential net acid production in lithologies from the sulphide zone. Kinetic analysis samples showed long delay times in some sulphide rocks, so that it will be possible to prevent or minimize the risk of net acidic drainage during operations with appropriate waste management. High sulphur potentially acid-generating (PAG) waste will be stored within the existing PAG waste dump and PAG waste with lower sulphur contents will be blended with non-acid-generating (NAG) waste and stored in a NAG WRD.

Closure and rehabilitation works will be carried out on completion of operations. A pit lake will be formed after dewatering ceases and is expected to overflow into natural drainage. The TSF will be covered with rock, levelled, and with a minimum top-surface cover thickness of 2 m.

Polimetal reports significant local support since the start of exploration and into operation of the Oxide Project, with 60% of the workforce from nearby villages. The community relations department of Polimetal has communicated with local authorities, local villagers, and other stakeholders about the development progress of the Sulphide Project. The same employment approach will be used for sourcing labour for the Sulphide Project.

25.9 Capital Cost Estimates

Capital cost estimates were prepared using international engineering standards by appropriately qualified and experienced engineering consultants using a combination of first principles estimates and supplier quotes and budget estimates. Initial capital costs for construction are estimated at US\$119M, with a further US\$43M in capital throughout the mine life for an overall capital cost of US\$162M, inclusive of approximately US\$11M in contingency.

Contingency allowances were estimated for each component, ranging from 6% for the capital cost of the sulphide ore processing plant, to 8% for the TSF and CWP, and 25% for mine closure estimates. Capital costs are considered reasonable and reflective of the proposed Sulphide Project operation.

25.10 Operating Cost Estimates

Operating cost estimates were prepared using international engineering standards by appropriately qualified and experienced engineering consultants using a combination of first principles estimates and experience with operating the Oxide Project. Mining operating costs averaged US\$1.86/t rock mined, oxide processing costs averaged US\$20/t processed, sulphide processing costs US\$23/t processed, and overall operating costs averaged US\$37/t processed.

Operating costs are considered reasonable and reflective of the current Oxide Project and the proposed Sulphide Project operation.

25.11 Economic Analysis

Economic analysis of the Project returns a positive undiscounted cash flow and NPV of US\$264M at a 10% discount rate and an IRR of 60%. The payback period for discounted cash flows is 3.4 years.

Sensitivity of the NPV to the key drivers of operating cost, capital cost and revenue for a range of +/-15% shows NPV changes by 47% for a 15% change in revenue related items (such as metal price, recovery or grade), 23% for a 15% change in operating cost and 9% for a 15% change in capital cost.

25.12 Risks and Opportunities

The Project risks identified as high are:

- Penalties may be applied by smelters for off-specification concentrates and there is a risk that penalties may be higher than planned. Lead reporting to copper concentrate from disseminated ore can result in penalties from Chinese smelters. Therefore, European or Japanese smelters should be targeted for sales of copper concentrate.
- The natural variability of this type of deposit will return variable, and at times, material levels, of uncertainty (lower confidence) in grade and tonnes. These uncertainties are not evenly distributed throughout the deposit.
- Unidentified faults not included in the fault model could form large plane shears and wedges and affect bench stability.

- Pit slopes may be too high in some areas and require additional waste stripping to form stable slopes.
- Groundwater trapped behind faults and foliation could result in localized high pore pressures that impact slope stability.
- The pit lake could overflow from the south portion of the pit at the level of 1,145 m above mean sea level during the closure period.
- Mine planning, if not properly undertaken, could result in incorrect areas of the pit being scheduled for mining and result in mining of sulphide ore prior to the sulphide plant commissioning and result in wastage of sulphide ore.
- Stockpiling of sulphide ore for extended periods is not possible due to alternation in the characteristics of the ore which results in lower recoveries. A risk exists that the current allowance for stockpiling, in covered areas, is insufficient to meet the mine schedule. This must be critically reviewed in the next stage of mine planning.
- Although the TSF was designed with a downstream construction approach, the embankment downstream slope selected was considered safe at 1:3 (v:h), no geotechnical risk was identified, and the embankment complies with the Global Industry Standard on Tailings Management (2020) requirements for seismic design, potential financiers and investors may require additional assessments to be undertaken.
- The rate of rise during the initial years of operation, considering unexpected heavy rain and a narrow settling area for tailings, may be quicker than planned. Phase 3 of TSF construction may, therefore, start sooner than planned.
- Geotechnical analysis of the process plant area is required prior to beginning construction and may result in site infrastructure changes and increased costs.
- There is the risk that raw material prices continue to increase at a significant rate and that the capital cost increases substantially prior to implementation of the Project.

The major project opportunities are:

- Off-take agreements with smelters for concentrates from Gediktepe will ease financing.
- Sulphide ore is open and dipping at the north and north-west sides. The open part of the sulphide deposit is around 25 m thick. With resource drilling from inside the open pit, more Mineral Resource may be identified and converted to Ore Reserve.
- Additional exploration activities have identified other areas of potential oxide mineralization near the mine. Subject to further successful exploration works including drilling, there is the potential to increase the oxide Mineral Resources and extend the duration of oxide operations.
- Alternative markets may be identified to allow mining and transport of enriched mineralization as a directly saleable ore product.
- Mining may be more selective than assumed and result in less tonnes classified as buffer material around enriched mineralization, resulting in more sulphide ore suitable for plant feed.
- Calik Holding, a Holding company of Polimetal, has a construction company within its corporate group, which may assist with the procurement and construction of the Project.
- Processing enriched mineralization may add significant economy to the Project.

26 Recommendations

The recommended work programme for Polimetal prior to implementation of the Sulphide Project is listed by functional area, compiled from contributors to the 2022 FS.

Mineral Resource estimates:

- Update the Mineral Resource with new drilling data (drilling underway on site) and learnings from the reconciliation between resource and reserve models and mine production from the Oxide Project mining and processing operation.
- Review the classification criteria for low confidence blocks.
- Revise the method for identifying PAG waste rock and updating the net carbonate value (NCV) model when additional data is available from the waste characterization programme.

Ore Reserve estimates:

- Update the Ore Reserve estimate with the updated Mineral Resource and results of other work.

Mining methods:

- A more detailed geotechnical study should be undertaken during the Oxide Project to confirm fault characteristics and locations, increase the confidence level of the geotechnical model, and adjust the in-pit geometry of production faces accordingly.
- A geophysical study should be undertaken over the areas for which there is little or no drill core data to identify potentially problematic ground conditions.
- Revise open pit slope geotechnical study based on production phases and possibly for each production year with the information obtained during oxide ore production.
- Update the groundwater model with test data from new dewatering drillholes.
- Provide additional detail on waste characterization modelling and the scheduling of PAG and NAG waste rock dumping.

Recovery methods:

- Update detailed short-term quality scheduling for sulphide process plant feed to ensure any areas of high impurity grades are blended to achieve a saleable product quality.

Infrastructure and services:

- Final plant layout to be confirmed.
- Power supply and voltage to be confirmed and final design to be confirmed.

Market studies and contracts:

- Start off-take agreement discussions with potential customers during the engineering phase.
- Review hedging strategies to assess value of hedging a proportion of planned production.

Environmental studies, permitting and social impacts:

- List any permit updates required for the Project investment and commissioning and schedule the required permit applications and deadlines based on the construction and commissioning schedule.
- Review closure plans every two years and update the closure cost.
- Put aside closure funds to cover closure costs and any future requirements.

Other relevant information:

- Seek EPCM contractor expressions of interest, and then evaluation, contractual arrangements, and appointment of contractors.

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Infrastructure and services:

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- MCA 2023, Minerals Council of Australia and Commodity Insights, Commodity Demand Outlook 2030.
- S&P IQ Capital 2022, S&P Global Commodity Insights Capital IQ Commodities Estimates Overview dated December 2022.

Environmental studies, permitting and social impact:

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APPENDIX II – HISTORICAL FINANCIAL INFORMATION OF POLIMETAL

Section A: Historical financial information of Polimetal for the year ended 31 December 2023, and accompanying Independent Auditor's Report

**Polimetal Madencilik Sanayi ve
Ticaret Anonim Őirketi**

**Financial statements for the year
ended December 31, 2023 and
Independent Auditor's Report**

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Independent auditor's report

To the General Assembly of Polimetal Madencilik Sanayi ve Ticaret A.Ş.;

Report on the audit of the financial statements

Opinion

We have audited the statement of financial position of Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi ("the Company") as of December 31, 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Comparative information

We would like to draw attention to the matter in Note 2.2 to the financial statements. As of December 31, 2023, the Company has reviewed the financial statements of the previous period and restated them, but our conclusion is not qualified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's 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 Company'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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Eren Bağımsız Denetim Anonim Şirketi
A member firm of Grant Thornton International

Emir Taşar, SMMM
Partner

February 29, 2024
Istanbul, Turkey

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statements of financial position as of December 31, 2023

(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

		Audited	Audited
		Current period	Prior period
		December 31,	December 31,
	Note	2023	2022
Current assets		54.500	24.973
Cash and cash equivalents	3	7.705	15.467
Trade receivables:			
<i>Trade receivables from related parties</i>	5-22	1	8
Other receivables:			
<i>Other receivables from related parties</i>	6-22	32.842	-
<i>Other receivables from third parties</i>	6	564	692
Inventories	7	13.044	8.442
Prepaid expenses:			
<i>Prepaid expenses to third parties</i>	8	344	364
Non-current assets		53.469	56.272
Other receivables:			
<i>Other receivables from third parties</i>	6	108	119
Property, plant and equipment	9	35.810	34.184
Intangible assets	10	10.063	11.045
Prepaid expenses:			
<i>Prepaid expenses to third parties</i>	8	350	513
Deferred tax assets	15	7.138	10.411
Total assets		107.969	81.245

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statements of financial position as of December 31, 2023

(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

		Audited	Audited
		Current period	Prior period
		December 31,	December 31,
	Note	2023	2022
Current liabilities		24.405	19.830
Current portion of long-term bank loans	4	12.926	12.893
Other financial liabilities	4	2	1
Trade payables:			
<i>Trade payables to related parties</i>	5-22	275	295
<i>Trade payables to third parties</i>	5	8.040	5.454
Employee benefit obligations	11	203	95
Other payables			
<i>Other payables to related parties</i>	6-22	49	-
<i>Other payables to third parties</i>	6	593	450
Deferred income	8	400	350
Short-term provisions:			
<i>Short-term provisions for employee benefits</i>	11	120	100
<i>Other provisions</i>	12	31	2
Current tax liabilities		1.400	-
Other current liabilities	13	366	190
Non-current liabilities		17.934	17.005
Long-term borrowings	4	5.584	16.753
Long-term provisions:			
<i>Long-term provisions for employee benefits</i>	11	312	252
<i>Other long-term provisions</i>	12	12.038	-
Shareholders' equity		65.630	44.410
Share capital	14	65.882	65.882
Other comprehensive losses not to be reclassified to profit or loss:			
<i>Loss on re-measurement of defined benefit plans</i>		(172)	(126)
Accumulated loss		(21.346)	(50.718)
Net profit for the year		21.266	29.372
Total liabilities and equity		107.969	81.245

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Profit or loss and other comprehensive income for the ended December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

	Note	Audited Current period January 1 - December 31, 2023	Audited Prior period January 1 - December 31, 2022
Revenue	16	73.628	57.520
Cost of sales (-)	16	(44.795)	(33.271)
Gross profit		28.833	24.249
Research and development expenses (-)	17	(3.688)	(1.849)
General administrative expenses (-)	18	(1.924)	(2.189)
Other income from operating activities	19	6.354	1.153
Other expenses from operating activities (-)	19	(1.373)	(503)
Operating profit from operating activities		28.202	20.861
Income from investment activities	20	3.054	59
Expense from investment activities	20	(3)	(12)
Profit before finance income		31.253	20.908
Finance income	21	3.746	1.370
Finance expenses (-)	21	(8.961)	(3.057)
Profit before tax from continuing operations		26.038	19.221
Tax (expense)/ income:			
Current period tax expenses	15	(1.499)	(260)
Deferred tax (expense)/ income	15	(3.273)	10.411
Profit for the year		21.266	29.372
OTHER COMPREHENSIVE INCOME:			
Not to be reclassified to profit or loss		(46)	(138)
Actuarial loss arising from defined benefit plans		(46)	(138)
Other comprehensive losses		(46)	(138)
Total comprehensive income		21.220	29.234

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statement of change in equity for the year ended December 31, 2023

(Amounts are expressed in thousands of US dollar ("USD") unless otherwise indicated.)

	Share capital	Gain/(loss) on re-measurement of defined benefit plans	Accumulated loss	Net profit/ (loss) for the period	Total
Balance as of January 1, 2022	65.882	12	(49.200)	(1.518)	15.176
Transfers	-	-	(1.518)	1.518	-
Total comprehensive income/(loss)	-	(138)	-	29.372	29.234
Balance as of December 31, 2022	65.882	(126)	(50.718)	29.372	44.410
	Share capital	Gain on re-measurement of defined benefit plans	Accumulated loss	Net profit/ (loss) for the period	Total
Balance as of January 1, 2023	65.882	(126)	(50.718)	29.372	44.410
Transfers	-	-	29.372	(29.372)	-
Total comprehensive income/(loss)	-	(46)	-	21.266	21.220
Balance as of December 31, 2023	65.882	(172)	(21.346)	21.266	65.630

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statement of cash flows for the year ended December 31, 2023

(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

	Audited	Audited
	Current period	Period period
	January 1 - December 31, 2023	January 1 - December 31, 2022
Note		
A. Cash flows from operating activities	42.058	31.425
Profit for the year	21.266	29.372
Adjustments to reconcile profit:	19.183	1.695
Adjustments for depreciation and amortization expenses	9-10 14.093	10.003
Adjustment for provisions related with employee benefits	11 212	89
Adjustments for litigation provision	12 29	(7)
Adjustments for interest income	21 (68)	(160)
Adjustments for interest expenses	21 3.199	1.968
Adjustments for tax (income)/ expenses	4.772	(10.151)
Adjustments for gains/(losses) arising from disposal of property, plant and equipment	20 (3.054)	(47)
Changes in working capital:	1.609	358
Trade receivables	7	5
Other receivables	139	517
Inventories	(1.713)	(3.971)
Prepaid expenses	183	1.344
Trade payables	2.566	2.460
Payables of employee benefits	108	32
Other payables	192	449
Deferred income	50	50
Other assets	-	-
Other liabilities	176	(268)
Taxes paid	(99)	(260)
B. Cash flows from investing activities	(2.533)	(5.275)
Proceeds from sale of property, plant and equipment and intangible assets	10-11 3.059	115
Cash outflow from purchases of property, plant and equipment and intangible assets	10-11 (5.592)	(5.390)
C. Cash flows from financing activities	(47.109)	(22.609)
Cash outflows from borrowings	(11.550)	(5.768)
Cash (outflows)/ inflows arising from other payables to related parties	(32.842)	(14.873)
Interest paid	(2.785)	(2.128)
Interest received	68	160
Net increase in cash and cash equivalents	(7.584)	3.541
Effects of foreign currency translation differences on cash and cash equivalents	(178)	-
Cash and cash equivalents at the beginning of the year	15.467	11.926
Cash and cash equivalents at the end of the year	7.705	15.467

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

1. Company’s organization and nature of operations

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (“Polimetal” or the “Company”) was incorporated at 18 March 2011 as a wholly-owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. (“Yamas”). Through intermediary companies, Yamas is 100% owned by Alacer Gold Corp. (“Alacer”, or the “Canadian Shareholder”). The Company is registered in Ankara, Turkey and is engaged in the development and operation of mining assets.

The Company’s shareholder’s name was amended as Alacer Gold Madencilik A.Ş. from in 2015 (“Alacer”) from its former name, Yeni Anadolu Mineral Madencilik Sanayi Ticaret Ltd. Şti. in December 2016, Alacer has increased its shares to 50% from 20% and the rest of 50% is owned by Lidya Madencilik Sanayi ve Ticaret A.Ş. (“Lidya”). The Company was controlled jointly by these parties under the Joint Venture agreement in accordance with the Gediktepe Project agreement. The parties have met with the purchase of the remaining 50% of the shares of Polimetal Madencilik Sanayi ve Ticaret A.Ş. from Alacer Gold Madencilik A.Ş.. The share transfer agreement was signed with the decision of the Board.

Gediktepe is a polymetallic orebody that contains economic values for gold, silver, copper and zinc. The sulfide deposit is overlain with oxide ore containing gold and silver which is amenable to heap leaching. Gediktepe is an open pit mine and the oxide ore will be processed first, providing cash flow for the development and subsequent processing of the more prevalent sulfide ore. The sulfide ore contains gold, silver, copper and zinc and will be processed through a multi-stage flotation circuit producing two marketable concentrates.

The registered address of the Company is as follows:

Beştepe Mahallesi Yaşam Caddesi, Ak Plaza Apt., No: 7/7, Yenimahalle, Ankara.

The personnel of the Company is 238 as of December 31, 2023 (December 31, 2022: 218).

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements

2.1 Basis of presentation

The Company maintains its legal books of account and prepare its statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles issued by the Turkish Commercial Code (“TCC”) and tax legislation.

These financial statements are based on the statutory records with adjustments and reclassifications, for the purpose of fair presentation in accordance with International Financial Reporting Standards (“IFRS”). The financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The financial statements are prepared on the basis of historical cost. In determining the historical cost, generally the fair value of the amount paid for the assets is taken as basis.

Functional and reporting presentation currency

The functional and reporting currency of the Company has been accepted as US dollars for December 31, 2023 and earlier periods.

The Company operate in the "gold and silver mining" sector, sales are consist of gold and silver sales, and the equivalent of sales and billing currency are US dollars. Company started its sales in November 2021 and continued its mining investment until this date. In the period when mining investments continue, most of the investments consist of expenditures of analysis, drilling, consultancy, etc. are US Dollar. Also the borrowing currencies belonging to the "Payables to Shareholders", which funds these expenditures, are also US dollar. Foreign origin equipment used in the investment period was purchased in US dollar. While the payments for equipment and other construction works procured from Turkey are mostly made in Turkish lira, the prices of related investment materials are determined by the international prices of commodities such as iron and steel, oil prices and the US dollar exchange rate. In line with the explanations mentioned above, the functional currency of the Company, which was previously determined as Turkish lira, Company management has evaluated that the functional currency should be US dollar since its establishment and retrospective non-monetary items (capital, inventory, development costs and other fixed assets) with their investment historical costs and restated financial statements with US dollar as the functional currency.

The financial statements are presented in US dollar.

Going concern

The Company prepared the financial statements in accordance with the going concern assumption.

Approval of the financial statements

The financial statements have been approved and authorized to be published on February 29, 2024 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

2. Basis of presentation of the financial statements (cont'd)

2.2 Comparative information and restatement of financial statements with prior periods

The accompanying financial statements are prepared comparatively with the previous period in order for the determination of the Company’s financial position, performance and cash flow trends. When there is a change in the presentation and reclassification of the items of the financial statements, the Company reclassifies the financial statements of the previous period to conform the comparability and discloses information related to these matters.

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed below.

i) The new standards, amendments and interpretations which are effective at 1 January 2023 are as follows:

IFRS 17	<i>The new Standard for insurance contracts</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
	<i>International Tax Reform – Pillar Two Model Rules</i>

The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current and Non-Current Liabilities</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Disclosures: Supplier Finance Arrangements</i>
Amendments to IAS 21	<i>Lack of exchangeability</i>

Overall, the Company expects no significant impact on its balance sheet and equity.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Company’s statement of financial position when the Company becomes a part of the the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Company classifies its financial assets as (a) business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is 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 that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

- Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset; the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial assets (cont’d)

Classification of financial assets (cont’d)

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial assets (cont’d)

Classification of financial assets (cont’d)

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss.

Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss and for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial assets (cont’d)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each Reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit losses are estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value. A financial liability is subsequently classified at amortized cost except:

- a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Company continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Company does not reclassify any financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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Explanatory notes to the financial statements for the year ended at December 31, 2023
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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies have been accounted for under “other operating income/expenses” whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under “financial income/expenses” in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term time deposits. Short-term time deposits are highly liquid that can be easily converted into cash without a risk of losing its value. Cash and cash equivalents are presented in the statement of financial position with the sum of acquisition cost and accrued interest. Deposits from which interest income is obtained despite being blocked are classified under long-term financial assets.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Related parties

Parties are considered related to the Company if:

a) A person or a close member of that person's family is related to a reporting entity if that;

The related person or entity that is related to the entity preparing its financial statements (for this note will be named as reporting entity’):

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same company (which means that each Parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Trade receivables

The "simplified approach" is applied within the scope of the impairment calculations of trade receivables originating from other activities of the Company, which are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a term of less than 1 year). With the application of this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses". Following the allocation of a provision for impairment, if all or a portion of the impaired receivable is collected, the collected amount is deducted from the provision for the impairment allocated and recorded in other operating income.

Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. The components of the cost included in inventories are material, labor and overhead costs. Inventories consists of mining inventories, chemicals, operating materials and spare parts. Mining inventories consists of ready to be processed and mined ore clusters, solution obtained by treating mining inventories through heap leach and gold and silver bars in the production process or ready for shipment.

Depreciation and amortization of mineral assets and other fixed assets related to production are included in the costs of the inventory at the relevant production location and stage.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Mineral exploration, evaluation and development expenses

After the license acquisition, mineral exploration and evaluation expenses include all kinds of technical services from the initial prospecting and exploration stages of a mine site to the realization of a mining project. These technical services are all kinds of geological studies from mining activities to reserve calculation, all kinds of ore production planning from exploitable reserve calculation to production method, optimization and organization, construction and implementation of ore enrichment projects for determination of complete flow chart, from process mineralogy to market analysis and necessary financing.

Mine site development costs are capitalized in cases where it is highly likely that; an economic benefit will be obtained from the mine in question in the future, can be identified for specific mine sites and the costs can be measured reliably. The costs incurred during the research and evaluation are capitalized as long as they are directly related to the development of the mine site.

At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are reflected in the income statement. As the production starts after the preparation period, mineral assets begin to be depreciated.

For the capitalized costs, the Company management evaluates on each balance sheet date whether there is any indication of depreciation, such as a significant decrease in the reserve amount, expiration of the rights acquired for mining sites, and failure to renew or cancel. If there is such an indicator, the relevant recoverable value, which is determined as the higher of the amount to be recovered through sale after deducting the expenses required for the use or sale of the said asset, is estimated and the impairment losses are reflected as expense in the profit or loss and other comprehensive income statement. The carried value is reduced to its recoverable value.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Mining assets

Mining assets consist of mine site development, mining rights, mining plots and deferred mining costs.

Mining assets begin to be amortized with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites.

The mine site development costs include the evaluation and development of new ore veins, as well as the opening of underground galleries, excavation and construction of roads for the continuation and development of existing ore seams. Mine development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the cost can be measured reliably. Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income.

In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur.

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Company management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the departments to the extent that they can be defined on the basis of the relevant mining areas as soon as they are first recorded, and the departments in each mine area are subjected to depreciation by using the units of production method, taking into account the economic benefits separately.

The mine development costs at each mine site are depreciated over the redemption rate found by dividing the total amount of gold in ounce mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine during the period. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

The deferred mining costs consist of the direct costs incurred during stripping, which facilitates access to the defined part of the ore in each open pit ore deposit during the period, and the general production costs associated with the stripping work. It is subject to depreciation taking into account the deferred extraction rate, which is calculated based on the usable remaining life of each open pit.

Deferred mining costs are depreciated over the amortization rate found by dividing the total ounce of gold mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipments are depreciated with the linear depreciation method in accordance with the useful life principle. The useful lives of buildings, machinery, facilities and devices are limited by the useful life of the respective mines. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation commences when the assets are ready for their intended use.

The cost of the property, plant and equipment consists of acquisition cost, import taxes, non-refundable taxes, and expenses incurred to make the asset ready for use. After the asset is started to be used, expenses such as repair and maintenance are recognized as an expense in the period they occur. If the expenditures provide an economic value increase for the related asset in its future use, these expenses are added to the cost of the asset.

Assets in the construction phase are shown by deducting the impairment loss, if any, from their cost. When these assets are built and ready for use, they are classified into the relevant fixed asset item. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Useful lives</u>
Land improvements	8 - 10 years
Buildings	10 years
Machinery and equipments	4 - 24 years
Motor vehicles	4 - 7 years
Furniture and fixtures	1 - 50 years
Leasehold improvements	2 - 5 years

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Revenue

In accordance with TFRS 15 “Revenue from Customer Contracts”, effective from January 1, 2018, the Company has started to use the five-step model below to recognize revenue.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Company evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. According to this model, firstly, the goods or services in the contract with the customers are assessed and each commitment for transferring the goods or services is determined as a separate performance obligation. Then it is assessed whether the performance obligations will be fulfilled at a point in time or over time. When the Company transfers control of a good or service over time, and therefore fulfills a performance obligation over time, then the revenue is recognised over time by measuring the progress of completion. Revenue is recognized when control of the goods or services is transferred to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Company’s collection right of the consideration for the goods or services,
- b) customer’s ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer’s ownership of significant risks and rewards related to the goods or services,
- e) customer’s acceptance of goods or services.

When the contract effectively constitutes a financing component, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. The difference between the discounted value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

The main activities of the Company are operating mines, searching for gold mines generally in Turkey regions and improving the mine fields of on going projects. The Company sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that, the sales are made on demand and the customer is corporate, the Company effectively manages the receivable risk, taking into account the past experiences.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Impairment on non-financial assets

At each financial position date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

When an impairment loss subsequently reversed, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Provisions for employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Company arising from the retirement of its employees based on the actuarial projections. IAS 19 “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses and recognised under other comprehensive income.

As of December 31, 2023, and December 31, 2022, the Company procures services from a professional actuary company for the calculation of employee termination benefits. The actuarial company calculates provision in accordance with IAS 19.

b) Defined contribution plans

The Company has to pay contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Provisions for employee benefits (cont'd)

c) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company has a present obligation (“legal or constructive”) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company has not been recognized in these financial statements and treated as contingent liabilities and contingent assets.

Environmental rehabilitation, rehabilitation of mining sites and mine closure provision

The Company records the present value of the estimated costs of legal and constructive obligations required to restore the operating places in the period in which the obligation occurred (Note 12). These restoration activities include the dismantling and removal of structures, the rehabilitation of mines and waste dams, the dismantling of operating facilities, the closure and restoration of factories and waste areas, and the remediation and greening of the affected areas. The requirement usually occurs when the asset is set up or the place / environment in the production area is adversely affected. When the liability is first recorded, the present value of the estimated costs is capitalized by increasing the net book value of the relevant mining assets up to the amount at which the development / construction of the mine will take place. The liability that is discounted over time is increased by the change in the present value, which depends on the discount rates reflecting the market evaluations in the current period and the risks specific to the liability.

The periodic fluctuation of the discount is recognized as a financial cost in the income statement. Additional disruptions or changes in rehabilitation costs are reflected in the respective assets and rehabilitation liabilities as purchase or expense as they occur.

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Explanatory notes to the financial statements for the year ended at December 31, 2023
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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Corporate tax and deferred tax

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in future and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates.

Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The Company has not recorded deferred tax assets over its accumulated losses, since it is not probable that sufficient profit will be generated to cause a tax liability that can be offset in subsequent periods.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Statement of cash flow

Cash flows during the period are classified and reported as operating, investing, and financing activities in the statement of cash flows.

Cash flows from operating activities represent the cash flows generated from the Company’s activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (investment of property, plant and equipment and intangible assets and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Subsequent events

Subsequent events include all events that take place between the balance sheet date and the date of authorization for the release of the balance sheet, although the events occurred after the announcements related to the net profit/ loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Company adjusts the amounts recognized in its financial statements to reflect the adjustments after the balance sheet date. Post period end events that are not adjusting events are disclosed in the notes when material.

2. Basis of presentation of the financial statements (cont'd)

2.5 Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. These estimates and assumptions are reviewed regularly, taking into account past experiences and factors expected to arise in the future under certain conditions. Uncertainty about these estimates and assumptions may require significant adjustments in the carrying values of assets and liabilities. Actual results may differ from estimates and assumptions.

- a) Mining assets consists of mine site development costs, mining rights, mining lands, deferred stripping costs and discounted costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets are accounted in the financial statements with their net book value after deducting the accumulated depreciation and permanent impairment, if any, from their acquisition costs. Mining assets start to be amortized on a production basis according to producible ore reserve with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites. Company management reviews the estimates made in relation to the visible and probable mineral reserves in each balance sheet period.
- b) Mining assets are amortized using the "production" method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods and for some mining assets, the depreciation may be affected by the deviation between the actual and estimated production amounts. The impairment tests performed by the Company management depend on the management's estimates about the future gold prices, current market conditions, exchange rates and pre-tax discount rate together with the relevant project risk. The recoverable value of the cash-generating units is determined as the higher one from the use value of the relevant cash-generating unit or its fair value after deducting sales costs. These calculations require the use of some assumptions and estimates. Changes in assumptions and estimates based on gold prices may affect the useful life of mines.
- c) As the Company operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, the results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Company management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Company may significantly affect the activities of the Company. As of December 31, 2023, there is no legal risk expected to significantly affect the activities of the Company.
- d) Amount of provisions reflected in financial statements regarding environmental rehabilitation, improvement of mine sites and closure of mine sites is based on the plans of the Company management and the requirements of the relevant legal regulations. Changes in the aforementioned plans and legal regulations, up-to-date market data and prices, discount rates used, changes in estimates based on mineral resources and reserves may affect provisions.

2. Basis of presentation of the financial statements (cont’d)

2.5 Critical accounting judgments, estimates and assumptions (cont’d)

As of December 31, 2023, the Company reassessed the provision amounts due to changes in discount rates, costs, production areas subject to rehabilitation and reserve lifetimes. The Company evaluates the mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation due to the large number of factors that may affect the final liability to be paid. These factors include estimates of the scope and cost of rehabilitation activities, technological changes, changes in regulations, cost increases proportional to inflation rates and changes in net discount rates. These uncertainties may cause future expenditures to differ from the amounts estimated today.

The provision amount at the reporting date represents the best estimate of the present value of future rehabilitation costs. Changes in estimated future costs are accounted in the balance sheet by increasing or decreasing the rehabilitation obligation or asset if the initial estimate was initially recognized as part of an asset measured in accordance with TAS 16 Tangible Assets. Any reduction in the rehabilitation obligation and hence any reduction in the rehabilitation asset cannot exceed the carried value of that asset. In case of excess, the amount exceeding the carried value is immediately taken to profit or loss.

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3. Cash and cash equivalents

The details of cash and cash equivalents as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Cash on hand	-	-
Cash in banks:		
- <i>Demand deposits</i>	7.703	9
- <i>Time deposits</i>	2	15.458
Total	7.705	15.467

The Company has no blocked deposits as of December 31, 2023 (December 31, 2022: none).

The details of the cash in banks as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
USD	7.687	15.403
Turkish lira	18	64
Total	7.705	15.467

The details of the time deposits are as of December 31, 2023 and 2022 are as follows:

	Maturity	Interest rate	December 31, 2023
Turkish lira	January '24	38%	2
Total			2

	Maturity	Interest rate	December 31, 2022
USD	January '23	11%	15.403
Turkish lira	January '23	0,75%	55
Total			15.458

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4. Financial liabilities

The details of financial liabilities as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Current portion of long-term bank loans	12.926	12.893
Long-term bank loans	5.584	16.753
Other financial liabilities	2	1
Total	18.512	29.647

Maturity table of bank loans as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
0-12 months	12.926	12.893
1-2 years	5.584	16.753
Total	18.510	29.646

The details of bank loans as of December 31, 2023 and 2022 are as follows:

	Maturity	Interest rate	December 31, 2023
USD	March '25	11%	18.510
Total			18.510

	Maturity	Interest rate	December 31, 2022
USD	March '25	10%	29.646
Total			29.646

Movement of bank loans is as follows:

	2023	2022
January 1	29.646	35.574
Payment	(11.550)	(5.768)
Interest accrual/paid, net	414	(160)
December 31	18.510	29.646

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5. Trade receivables and payables

a) Short-term trade receivables

The details of short-term trade receivables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Trade receivables from related parties (Note 22)	1	8
Total	1	8

b) Short-term trade payables

The details of short-term trade payables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Trade payables to third parties	8.040	5.454
Trade payables to related parties (Note 22)	275	295
Total	8.315	5.749

6. Other receivables and payables

a) Short-term other receivables

The details of short-term other receivables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Other receivables from related parties (Note 22)	32.842	-
Other receivables from third parties	564	692
Total	33.408	692

b) Long-term other receivables

The details of long-term other receivables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Deposits and guarantees given	108	119
Total	108	119

c) Short-term other payables

The details of short-term other payables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Deposits and guarantees taken	592	449
Other payables to related parties (Note 22)	49	-
Other payables to third parties	1	1
Total	642	450

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7. Inventories

The details of inventories as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Raw materials	1.581	1.215
Work in process	11.463	7.199
Finished goods	-	28
Total	13.044	8.442

8. Prepaid expenses and deferred income

a) Short-term prepaid expenses

The details of short-term prepaid expenses as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Advances given to third parties	190	179
Prepaid expenses for the following months	154	185
Total	344	364

b) Long-term prepaid expenses

The details of long-term prepaid expenses as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Prepaid expenses for the following years	350	508
Advances given to third parties	-	5
Total	350	513

c) Short-term deferred income

The details of short-term deferred income as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Advances received	400	350
Total	400	350

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(Amounts are expressed in thousands of US dollar ("USD") unless otherwise indicated.)

9. Property, plant and equipment

Movement of property, plant and equipment and accumulated depreciation for the year ended December 31, 2023 and 2022 are as follows:

	Opening	Addition	Disposal	Closing
Cost:				
Land	2.691	-	-	2.691
Land improvements	1.791	2.682	-	4.473
Buildings	4.841	99	-	4.940
Machinery and equipment	26.200	1.513	(6)	27.707
Vehicles	1.433	169	(112)	1.490
Furniture and fixtures	1.783	537	-	2.320
Leasehold improvements	434	-	-	434
Construction in progress	711	589	-	1.300
Closing balance as of December 31, 2023	39.884	5.589	(118)	45.355
Accumulated depreciation:				
Land improvements	117	251	-	368
Buildings	1.215	486	-	1.701
Machinery and equipment	2.734	2.698	(2)	5.430
Vehicles	367	297	(112)	552
Furniture and fixtures	842	225	-	1.067
Leasehold improvements	425	2	-	427
Closing balance as of December 31, 2023	5.700	3.959	(114)	9.545
Book value as of December 31, 2023	34.184			35.810

As of December 31, 2023 the insurance amount on the property, plant and equipments is USD 18.930 (December 31, 2022: USD 19.664).

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9. Property, plant and equipment (cont'd)

	Opening	Addition	Disposal	Closing
<u>Cost:</u>				
Land	2.691	-	-	2.691
Land improvements	822	969	-	1.791
Buildings	4.457	384	-	4.841
Machinery and equipment	23.642	2.558	-	26.200
Vehicles	776	760	(103)	1.433
Furniture and fixtures	1.294	489	-	1.783
Leasehold improvements	427	7	-	434
Construction in progress	680	31	-	711
Closing balance as of December 31, 2022	34.789	5.198	(103)	39.884
<u>Accumulated depreciation:</u>				
Land improvements	9	108	-	117
Buildings	78	1.137	-	1.215
Machinery and equipment	323	2.411	-	2.734
Vehicles	200	202	(35)	367
Furniture and fixtures	684	158	-	842
Leasehold improvements	417	8	-	425
Closing balance as of December 31, 2022	1.711	4.024	(35)	5.700
Book value as of December 31, 2022	33.078			34.184

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10. Intangible assets

Movement of intangible assets and accumulated amortization for the year ended December 31, 2023 and 2022 are as follows:

	Opening	Addition	Closing
Cost:			
Rights, software and licenses	1.014	3	1.017
Deferred exploration cost ^(*)	11.403	12.038	23.441
Mine site development cost	7.423	-	7.423
Closing balance as of December 31, 2023	19.840	12.041	31.881
Accumulated amortization:			
Rights, software and licenses	847	76	923
Deferred exploration cost	4.814	10.523	15.337
Mine site development cost	3.134	2.424	5.558
Closing balance as of December 31, 2023	8.795	13.023	21.818
Book value as of December 31, 2023	11.045		10.063

(*) Additions to deferred exploration cost consist of provisions related to asset retirement obligations of mines.

	Opening	Addition	Closing
Cost:			
Rights, software and licenses	822	192	1.014
Deferred exploration cost	11.403	-	11.403
Mine site development cost	7.423	-	7.423
Closing balance as of December 31, 2022	19.648	192	19.840
Accumulated amortization:			
Rights, software and licenses	792	55	847
Deferred exploration cost	1.066	3.748	4.814
Mine site development cost	694	2.440	3.134
Closing balance as of December 31, 2022	2.552	6.243	8.795
Book value as of December 31, 2022	17.096		11.045

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11. Employee benefits

a) Employee benefits obligations

The details of employee benefit obligations as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Social security premium payables	202	93
Due to personnel	1	2
Total	203	95

b) Provision for employee benefits

The details of provision for employee benefits as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Employee termination benefits	312	252
Provision for unused vacation	120	100
Total	432	352

Movement of provision for unused vacations for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	100	29
Addition/ (used or paid) during the period	70	90
Foreign exchange gain	(50)	(19)
December 31	120	100

Movement of provisions for employee termination benefits for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	252	96
Service cost	109	61
Interest cost (Note 22)	40	14
Addition/ (used or paid) during the period	(7)	(3)
Foreign exchange gain	(128)	(54)
Actuarial difference	46	138
December 31	312	252

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12. Other provisions, commitments and contingencies

a) Other short-term provisions

The details of other short-term provisions as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Litigation provisions	31	2
Total	31	2

b) Other long-term provisions

	December 31, 2023	December 31, 2022
Other provisions (*)	12.038	-
Total	12.038	-

(*) As of December 31, 2023 other provisions consist of provisions related to asset retirement obligations of mines.

Movement of provisions for other long-term provisions for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	-	-
Addition	12.038	-
December 31	12.038	-

c) Commitments and contingencies

i) Contingent assets

The details of collaterals, pledges and mortgages (“CPM”) received as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Letters of guarantees received: - Turkish lira	2.269	14.232

ii) Contingent liabilities

The details of collaterals, pledges and mortgages (“CPM”) given as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Letters of guarantees given: - Turkish lira	112	3.561

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13. Other liabilities

The details of other current liabilities as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Taxes and funds payables	358	187
Other	8	3
Total	366	190

14. Shareholders' equity

The details of paid-in capital as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Share (%)	Amount	Share (%)	Amount
Lidya Madencilik Sanayi ve Ticaret A.Ş.	100	65.882	100	65.882
Paid in share capital	100	65.882	100	65.882

As of December 31, 2023, the Company's share capital consists of 195.070.560 units of shares with the nominal value of TL 1 (December 31, 2022: 195.070.560 units of shares and nominal value of TL 1).

15. Taxation

Current income tax

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, dividend income from domestic companies, other exempt income and investment incentives utilized.

The effective tax rate applied in 2023 is 25% (2022: 23%).

20% tax rate that is specified in the first paragraph of Article 32 of the Corporate Tax Law No. 5520 and the Law No. 7061 “Amending Some Tax Laws and Some Other Laws” adopted on November 28, 2018 will be applied as 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods has been added with a provisional article. Also with the same regulation and stated in 5520 numbered Law No, 5, 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%.

In Turkey, temporary taxes are calculated and accrued on a quarterly basis. Corporate income tax rate applied in 2023 is 25%. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

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15. Taxation (cont'd)

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between April 24, 2003 and July 22, 2006 is 10% and commencing from July 22, 2006, this rate has been changed to 15% upon the Council of Minister’s Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax liabilities recognized in the consolidated balance sheet as of December 31, 2023 and 2022 are as follows:

	2023	2022
Current income tax liabilities	1.856	260
Less: Prepaid income tax	(22)	(260)
Foreign currency translation differences	(434)	-
Current income tax liabilities/ (assets), net	1.400	-

Tax expense details recognized in the income statement as of December 31, 2023 and 2022 are as follows:

	2023	2022
Current period tax expense	(1.499)	(260)
Deferred tax income	(3.273)	10.411
Tax income	(4.772)	10.151

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15. Taxation (cont’d)

Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The Company started its production process as of the end of 2021 and has started to account deferred tax assets and liabilities as of December 31, 2022 over the temporary tax differences and investment incentive.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% as of December 31, 2023 (December 31, 2022: 20%).

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using effective tax rates are as follows:

	Cumulative temporary differences	Deferred tax asset/(liability)	Cumulative temporary differences	Deferred tax liability
	December 31, 2023	December 31, 2023	December 31, 2022	December 31, 2022
Investment incentives	(20.850)	5.213	(45.730)	9.146
Inventories	2.072	(518)	(1.355)	271
Property, plant and equipment and intangible assets	6.876	(1.719)	1.026	(205)
Loans and borrowings	(215)	54	685	(137)
Employee severance indemnity	(312)	78	(252)	50
Construction in progress	(40)	10	374	(75)
Vacation pay liability	(120)	30	(100)	20
Asset retirement obligation provisions	(12.038)	3.009	-	-
Other temporary differences	(3.924)	981	(6.698)	1.341
Deferred tax asset		9.375		10.828
Deferred tax liability		(2.237)		(417)
Deferred tax asset, net		7.138		10.411

Movements in deferred tax assets/(liabilities) are as follows:

	2023	2022
January 1	10.411	-
Deferred tax income recognized in income statement	(3.273)	10.411
December 31	7.138	10.411

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15. Taxation (cont’d)

The reconciliation of the tax income/(expense) is as follows:

	2023	2022
Profit before tax	26.038	19.221
Domestic tax rate	25%	23%
Tax calculated at domestic tax rate	(6.510)	(4.421)
Disallowable expenses	(377)	(130)
Tax exempt income	227	494
Utilisation of previously unrecognised tax losses	-	637
Investment incentives effect	6.011	11.118
Temporary differences and tax losses for which no deferred tax asset is recognised	-	2.453
Functional currency effect ^(*) and change in tax rate	(4.123)	-
Tax (expense)/ income	(4.772)	10.151

^(*) The foreign currency translation difference effect arises from the difference between the Company's functional currency and the currency used in the tax return.

16. Sales and cost of sales

The details of sales and cost of sales for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Sales of gold and silver	73.628	57.520
Revenue	73.628	57.520
Cost of sales of gold and silver (-)	(44.795)	(33.271)
Gross profit	28.833	24.249

For the period ended December 31, 2023, cost of sales includes depreciation and amortization expenses amounting to USD 14.058 (December 31, 2022: USD 9.917) and personnel expenses amounting to USD 5.891 (December 31, 2022: USD 3.227).

17. Research and development expenses

The details of research and development expenses for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Consultancy expenses	1.541	646
Tax and other duties	1.146	127
Outsourced benefits and services	657	971
Other	344	105
Total	3.688	1.849

For the periods ended December 31, 2023 and 2022, taxes, duties and charges mainly consist of value added taxes, mining licenses and land permit costs of expenditures made for projects that are in the research phase.

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18. General administrative expenses

The details of general administrative expenses for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Personnel expenses	1.092	1.297
Management service expenses	193	155
Consultancy expenses	76	42
Outsourced benefits and services	67	48
Amortization and depreciation expenses	35	86
Utility expenses	16	19
Tax and other duties	8	12
Other	437	530
Total	1.924	2.189

19. Other income and expenses from operating activities

a) Other income from operating activities

The details of other income from operating activities for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Provisions no longer required (*)	4.591	-
Foreign exchange gains from operating activities	1.019	497
Incentive for investments	465	144
Other	279	512
Total	6.354	1.153

(*) For the period ended December 31, 2023 provisions no longer required amounting to USD 3.709 consist of cancellation of provisions related with net smeltern return and amounting to USD 882 consist of the cancellation of provisions related with state mining rights.

b) Other expenses from operating activities

The details of other expenses from operating activities for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Tax and other duties	1.123	-
Foreign exchange loss from operating activities	199	496
Provision expenses	37	-
Other	14	7
Total	1.373	503

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

20. Income and expenses from investment activities

a) Income from investment activities

The details of income from investment activities for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Gain on sales of mining licenses (*)	2.991	-
Gain on sales of fixed assets	63	59
Total	3.054	59

(*) For the period ended December 31, 2023 gain on sales of mining licenses consist of incomes from the sale of mining licenses located in Gümüşhane province to Bakırtepe Madencilik Sanayi ve Ticaret A.Ş.

b) Expenses from investment activities

The details of expenses from investment activities for the year ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Loss on sales of fixed assets	3	12
Total	3	12

21. Finance income and expenses

a) Finance income

The details of finance income for the period ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Interest revenue from related parties	3.676	662
Interest revenue from time deposits	68	160
Foreign exchange gain	2	548
Total	3.746	1.370

b) Finance expenses

The details of finance expenses for the period ended December 31, 2023 and 2022 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Foreign exchange loss	5.444	368
Loan interest expenses	3.199	1.968
Loan commission expenses	265	242
Termination benefit interest expenses	40	-
Interest expenses due to group companies	13	479
Total	8.961	3.057

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

22. Related party

i) Related party balances

a) Short-term trade receivables

The details of short-term trade receivables from related parties as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Lidya Madencilik Sanayi ve Ticaret A.Ş.	1	2
Çalık Enerji Sanayi ve Ticaret A.Ş.	-	6
Total	1	8

b) Short-term other receivables

	December 31, 2023	December 31, 2022
Lidya Madencilik Sanayi ve Ticaret A.Ş.	32.842	-
Total	32.842	-

As of December 31, 2023, short-term other receivables consist of intercompany receivables with an interest rate of 30,72%.

c) Short-term trade payables

The details of short-term trade payables to related parties as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Çalık Holding A.Ş.	125	20
Lidya Madencilik Sanayi ve Ticaret A.Ş.	74	165
Yeşilirmak Elektrik Perakende Satış A.Ş.	71	110
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	5	-
Total	275	295

d) Short-term other payables

The details of short-term other payables to related parties as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Çalık Holding A.Ş.	49	-
Total	49	-

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar ("USD") unless otherwise indicated.)

22. Related party (cont'd)

ii) Related party transactions

The details of related party transactions for the year ended December 31, 2023 are as follows:

	Interest income	Other income	Personnel expenses	Management service expenses	Interest expenses	Other expenses (*)
Lidya Madencilik Sanayi ve Ticaret A.Ş.	3.577	6	1.283	-	-	201
Artmin Madencilik Sanayi ve Ticaret A.Ş.	-	2	-	-	-	-
Çalık Enerji Sanayi ve Ticaret A.Ş.	-	-	-	-	-	14
Yeşilirmak Elektrik Perakende Satış A.Ş.	-	-	-	-	-	677
Bakırtepe Madencilik Sanayi ve Ticaret A.Ş.	-	2.996	-	-	-	-
Çalık Holding A.Ş.	-	-	-	180	13	1
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	-	-	-	-	316
Mükafat Portföy Yönetimi A.Ş.	-	-	-	-	-	38
Aktif Yatırım Bankası A.Ş.	99	-	-	-	-	3
Total	3.676	3.004	1.283	180	13	1.250

(*) Other expenses mainly consist of utility expenses and mining exploration expenses.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar ("USD") unless otherwise indicated.)

22. Related party (cont'd)

ii) Related party transactions (cont'd)

The details of related party transactions for the year ended December 31, 2022 are as follows:

	Sales of fixed assets	Interest income	Other income	Personnel expenses	Management service expenses	Interest expenses	Other expenses (*)
Lidya Madencilik Sanayi ve Ticaret A.Ş.	-	662	2	1.628	-	479	44
Artmin Madencilik Sanayi ve Ticaret A.Ş.	59	-	3	-	-	-	-
Çalık Enerji Sanayi ve Ticaret A.Ş.	-	-	20	-	-	-	-
Yeşilirmak Elektrik Perakende Satış A.Ş.	-	-	-	-	-	-	758
Alacer Gold Madencilik A.Ş.	-	-	46	-	-	-	-
Çalık Holding A.Ş.	-	-	-	-	148	-	2
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	-	-	-	-	-	99
Mükafat Portföy Yönetimi A.Ş.	-	-	-	-	-	-	2
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	-	-	-	-	-	-	23
Aktif Yatırım Bankası A.Ş.	-	-	-	-	-	-	1
Total	59	662	71	1.628	148	479	929

(*) Other expenses mainly consist of office rent expenses and utility expenses.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments

a) Capital risk management

The Company's main objectives for capital management are to keep the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Company monitors capital on the basis of the net financial debt/invested capital ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding blocked deposits) and invested capital is calculated as net financial debt plus total equity. Net financial debt/invested capital ratio as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Financial liabilities	18.512	29.647
Less: Cash and cash equivalents	(7.705)	(15.467)
Net financial debt	10.807	14.180
Equity	65.630	44.410
Invested capital	76.437	58.590
Net financial debt/invested capital ratio	0,14	0,24

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont’d)

b) Financial risk factors

The Company is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Company’s overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Company’s financial performance.

b.1) Credit risk management

Current period December 31, 2023	Receivables				Bank deposits
	Trade receivables		Other receivables		
	Related party	Third party	Related party	Third party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	1	-	32.842	672	7.705
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	1	-	32.842	672	7.705
B. Net book value of financial assets that are renegotiated	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-
- Overdue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Undue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Credit Risk of the Statement of Financial Position	-	-	-	-	-

Prior period December 31, 2022	Receivables				Bank deposits
	Trade receivables		Other receivables		
	Related party	Third party	Related party	Third party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	8	-	-	811	15.467
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	8	-	-	811	15.467
B. Net book value of financial assets that are renegotiated	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-
- Overdue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Undue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Credit Risk of the Statement of Financial Position	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Undiscounted contractual cash flows of the financial liabilities as of 31 December 2023 and 2022 are as follows:

Contractual maturity analysis December 31, 2023	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Trade payables	8.315	8.315	8.315	-	-
Other payables	642	642	642	-	-
Bank loans	18.512	25.028	6.514	6.338	12.176
Total liabilities	27.469	33.985	15.471	6.338	12.176

Contractual maturity analysis December 31, 2022	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Trade payables	5.749	5.749	5.749	-	-
Other payables	450	450	450	-	-
Bank loans	29.647	31.698	6.670	6.514	18.514
Total liabilities	35.846	37.897	12.869	6.514	18.514

b.3) Foreign currency risk management

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Company are defined as the “Net foreign currency position” and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont’d)

b) Financial risk factors (cont’d)

b.3) Foreign currency risk management

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Company are defined as the “Net foreign currency position” and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

Assets and liabilities denominated in foreign currency are as follows:

Foreign exchange position	Current period				
	December 31, 2023				
	USD equivalent	TL	EUR	AUD	GBP
1. Monetary financial assets	16	519	-	-	-
2. Trade receivables	1	16	-	-	-
3. Other receivables	33.407	983.454	-	-	-
4. Other current assets	190	3.059	2	123	-
5. Current assets (1+2+3+4)	33.614	987.048	2	123	-
6. Other receivables	108	3.170	-	-	-
7. Non-current assets (6)	108	3.170	-	-	-
8. Total assets (5+8)	33.722	990.218	2	123	-
9. Trade payables	4.300	121.539	155	-	-
10. Other payables	642	18.890	-	-	-
11. Other current liabilities	1	33	-	-	-
12. Current liabilities (9+10+11)	4.943	140.462	155	-	-
13. Total liabilities (12)	4.943	140.462	155	-	-
14. Net foreign currency (liability)/asset (7-11)	28.779	849.756	(153)	123	-

Foreign exchange position	Prior period				
	December 31, 2022				
	USD equivalent	TL	EUR	AUD	GBP
1. Monetary financial assets	63	1.181	-	-	-
2. Trade receivables	6	108	-	-	-
3. Other current assets	556	10.393	-	-	-
4. Current assets (1+2+3)	185	3.462	-	-	-
5. Other non-current assets	810	15.144	-	-	-
6. Non-current assets (5)	119	2.221	-	-	-
7. Total assets (4+7)	119	2.221	-	-	-
8. Trade payables	929	17.365	-	-	-
9. Other payables	1.631	30.492	-	-	-
10. Other current liabilities	1	19	-	-	-
11. Current liabilities (8+9+10)	451	8.437	-	-	-
12. Total liabilities (11)	2.083	38.948	-	-	-
13. Net foreign currency (liability)/asset (7-12)	2.083	38.948	-	-	-

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont’d)

b) Financial risk factors (cont’d)

b.4) Market risk management

b.4.1) Foreign currency risk management (cont’d)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a possible change of 10% in TL, EUR and other exchange rates in the Company’s foreign currency denominated assets and liabilities, with all other variables held constant, on the Company’s income before tax as of 31 December 2023 and 2022:

Foreign currency sensitivity table		
Current period	December 31, 2023	
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Turkish lira against USD by 10%		
1- TL denominated net assets/liabilities	2.887	(2.887)
2- Hedged amount against TL risk (-)	-	-
3- Net effect of TL (1+2)	2.887	(2.887)
Euro against USD by 10%		
4- EUR denominated net assets/liabilities	(17)	17
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	(17)	17
Other currency against USD by 10%		
7- Other currency denominated net assets/liabilities	12	(12)
8- Hedged amount against other currency risk (-)	-	-
9- Net effect of other currency (7+8)	12	(12)
Total (3+6+9)	2.882	(2.882)

Foreign currency sensitivity table		
Prior period	December 31, 2022	
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Turkish lira against USD by 10%		
1- TL denominated net assets/liabilities	(208)	208
2- Hedged amount against TL risk (-)	-	-
3- Net effect of TL (1+2)	(208)	208
Euro against USD by 10%		
4- EUR denominated net assets/liabilities	-	-
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	-	-
Other currency against USD by 10%		
7- Other currency denominated net assets/liabilities	-	-
8- Hedged amount against other currency risk (-)	-	-
9- Net effect of other currency (7+8)	-	-
Total (3+6+9)	(208)	208

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2023
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

24. Subsequent events

Section B: Historical financial information of Polimetal for the year ended 31 December 2022, and accompanying Independent Auditor's Report

**Polimetal Madencilik Sanayi ve
Ticaret Anonim Şirketi**

**Financial statements for the year
ended December 31, 2022 and
Independent Auditor's Report**

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Independent auditor's report

To the General Assembly of Polimetal Madencilik Sanayi ve Ticaret A.Ş.;

Report on the audit of the financial statements

Opinion

We have audited the statement of financial position of Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (the "Company") as of December 31, 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Comparative information

We would like to draw attention to the matter in Note 2.2 to the financial statements. As of December 31, 2022, the Company has reviewed the financial statements of the previous period and restated them, but our conclusion is not qualified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's 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 Company'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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Eren Bağımsız Denetim Anonim Şirketi
A member firm of Grant Thornton International


Emir Taşar, SMMM
Partner

30 May, 2023
İstanbul, Turkey

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statements of financial position as of December 31, 2022

(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

		Audited	Restated	Restated
		Current	Note 2.2	Note 2.2
		period	Prior	Prior
		December	December	December
	Note	31, 2022	31, 2021	31, 2020
Current assets		24.973	18.292	2.719
Cash and cash equivalents	3	15.467	11.926	84
Trade receivables:				
<i>Trade receivables from related parties</i>	5-22	8	4	90
<i>Trade receivables from third parties</i>	5	-	9	59
Other receivables:				
<i>Other receivables from third parties</i>	7	692	1.195	113
Inventories	7	8.442	4.207	2
Prepaid expenses:				
<i>Prepaid expenses to related parties</i>	8-22	-	-	1.504
<i>Prepaid expenses to third parties</i>	8	364	951	863
Current income tax assets		-	-	3
Other current assets	13	-	-	1
Non-current assets		56.272	51.577	22.416
Other receivables:				
<i>Other receivables from third parties</i>	6	119	133	186
Property, plant and equipment	9	34.184	33.078	2.874
Intangible assets	10	11.045	17.096	19.328
Prepaid expenses:				
<i>Prepaid expenses to third parties</i>	8	513	1.270	28
Deferred tax assets	15	10.411	-	-
Total assets		81.245	69.869	25.135

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statements of financial position as of December 31, 2022

(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

		Audited	Restated	Restated
		Current	Note 2.2	Note 2.2
		period	Prior	Prior
		December	period	period
	Note	31, 2022	December	December
		19.830	31, 2021	31, 2020
Current liabilities		19.830	26.675	8.310
Current portion of long-term bank loans	4	12.893	7.652	-
Other financial liabilities		1	1	1
Trade payables:				
<i>Trade payables to related parties</i>	5-22	295	2.023	77
<i>Trade payables to third parties</i>	5	5.454	1.266	175
Employee benefit obligations	11	95	63	17
Other payables				
<i>Other payables to related parties</i>	6-22	-	14.873	7.706
<i>Other payables to third parties</i>	6	450	1	2
Deferred income	8	350	300	250
Short-term provisions:				
<i>Short-term provisions for employee benefits</i>	11	100	29	27
<i>Other provisions</i>	12	2	9	18
Other current liabilities	13	190	458	37
Non-current liabilities		17.005	28.018	68
Long-term borrowings	4	16.753	27.922	-
Long-term provisions:				
<i>Long-term provisions for employee benefits</i>	11	252	96	68
Shareholders' equity		44.410	15.176	16.757
Share capital	14	65.882	65.882	65.882
Other comprehensive (expenses)/ incomes not to be reclassified to profit or loss:				
<i>Gain on re-measurement of defined benefit plans</i>		(126)	12	75
Accumulated loss		(50.718)	(49.200)	(49.200)
Net profit/ (loss) for the year		29.372	(1.518)	-
Total liabilities and equity		81.245	69.869	25.135

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Profit or loss and other comprehensive income for the ended December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

		Audited	Restated
		Current period	Prior period
		January 1 -	January 1 -
	Note	December 31, 2022	December 31, 2021
Revenue	16	57.520	1.122
Cost of sales (-)	16	(33.271)	(412)
Gross profit		24.249	710
Research and development expenses (-)	17	(1.849)	(3.211)
General administrative expenses (-)	18	(2.189)	(1.283)
Other income from operating activities	19	1.153	2.083
Other expenses from operating activities (-)	19	(503)	(334)
Operating profit/ (loss) from operating activities		20.861	(2.035)
Income from investment activities	20	59	-
Expense from investment activities	20	(12)	-
Profit/ (loss) before finance income		20.908	(2.035)
Finance income	21	1.370	2.537
Finance expenses (-)	21	(3.057)	(2.020)
Profit/ (loss) before tax from continuing operations		19.221	(1.518)
Tax income/(expenses):			
Current period tax expenses	15	(260)	-
Deferred tax income	15	10.411	-
Profit/ (loss) for the year		29.372	(1.518)
OTHER COMPREHENSIVE INCOME:			
Not to be reclassified to profit or loss		(138)	(63)
Actuarial loss arising from defined benefit plans		(138)	(63)
Other comprehensive expenses		(138)	(63)
Total comprehensive income/ (expenses)		29.234	(1.581)

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statement of change in equity for the year ended December 31, 2022

(Amounts are expressed in thousands of US dollar ("USD") unless otherwise indicated.)

	Share capital	Gain on re-measurement of defined benefit plans	Accumulated loss	Net profit/ (loss) for the period	Total
Balance as of January 1, 2021	65.882	75	(49.200)	-	16.757
Total comprehensive loss	-	(63)	-	(1.518)	(1.581)
Balance as of December 31, 2021	65.882	12	(49.200)	(1.518)	15.176
	Share capital	Gain on re-measurement of defined benefit plans	Accumulated loss	Net profit/ (loss) for the period	Total
Balance as of January 1, 2022	65.882	12	(49.200)	(1.518)	15.176
Transfers	-	-	(1.518)	1.518	-
Total comprehensive income/(loss)	-	(138)	-	29.372	29.234
Balance as of December 31, 2022	65.882	(126)	(50.718)	29.372	44.410

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Statement of cash flows for the year ended December 31, 2022

(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

	Audited	Audited
	Current period	Prior period
	January 1 - December 31, 2022	January 1 - December 31, 2021
Note		
A. Cash flows from operating activities	31.425	(695)
Loss for the year	29.372	(1.518)
Adjustments to reconcile profit:	1.695	152
Adjustments for depreciation and amortization expenses	10-11 10.003	174
Adjustment for provisions related with employee benefits	12 89	(33)
Adjustments for litigation provision	13 (7)	(9)
Adjustments for interest income	22 (160)	(4)
Adjustments for interest expenses	22 1.968	24
Adjustments for tax (income)/ expenses	(10.151)	-
Adjustments for (gains/(losses) arising from disposal of property, plant and equipment	21 (47)	-
Changes in working capital:	358	671
Trade receivables	5	136
Other receivables	517	(1.029)
Inventories	(3.971)	(2.167)
Prepaid expenses	1.344	174
Trade payables	2.460	3.037
Payables of employee benefits	32	46
Other payables	449	(1)
Deferred income	50	50
Other assets	-	4
Other liabilities	(268)	421
Taxes paid	(260)	-
B. Cash flows from investing activities	(5.275)	(28.616)
Proceeds from sale of property, plant and equipment and intangible assets	10-11 115	493
Cash outflow from purchases of property, plant and equipment and intangible assets	10-11 (5.390)	(29.109)
C. Cash flows from financing activities	(22.609)	41.153
Cash inflows from borrowings	-	35.000
Cash outflows from borrowings	(5.768)	-
Cash (outflows)/ inflows arising from other payables to related parties	(14.873)	7.167
Interest paid	(2.128)	(1.018)
Interest received	160	4
Net increase in cash and cash equivalents	3.541	11.842
Cash and cash equivalents at the beginning of the year	11.926	84
Cash and cash equivalents at the end of the year	15.467	11.926

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

1. Company’s organization and nature of operations

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (“Polimetal” or the “Company”) was incorporated at 18 March 2011 as a wholly-owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. (“Yamas”). Through intermediary companies, Yamas is 100% owned by Alacer Gold Corp. (“Alacer”, or the “Canadian Shareholder”). The Company is registered in Ankara, Turkey and is engaged in the development and operation of mining assets.

The Company’s shareholder’s name was amended as Alacer Gold Madencilik A.Ş. from in 2015 (“Alacer”) from its former name, Yeni Anadolu Mineral Madencilik Sanayi Ticaret Ltd. Şti. in December 2016, Alacer has increased its shares to 50% from 20% and the rest of 50% is owned by Lidya Madencilik Sanayi ve Ticaret A.Ş. (“Lidya”). The Company was controlled jointly by these parties under the Joint Venture agreement in accordance with the Gediktepe Project agreement. The parties have met with the purchase of the remaining 50% of the shares of Polimetal Madencilik Sanayi ve Ticaret A.Ş. from Alacer Gold Madencilik A.Ş.. The share transfer agreement was signed with the decision of the Board.

Gediktepe is a polymetallic orebody that contains economic values for gold, silver, copper and zinc. The sulfide deposit is overlain with oxide ore containing gold and silver which is amenable to heap leaching. Gediktepe is an open pit mine and the oxide ore will be processed first, providing cash flow for the development and subsequent processing of the more prevalent sulfide ore. The sulfide ore contains gold, silver, copper and zinc and will be processed through a multi-stage flotation circuit producing two marketable concentrates.

The registered address of the Company is as follows:

Beştepe Mahallesi Yaşam Caddesi, Ak Plaza Apt., No: 7/7, Yenimahalle, Ankara.

The personnel of the Company is 218 as of December 31, 2022 (December 31, 2021: 166).

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements

2.1 Basis of presentation

The Company maintains its legal books of account and prepare its statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles issued by the Turkish Commercial Code (“TCC”) and tax legislation.

These financial statements are based on the statutory records with adjustments and reclassifications, for the purpose of fair presentation in accordance with International Financial Reporting Standards (“IFRS”). The financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The financial statements are prepared on the basis of historical cost. In determining the historical cost, generally the fair value of the amount paid for the assets is taken as basis.

In the financial statements, footnotes which are immaterial, foreign exchange position and nature and level of other risks have not been disclosed.

Functional and reporting presentation currency

The functional and reporting currency of the Company has been accepted as US dollars for December 31, 2022 and earlier periods.

The Company operate in the "gold and silver mining" sector, sales are consist of gold and silver sales, and the equivalent of sales and billing currency are US dollars. Company started its sales in November 2021 and continued its mining investment until this date. In the period when mining investments continue, most of the investments consist of expenditures of analysis, drilling, consultancy, etc. are US Dollar. Also the borrowing currencies belonging to the "Payables to Shareholders", which funds these expenditures, are also US dollar. Foreign origin equipment used in the investment period was purchased in US dollar. While the payments for equipment and other construction works procured from Turkey are mostly made in Turkish lira, the prices of related investment materials are determined by the international prices of commodities such as iron and steel, oil prices and the US dollar exchange rate. In line with the explanations mentioned above, the functional currency of the Company, which was previously determined as Turkish lira, Company management has evaluated that the functional currency should be US dollar since its establishment and retrospective non-monetary items (capital, inventory, development costs and other fixed assets) with their investment historical costs and restated financial statements with US dollar as the functional currency.

The financial statements are presented in US dollar.

Going concern

The Company prepared the financial statements in accordance with the going concern assumption.

Approval of the financial statements

The financial statements have been approved and authorized to be published on May 30, 2023 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.2 Comparative information and restatement of financial statements with prior periods

The accompanying financial statements are prepared comparatively with the previous period in order for the determination of the Company’s financial position, performance and cash flow trends. When there is a change in the presentation and reclassification of the items of the financial statements, the Company reclassifies the financial statements of the previous period to conform the comparability and discloses information related to these matters.

As of December 31, 2022, the Company has reviewed the financial statements of the previous period and restated them. The major effect of restatement is as follows

Gold is a financial asset traded all over the world. Gold prices are determined in ounces. 1 ounce equals 31.1 grams. While the price of gold bar is determined in the London Metal Exchange with the fixing method, Gold Futures Contracts, which are preferred more by institutional investors, are traded mainly in New York COMEX. Among the most important economic developments and data affecting gold prices are the US Federal Reserve (“FED”) statements, FOMC meeting minutes, relatively high-importance data from China, the US, and the Eurozone (growth rate, non-farm employment, unemployment rate, retail sales, housing price indices, factory orders, manufacturing sector data) and physical demand from countries such as India should be considered. In addition to these, factors such as economic growth in the world, oil prices, prices of other precious metals and commodities, gold production in gold mines, purchases, and sales of central banks for reserve purposes, inflation also affect the gold price.

In line with the explanations above, it is known that the Company operate in the "gold and silver mining" sector, all of their sales are consist of gold and silver sales, and the equivalent of sales and billing currency are US dollars. Company started its sales in November 2021 and continued its mining investment until this date. In the period when mining investments continue, most of the investments consist of expenditures of analysis, drilling, consultancy, etc. are US Dollar. Also the borrowing currencies belonging to the "Payables to Shareholders", which funds these expenditures, are also US dollar. Foreign origin equipment used in the investment period was purchased in US dollar. While the payments for equipment and other construction works procured from Turkey are mostly made in Turkish lira, the prices of related investment materials are determined by the international prices of commodities such as iron and steel, oil prices and the US dollar exchange rate. In line with the explanations mentioned above, the functional currency of the Company, which was previously determined as Turkish lira, Company management has evaluated that the functional currency should be US dollar since its establishment and retrospective non-monetary items (capital, inventory, development costs and other fixed assets) with their investment historical costs and restated financial statements with US dollar as the functional currency.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.2 Comparative information and restatement of financial statements with prior periods (cont'd)

Reconciliation of statement of financial position as of January 1, 2021:

	Previously reported	Effect of restatement	Restated
	December 31, 2020		December 31, 2020
Current assets	2.594	125	2.719
Cash and cash equivalents	84	-	84
Trade receivables:			
<i>Trade receivables from related parties</i>	90	-	90
<i>Trade receivables from third parties</i>	59	-	59
Other receivables:			
<i>Other receivables from third parties</i>	94	19	113
Inventories	2	-	2
Prepaid expenses:			
<i>Prepaid expenses to related parties</i>	1.486	18	1.504
<i>Prepaid expenses to third parties</i>	775	88	863
Current income tax assets	3	-	3
Other current assets	1	-	1
Non-current assets	12.816	9.600	22.416
Other receivables:			
<i>Other receivables from third parties</i>	98	88	186
Property, plant and equipment	1.746	1.128	2.874
Intangible assets	10.875	8.453	19.328
Right of use assets	57	(57)	-
Prepaid expenses:			
<i>Prepaid expenses to related parties</i>	-	-	-
<i>Prepaid expenses to third parties</i>	40	(12)	28
Total assets	15.410	9.725	25.135
Current liabilities	8.071	239	8.310
Short-term borrowings	67	(67)	-
Current portion of long-term bank loans	-	-	-
Other financial liabilities	1	-	1
Trade payables:			
<i>Trade payables to related parties</i>	-	77	77
<i>Trade payables to third parties</i>	137	38	175
Employee benefit obligations	17	-	17
Other payables			
<i>Other payables to related parties</i>	7.510	196	7.706
<i>Other payables to third parties</i>	1	1	2
Deferred income	274	(24)	250
Short-term provisions:			
<i>Short-term provisions for employee benefits</i>	6	21	27
<i>Other provisions</i>	18	-	18
Other current liabilities	40	(3)	37
Non-current liabilities	67	1	68
Long-term borrowings	-	-	-
Long-term provisions:			
<i>Long-term provisions for employee benefits</i>	67	1	68
Shareholders' equity	7.272	9.485	16.757
Share capital	65.882	-	65.882
Other comprehensive income/ (expenses) not to be reclassified to profit or loss:			
<i>Gain on re-measurement of defined benefit plans</i>	-	75	75
Translation differences	(2.106)	2.106	-
Accumulated loss	(56.504)	7.304	(49.200)
Net profit/ (loss) for the year	-	-	-
Total liabilities and equity	15.410	9.725	25.135

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.2 Comparative information and restatement of financial statements with prior periods (cont'd)

Reconciliation of statement of financial position as of January 1, 2022:

	Previously reported	Effect of restatement	Restated
	December 31, 2021		December 31, 2021
Current assets	16.142	2.150	18.292
Cash and cash equivalents	11.612	314	11.926
Trade receivables:			
<i>Trade receivables from related parties</i>	4	-	4
<i>Trade receivables from third parties</i>	9	-	9
Other receivables:			
<i>Other receivables from third parties</i>	1.286	(91)	1.195
Inventories	2.397	1.810	4.207
Prepaid expenses:			
<i>Prepaid expenses to related parties</i>	-	-	-
<i>Prepaid expenses to third parties</i>	834	117	951
Non-current assets	28.372	23.205	51.577
Other receivables:			
<i>Other receivables from third parties</i>	82	51	133
Property, plant and equipment	18.699	14.379	33.078
Intangible assets	8.511	8.585	17.096
Rgihit of use assets	27	(27)	-
Prepaid expenses:			
<i>Prepaid expenses to related parties</i>	-	-	-
<i>Prepaid expenses to third parties</i>	1.053	217	1.270
Total assets	44.514	25.355	69.869
Current liabilities	26.146	529	26.675
Short-term borrowings	18	(18)	-
Current portion of long-term bank loans	7.652	-	7.652
Other financial liabilities	-	1	1
Trade payables:			
<i>Trade payables to related parties</i>	1.780	243	2.023
<i>Trade payables to third parties</i>	1.233	33	1.266
Employee benefit obligations	60	3	63
Other payables			
<i>Other payables to related parties</i>	14.559	314	14.873
<i>Other payables to third parties</i>	1	-	1
Deferred income	360	(60)	300
Short-term provisions:			
<i>Short-term provisions for employee benefits</i>	28	1	29
<i>Other provisions</i>	9	-	9
Other current liabilities	446	12	458
Non-current liabilities	28.029	(11)	28.018
Long-term borrowings	27.935	(13)	27.922
Long-term provisions:			
<i>Long-term provisions for employee benefits</i>	94	2	96
Shareholders' equity	(9.661)	24.837	15.176
Share capital	65.882	-	65.882
Other comprehensive income/ (expenses) not to be reclassified to profit or loss:			
<i>Gain on re-measurement of defined benefit plans</i>	-	12	12
Translation differences	1.492	(1.492)	-
Accumulated loss	(56.504)	7.304	(49.200)
Net profit/ (loss) for the year	(20.531)	19.013	(1.518)
Total liabilities and equity	44.514	25.355	69.869

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.2 Comparative information and restatement of financial statements with prior periods (cont'd)

Reconciliation of profit or loss and other comprehensive income for the year ended December 31, 2021:

	Previously reported	Effect of restatement	Restated
	January 1 - December 31, 2021		January 1 - December 31, 2021
Revenue	1.716	(594)	1.122
Cost of sales (-)	(1.569)	1.157	(412)
Gross profit	147	563	710
Research and development expenses (-)	(1.743)	(1.468)	(3.211)
General administrative expenses (-)	(1.396)	113	(1.283)
Other income from operating activities	2.106	(23)	2.083
Other expenses from operating activities (-)	(713)	379	(334)
Operating loss from operating activities	(1.599)	(436)	(2.035)
Income from investment activities	-	-	-
Expenses from investment activities	-	-	-
Loss before finance income	(1.599)	(436)	(2.035)
Finance income	5	2.532	2.537
Finance expenses (-)	(18.937)	16.917	(2.020)
Loss before tax from continuing operations	(20.531)	19.013	(1.518)
Tax expenses:			
Current period tax expenses	-	-	-
Deferred tax income	-	-	-
Loss for the period	(20.531)	19.013	(1.518)

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed below.

i) The new standards, amendments and interpretations which are effective at 1 January 2022 are as follows:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS (2018- 2020)	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>

The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 17	<i>The new Standard for insurance contracts</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current and Non-Current Liabilities</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 1	<i>Definition of Accounting Policies</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

Overall, the Company expects no significant impact on its balance sheet and equity.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Company’s statement of financial position when the Company becomes a part of the the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Company classifies its financial assets as (a) business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is 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 that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

- Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset; the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial assets (cont’d)

Classification of financial assets (cont’d)

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss.

Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss and for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial assets (cont’d)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each Reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit losses are estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value. A financial liability is subsequently classified at amortized cost except:

- a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Company continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Company does not reclassify any financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies have been accounted for under “other operating income/expenses” whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under “financial income/expenses” in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term time deposits. Short-term time deposits are highly liquid that can be easily converted into cash without a risk of losing its value. Cash and cash equivalents are presented in the statement of financial position with the sum of acquisition cost and accrued interest. Deposits from which interest income is obtained despite being blocked are classified under long-term financial assets.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Related parties

Parties are considered related to the Company if:

a) A person or a close member of that person's family is related to a reporting entity if that;

The related person or entity that is related to the entity preparing its financial statements (for this note will be named as reporting entity’):

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same company (which means that each Parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Trade receivables

The "simplified approach" is applied within the scope of the impairment calculations of trade receivables originating from other activities of the Company, which are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a term of less than 1 year). With the application of this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses". Following the allocation of a provision for impairment, if all or a portion of the impaired receivable is collected, the collected amount is deducted from the provision for the impairment allocated and recorded in other operating income.

Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. The components of the cost included in inventories are material, labor and overhead costs. Inventories consists of mining inventories, chemicals, operating materials and spare parts. Mining inventories consists of ready to be processed and mined ore clusters, solution obtained by treating mining inventories through heap leach and gold and silver bars in the production process or ready for shipment.

Depreciation and amortization of mineral assets and other fixed assets related to production are included in the costs of the inventory at the relevant production location and stage.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Mineral exploration, evaluation and development expenses

After the license acquisition, mineral exploration and evaluation expenses include all kinds of technical services from the initial prospecting and exploration stages of a mine site to the realization of a mining project. These technical services are all kinds of geological studies from mining activities to reserve calculation, all kinds of ore production planning from exploitable reserve calculation to production method, optimization and organization, construction and implementation of ore enrichment projects for determination of complete flow chart, from process mineralogy to market analysis and necessary financing.

Mine site development costs are capitalized in cases where it is highly likely that; an economic benefit will be obtained from the mine in question in the future, can be identified for specific mine sites and the costs can be measured reliably. The costs incurred during the research and evaluation are capitalized as long as they are directly related to the development of the mine site.

At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are reflected in the income statement. As the production starts after the preparation period, mineral assets begin to be depreciated.

For the capitalized costs, the Company management evaluates on each balance sheet date whether there is any indication of depreciation, such as a significant decrease in the reserve amount, expiration of the rights acquired for mining sites, and failure to renew or cancel. If there is such an indicator, the relevant recoverable value, which is determined as the higher of the amount to be recovered through sale after deducting the expenses required for the use or sale of the said asset, is estimated and the impairment losses are reflected as expense in the profit or loss and other comprehensive income statement. The carried value is reduced to its recoverable value.

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Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Mining assets

Mining assets consist of mine site development, mining rights, mining plots and deferred mining costs.

Mining assets begin to be amortized with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites.

The mine site development costs include the evaluation and development of new ore veins, as well as the opening of underground galleries, excavation and construction of roads for the continuation and development of existing ore seams. Mine development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the cost can be measured reliably. Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income.

In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur.

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Company management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the departments to the extent that they can be defined on the basis of the relevant mining areas as soon as they are first recorded, and the departments in each mine area are subjected to depreciation by using the units of production method, taking into account the economic benefits separately.

The mine development costs at each mine site are depreciated over the redemption rate found by dividing the total amount of gold in ounce mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine during the period. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

The deferred mining costs consist of the direct costs incurred during stripping, which facilitates access to the defined part of the ore in each open pit ore deposit during the period, and the general production costs associated with the stripping work. It is subject to depreciation taking into account the deferred extraction rate, which is calculated based on the usable remaining life of each open pit.

Deferred mining costs are depreciated over the amortization rate found by dividing the total ounce of gold mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

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(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipments are depreciated with the linear depreciation method in accordance with the useful life principle. The useful lives of buildings, machinery, facilities and devices are limited by the useful life of the respective mines. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation commences when the assets are ready for their intended use.

The cost of the property, plant and equipment consists of acquisition cost, import taxes, non-refundable taxes, and expenses incurred to make the asset ready for use. After the asset is started to be used, expenses such as repair and maintenance are recognized as an expense in the period they occur. If the expenditures provide an economic value increase for the related asset in its future use, these expenses are added to the cost of the asset.

Assets in the construction phase are shown by deducting the impairment loss, if any, from their cost. When these assets are built and ready for use, they are classified into the relevant fixed asset item. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Useful lives</u>
Land improvements	8 - 10 years
Buildings	10 years
Machinery and equipments	4 - 24 years
Motor vehicles	4 - 7 years
Furniture and fixtures	1 - 50 years
Leasehold improvements	2 - 5 years

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Revenue

In accordance with TFRS 15 “Revenue from Customer Contracts”, effective from January 1, 2018, the Company has started to use the five-step model below to recognize revenue.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Company evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. According to this model, firstly, the goods or services in the contract with the customers are assessed and each commitment for transferring the goods or services is determined as a separate performance obligation. Then it is assessed whether the performance obligations will be fulfilled at a point in time or over time. When the Company transfers control of a good or service over time, and therefore fulfills a performance obligation over time, then the revenue is recognised over time by measuring the progress of completion. Revenue is recognized when control of the goods or services is transferred to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Company’s collection right of the consideration for the goods or services,
- b) customer’s ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer’s ownership of significant risks and rewards related to the goods or services,
- e) customer’s acceptance of goods or services.

When the contract effectively constitutes a financing component, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. The difference between the discounted value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

The main activities of the Company are operating mines, searching for gold mines generally in Turkey regions and improving the mine fields of on going projects. The Company sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that, the sales are made on demand and the customer is corporate, the Company effectively manages the receivable risk, taking into account the past experiences.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Impairment on non-financial assets

At each financial position date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

When an impairment loss subsequently reversed, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Provisions for employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Company arising from the retirement of its employees based on the actuarial projections. IAS 19 “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses and recognised under other comprehensive income.

As of December 31, 2022, and December 31, 2021, the Company procures services from a professional actuary company for the calculation of employee termination benefits. The actuarial company calculates provision in accordance with IAS 19.

b) Defined contribution plans

The Company has to pay contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

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2. Basis of presentation of the financial statements (cont’d)

2.4 Summary of significant accounting policies (cont’d)

Provisions for employee benefits (cont’d)

c) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company has a present obligation (“legal or constructive”) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company has not been recognized in these financial statements and treated as contingent liabilities and contingent assets.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Corporate tax and deferred tax

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in future and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates.

Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The Company has not recorded deferred tax assets over its accumulated losses, since it is not probable that sufficient profit will be generated to cause a tax liability that can be offset in subsequent periods.

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2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of significant accounting policies (cont'd)

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Statement of cash flow

Cash flows during the period are classified and reported as operating, investing, and financing activities in the statement of cash flows.

Cash flows from operating activities represent the cash flows generated from the Company’s activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (investment of property, plant and equipment and intangible assets and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Subsequent events

Subsequent events include all events that take place between the balance sheet date and the date of authorization for the release of the balance sheet, although the events occurred after the announcements related to the net profit/ loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Company adjusts the amounts recognized in its financial statements to reflect the adjustments after the balance sheet date. Post period end events that are not adjusting events are disclosed in the notes when material.

2. Basis of presentation of the financial statements (cont'd)

2.5 Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. These estimates and assumptions are reviewed regularly, taking into account past experiences and factors expected to arise in the future under certain conditions. Uncertainty about these estimates and assumptions may require significant adjustments in the carrying values of assets and liabilities. Actual results may differ from estimates and assumptions.

- a) Mining assets consists of mine site development costs, mining rights, mining lands, deferred stripping costs and discounted costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets are accounted in the financial statements with their net book value after deducting the accumulated depreciation and permanent impairment, if any, from their acquisition costs. Mining assets start to be amortized on a production basis according to producible ore reserve with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites. Company management reviews the estimates made in relation to the visible and probable mineral reserves in each balance sheet period.
- b) Mining assets are amortized using the "production" method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods and for some mining assets, the depreciation may be affected by the deviation between the actual and estimated production amounts. The impairment tests performed by the Company management depend on the management's estimates about the future gold prices, current market conditions, exchange rates and pre-tax discount rate together with the relevant project risk. The recoverable value of the cash-generating units is determined as the higher one from the use value of the relevant cash-generating unit or its fair value after deducting sales costs. These calculations require the use of some assumptions and estimates. Changes in assumptions and estimates based on gold prices may affect the useful life of mines.
- c) As the Company operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, the results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Company management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Company may significantly affect the activities of the Company. As of December 31, 2022, there is no legal risk expected to significantly affect the activities of the Company.

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3. Cash and cash equivalents

The details of cash and cash equivalents as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Cash on hand	-	-	3
Cash in banks:			
- Demand deposits	9	11.926	81
- Time deposits	15.458	-	-
Total	15.467	11.926	84

The Company has no blocked deposits as of December 31, 2022 (December 31, 2021: 10.804, December 31, 2020: none).

The details of the cash in banks as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
USD	15.403	11.825	-
Turkish lira	64	101	81
Total	15.467	11.926	81

The details of the time deposits are as of December 31, 2022 are as follows:

	Maturity	Interest rate	December 31, 2022
USD	January '23	11%	15.403
Turkish lira	January '23	0,75%	55
Total			15.458

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4. Financial liabilities

The details of financial liabilities as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Current portion of long-term bank loans	12.893	7.652	-
Long-term bank loans	16.753	27.922	-
Other financial liabilities	1	1	1
Total	29.647	35.575	1

Maturity table of bank loans as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
0-12 months	12.893	7.652
1-2 years	16.753	27.922
Total	29.646	35.574

5. Trade receivables and payables

a) Short-term trade receivables

The details of short-term trade receivables as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Trade receivables from related parties (Note 22)	8	4	90
Trade receivables from third parties	-	9	59
Total	8	13	149

b) Short-term trade payables

The details of short-term trade payables as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Trade payables to third parties	5.454	1.266	175
Trade payables to related parties (Note 22)	295	2.023	77
Total	5.749	3.289	252

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6. Other receivables and payables

a) Short-term other receivables

The details of short-term other receivables as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Other receivables from third parties	692	1.195	113
Total	692	1.195	113

b) Long-term other receivables

The details of long-term other receivables as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Deposits and guarantees given	119	133	186
Total	119	133	186

c) Short-term other payables

The details of short-term other payables as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Deposits and guarantees taken	449	-	-
Other payables to third parties	1	1	2
Other payables to related parties (Note 22)	-	14.873	7.706
Total	450	14.874	7.708

7. Inventories

The details of inventories as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Raw materials	1.215	584	-
Work in process	7.199	3.608	-
Finished goods	28	15	-
Other inventories	-	-	2
Total	8.442	4.207	2

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(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

8. Prepaid expenses and deferred income

a) Short-term prepaid expenses

The details of short-term prepaid expenses as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Prepaid expenses for the following months	185	253	64
Advances given to third parties	179	698	799
Advances given to related parties (Note 22)	-	-	1.504
Total	364	951	2.367

b) Long-term prepaid expenses

The details of long-term prepaid expenses as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Prepaid expenses for the following years	508	328	-
Advances given to third parties	5	942	28
Total	513	1.270	28

c) Short-term deferred income

The details of short-term deferred income as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Advances received	350	300	250
Total	350	300	250

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(Amounts are expressed in thousands of US dollar ("USD") unless otherwise indicated.)

9. Property, plant and equipment

Movement of property, plant and equipment and accumulated depreciation for the year ended December 31, 2022 and 2021 are as follows:

	Opening	Addition	Disposal	Transfer	Closing
Cost:					
Land	2.691	-	-	-	2.691
Land improvements	822	969	-	-	1.791
Buildings	4.457	384	-	-	4.841
Machinery and equipment	23.642	2.558	-	-	26.200
Vehicles	776	760	(103)	-	1.433
Furniture and fixtures	1.294	489	-	-	1.783
Leasehold improvements	427	7	-	-	434
Construction in progress	680	31	-	-	711
Closing balance as of December 31, 2022	34.789	5.198	(103)	-	39.884
Accumulated depreciation:					
Land improvements	9	108	-	-	117
Buildings	78	1.137	-	-	1.215
Machinery and equipment	323	2.411	-	-	2.734
Vehicles	200	202	(35)	-	367
Furniture and fixtures	684	158	-	-	842
Leasehold improvements	417	8	-	-	425
Closing balance as of December 31, 2022	1.711	4.024	(35)	-	5.700
Book value as of December 31, 2022	33.078				34.184

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9. Property, plant and equipment (cont'd)

	Opening	Addition	Disposal	Transfer	Closing
<u>Cost:</u>					
Land	2.666	25	-	-	2.691
Land improvements	-	822	-	-	822
Buildings	-	4.457	-	-	4.457
Machinery and equipment	155	23.487	-	-	23.642
Vehicles	185	591	-	-	776
Furniture and fixtures	706	588	-	-	1.294
Leasehold improvements	427	-	-	-	427
Construction in progress	-	680	-	-	680
Closing balance as of December 31, 2021	4.139	30.650	-	-	34.789
<u>Accumulated depreciation:</u>					
Land improvements	-	9	-	-	9
Buildings	-	78	-	-	78
Machinery and equipment	91	232	-	-	323
Vehicles	140	60	-	-	200
Furniture and fixtures	626	58	-	-	684
Leasehold improvements	408	9	-	-	417
Closing balance as of December 31, 2021	1.265	446	-	-	1.711
Book value as of December 31, 2021	2.874				33.078

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10. Intangible assets

Movement of intangible assets and accumulated amortization for the year ended December 31, 2022 and 2021 are as follows:

	Opening	Addition	Transfer	Closing	
Cost:					
Rights, software and licenses	822	192	-	1.014	
Deferred exploration cost	11.403	-	-	11.403	
Mine site development cost	7.423	-	-	7.423	
Closing balance as of December 31, 2022	19.648	192	-	19.840	
Accumulated amortization:					
Rights, software and licenses	792	55	-	847	
Deferred exploration cost	1.066	3.748	-	4.814	
Mine site development cost	694	2.440	-	3.134	
Closing balance as of December 31, 2022	2.552	6.243	-	8.795	
Book value as of December 31, 2022	17.096			11.045	
	Opening	Addition	Transfer	Disposal	Closing
Cost:					
Rights, software and licenses	795	27	-	-	822
Deferred exploration cost	16.804	-	(4.908)	(493)	11.403
Mine site development cost	2.515	-	4.908	-	7.423
Closing balance as of December 31, 2021	20.114	27	-	(493)	19.648
Accumulated amortization:					
Rights, software and licenses	-	792	-	-	792
Deferred exploration cost	-	1.066	-	-	1.066
Mine site development cost	786	(92)	-	-	694
Closing balance as of December 31, 2021	786	1.766	-	-	2.552
Book value as of December 31, 2021	19.328				17.096

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11. Employee benefits

a) Employee benefits obligations

The details of employee benefit obligations as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Social security premium payables	93	62	17
Due to personnel	2	1	-
Total	95	63	17

b) Provision for employee benefits

The details of provision for employee benefits as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Provision for unused vacation	100	29	27
Employee termination benefits	252	96	68
Total	352	125	95

Movement of provision for unused vacations for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
January 1	29	27
Addition/ (used, or paid) during the period	90	19
Foreign exchange gain	(19)	(17)
December 31	100	29

Movement of provisions for employee termination benefits for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
January 1	96	68
Service cost	61	22
Interest cost (Note 22)	14	-
Addition/ (used, or paid) during the period	(3)	-
Foreign exchange gain	(54)	(57)
Actuarial difference	138	63
December 31	252	96

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12. Other provisions, commitments and contingencies

a) Other short-term provisions

The details of other short-term provisions as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Litigation provisions	2	9	18
Total	2	9	18

b) Commitments and contingencies

i) Contingent assets

The details of collaterals, pledges and mortgages (“CPM”) received as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Letters of guarantees received: -Turkish lira	14.232	30.935	312

ii) Contingent liabilities

The details of collaterals, pledges and mortgages (“CPM”) given as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Letters of guarantees given: -Turkish lira	3.561	1.999	1.614

13. Other assets and liabilities

a) Other current assets

The details of other current assets as of December 31, 2022, December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Other	-	-	1
Total	-	-	1

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13. Other assets and liabilities (cont'd)

b) Other current liabilities

The details of other current liabilities as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Taxes and funds payables	187	456	37
Other	3	2	-
Total	190	458	37

14. Shareholders' equity

a) Paid-in capital

The details of paid-in capital as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022		December 31, 2021		December 31, 2020	
	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount
Lidya Madencilik Sanayi ve Ticaret A.Ş.	100	65.882	100	65.882	100	65.882
Paid in share capital	100	65.882	100	65.882	100	65.882

As of December 31, 2022, the Company's share capital consists of 195.070.560 units of shares with the nominal value of TL 1 (December 31, 2021: 195.070.560 units of shares and nominal value of TL 1, December 31, 2020: 195.070.560 units of shares and nominal value of TL 1).

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15. Taxation

Current income tax

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, dividend income from domestic companies, other exempt income and investment incentives utilized.

The effective tax rate applied in 2022 is 23% (2021: 25%, 2020: 22%).

20% tax rate that is specified in the first paragraph of Article 32 of the Corporate Tax Law No. 5520 and the Law No. 7061 “Amending Some Tax Laws and Some Other Laws” adopted on November 28, 2018 will be applied as 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods has been added with a provisional article. Also with the same regulation and stated in 5520 numbered Law No, 5, 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%.

In Turkey, temporary taxes are calculated and accrued on a quarterly basis. Corporate income tax rate applied in 2022 is 23%. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between April 24, 2003 and July 22, 2006 is 10% and commencing from July 22, 2006, this rate has been changed to 15% upon the Council of Minister’s Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax liabilities recognized in the consolidated balance sheet as of December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Current income tax liabilities	260	-	-
Less: Prepaid income tax	(260)	-	(3)
Current income tax liabilities/ (assets), net	-	-	(3)

Tax expense details recognized in the income statement as of December 31, 2022 and 2021 are as follows:

	2022	2021
Current period tax expense	(260)	-
Deferred tax income	10.411	-
Tax income	10.151	-

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15. Taxation (cont’d)

Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

As of December 31, 2021, the Company has not accounted for deferred tax assets and liabilities, except for the long-term financial assets carried at fair value. The Company has not recorded deferred tax assets over its accumulated tax losses, since it is not probable that sufficient profit will be generated to cause a tax liability that can be offset in subsequent periods.

The Company started its production process as of the end of 2021 and has started to account deferred tax assets and liabilities as of December 31, 2022 over the temporary tax differences and investment incentive.

The tax rate used in the calculation of deferred tax assets and liabilities is 20% as of December 31, 2022 (December 31, 2021: 20%, December 31, 2020: 20%).

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using effective tax rates are as follows:

	Cumulative temporary differences	Deferred tax asset/(liability)	Cumulative temporary differences	Deferred tax liability	Cumulative temporary differences	Deferred tax liability
	December 31, 2022	December 31, 2022	December 31, 2021	December 31, 2021	December 31, 2020	December 31, 2020
Investment incentives	(45.730)	9.146	-	-	-	-
Inventories	(1.355)	271	-	-	-	-
Property, plant and equipment and intangible assets	1.026	(205)	-	-	-	-
Loans and borrowings	685	(137)	-	-	-	-
Employee severance indemnity	(252)	50	-	-	-	-
Construction in progress	374	(75)	-	-	-	-
Vacation pay liability	(100)	20	-	-	-	-
Other temporary differences	(6.698)	1.341	-	-	-	-
			-	-	-	-
Deferred tax asset		10.828		-		-
Deferred tax liability		(417)		-		-
Deferred tax asset, net		10.411		-		-

Movements in deferred tax assets/(liabilities) are as follows:

	2022	2021
January 1	-	-
Deferred tax income recognized in income statement	10.411	-
December 31	10.411	-

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15. Taxation (cont’d)

The reconciliation of the tax income/(expense) is as follows:

	2022	2021
Profit before tax	19.221	(1.518)
Domestic tax rate	23%	25%
Tax calculated at domestic tax rate	(4.421)	380
Disallowable expenses	(130)	(104)
Tax exempt income	494	651
Unrecognized deferred tax losses	-	(270)
Utilisation of previously unrecognised tax losses	637	-
Investment incentives effect	11.118	-
Temporary differences and tax losses for which no deferred tax asset is recognised	2.453	(657)
Tax income	10.151	-

16. Sales and cost of sales

The details of sales and cost of sales for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Sales of gold and silver	57.520	1.122
Revenue	57.520	1.122
Cost of sales of gold and silver (-)	(33.271)	(412)
Gross profit	24.249	710

For the period ended December 31, 2022, cost of sales includes depreciation and amortization expenses amounting to USD 9.917 and personnel expenses amounting to USD 3.227.

17. Research and development expenses

The details of research and development expenses for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Outsourced benefits and services	971	753
Consultancy expenses	646	-
Tax and other duties	127	1.790
Other	105	668
Total	1.849	3.211

For the periods ended December 31, 2022 and 2021, taxes, duties and charges mainly consist of value added taxes, mining licenses and land permit costs of expenditures made for projects that are in the research phase.

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18. General administrative expenses

The details of general administrative expenses for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Personnel expenses	1.297	648
Management service expenses	155	168
Amortization and depreciation expenses	86	38
Consultancy expenses	42	49
Utility expenses	19	11
Tax and other duties	12	4
Outsourced benefits and services	48	22
Other	530	343
Total	2.189	1.283

19. Other income and expenses from operating activities

a) Other income from operating activities

The details of other income from operating activities for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Foreign exchange gains from operating activities	497	1.641
Incentive for investments	144	-
Other	512	442
Total	1.153	2.083

b) Other expenses from operating activities

The details of other expenses from operating activities for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Foreign exchange loss from operating activities	496	283
Other	7	51
Total	503	334

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20. Income and expenses from investment activities

a) Income from investment activities

The details of income from investment activities for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Gain on sales of fixed assets	59	-
Total	59	-

b) Expenses from investment activities

The details of expenses from investment activities for the year ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Loss on sales of fixed assets	12	-
Total	12	-

21. Finance income and expenses

a) Finance income

The details of finance income for the period ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Interest revenue from related parties	662	-
Foreign exchange gain	548	2.533
Interest revenue from time deposits	160	4
Total	1.370	2.537

b) Finance expenses

The details of finance expenses for the period ended December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Loan interest expenses	1.968	24
Interest expenses due to group companies	479	1.403
Foreign exchange loss	368	527
Loan commission expenses	242	66
Total	3.057	2.020

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22. Related party

i) Related party balances

a) Short-term trade receivables

The details of short-term trade receivables from related parties as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Çalık Enerji Sanayi ve Ticaret A.Ş.	6	2	6
Artmin Madencilik Sanayi ve Ticaret A.Ş.	-	1	10
Lidya Madencilik Sanayi ve Ticaret A.Ş.	2	1	4
Amethyst Holding N.V.	-	-	59
Nouvelle Frontiere S.A.R.L.	-	-	11
Total	8	4	90

b) Short-term trade payables

The details of short-term trade payables to related parties as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Lidya Madencilik Sanayi ve Ticaret A.Ş.	165	195	69
Yeşilirmak Elektrik Perakende Satış A.Ş.	110	-	-
Çalık Holding A.Ş.	20	-	-
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	1.828	-
Artmin Madencilik Sanayi ve Ticaret A.Ş.	-	-	8
Total	295	2.023	77

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22. Related party (cont'd)

i) Related party balances (cont'd)

c) Short-term other payables

The details of short-term other payables to related parties as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Alacer Gold Madencilik A.Ş.	-	115	28
Yeşilirmak Elektrik Perakende Satış A.Ş.	-	5	5
Çalık Holding A.Ş.	-	23	23
Lidya Madencilik Sanayi ve Ticaret A.Ş.	-	14.591	7.650
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	138	-
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	-	1	-
Total	-	14.873	7.706

d) Short-term prepaid expenses

The details of short-term prepaid expenses to related parties as of December 31, 2022, 2021 and 2020 are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	-	1.504
Total	-	-	1.504

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22. Related party (cont'd)

ii) Related party transactions

The details of related party transactions for the year ended December 31, 2022 and 2021 are as follows:

	Sales of fixed assets	Interest income	Other income	Personnel expenses	Management service expenses	Interest expenses	Other expenses (*)
Lidya Madencilik Sanayi ve Ticaret A.Ş.	-	662	2	1.628	-	479	44
Artmin Madencilik Sanayi ve Ticaret A.Ş.	59	-	3	-	-	-	-
Çalık Enerji Sanayi ve Ticaret A.Ş.	-	-	20	-	-	-	-
Yeşilirmak Elektrik Perakende Satış A.Ş.	-	-	-	-	-	-	758
Alacer Gold Madencilik A.Ş.	-	-	46	-	-	-	-
Çalık Holding A.Ş.	-	-	-	-	148	-	2
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	-	-	-	-	-	99
Mükafat Portföy Yönetimi A.Ş.	-	-	-	-	-	-	2
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	-	-	-	-	-	-	23
Aktif Yatırım Bankası A.Ş.	-	-	-	-	-	-	1
Total	59	662	71	1.628	148	479	929

(*) Other expenses mainly consist of utility expenses and mining exploration expenses.

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22. Related party (cont'd)

ii) Related party transactions (cont'd)

	Sales of good and service	Financial income	Other income	Personnel expenses	Management service expenses	Purchase of good and services	Financial expenses	Other expenses (*)
Lidya Madencilik Sanayi ve Ticaret A.Ş.	23	-	-	648	-	-	1.874	-
Artmin Madencilik Sanayi ve Ticaret A.Ş.	26	2	-	-	-	-	-	-
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	-	-	-	-	632	879	14
Yeni Anadolu Mineral Madencilik ve Teknolojileri A.Ş.	-	-	-	-	-	-	-	-
Anagold Madencilik San. ve Tic. A.Ş.	-	-	-	-	-	-	-	-
Çalık Holding A.Ş.	-	8	-	-	168	3	-	-
Çalık Enerji Sanayi ve Ticaret A.Ş.	-	-	18	-	-	-	-	-
Kartaltepe Maden. San. ve Tic. A.Ş.	-	-	-	-	-	-	-	-
Alacer Gold Madencilik A.Ş.	-	-	-	-	-	-	-	-
CLK İpekyolu Lojistik A.Ş.	-	-	-	-	-	-	-	-
Kurudere Madencilik A.Ş.	-	-	-	-	-	-	-	-
Mükafat Portföy Yönetimi A.Ş.	-	1	-	-	-	-	-	17
Yeşilirmak Elektrik Perakende Satış A.Ş.	-	-	-	-	-	-	-	16
Aktif Yatırım Bankası A.Ş.	-	-	-	-	-	-	-	-
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	-	-	-	-	-	-	-	15
Ahmet Çalık	-	-	-	-	-	-	-	17
Amethyst Holding N.V.	-	-	-	-	-	-	-	-
Total	49	11	18	648	168	635	2.753	79

(*) Other expenses mainly consist of office rent expenses and utility expenses.

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23. Nature and level of risks arising from financial instruments

a) Capital risk management

The Company’s main objectives for capital management are to keep the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Company monitors capital on the basis of the net financial debt/invested capital ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding blocked deposits) and invested capital is calculated as net financial debt plus total equity. Net financial debt/invested capital ratio as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Financial liabilities	29.647	35.575
Less: Cash and cash equivalents	(15.467)	(11.926)
Net financial debt	14.180	23.649
Equity	44.410	15.176
Invested capital	58.590	38.825
Net financial debt/invested capital ratio	0,24	0,61

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23. Nature and level of risks arising from financial instruments (cont’d)

b) Financial risk factors

The Company is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Company’s overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Company’s financial performance.

b.1) Credit risk management

Current period December 31, 2022	Receivables				Bank deposits
	Trade receivables		Other receivables		
	Related party	Third party	Related party	Third party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	8	-	-	811	15.467
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	8	-	-	811	15.467
B. Net book value of financial assets that are renegotiated	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-
- Overdue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Undue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Credit Risk of the Statement of Financial Position	-	-	-	-	-

Prior period December 31, 2021	Receivables				Bank deposits
	Trade receivables		Other receivables		
	Related party	Third party	Related party	Third party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	4	9	-	1.328	11.926
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	4	9	-	1.328	11.926
B. Net book value of financial assets that are renegotiated	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
- The part of maximum risk under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-
- Overdue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Undue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Credit Risk of the Statement of Financial Position	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Undiscounted contractual cash flows of the financial liabilities as of 31 December 2022 and 2021 are as follows:

Contractual maturity analysis December 31, 2022	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Trade payables	5.749	5.749	5.749	-	-
Other payables	450	450	450	-	-
Bank loans	29.647	31.699	6.670	6.514	18.514
Total liabilities	35.846	37.898	12.869	6.514	18.514

Contractual maturity analysis December 31, 2021	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Trade payables	3.289	3.289	3.289	-	-
Other payables	14.784	14.784	14.784	-	-
Bank loans	35.575	35.575	-	7.653	27.922
Total liabilities	53.648	53.648	18.073	7.653	27.922

b.3) Foreign currency risk management

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Company are defined as the “Net foreign currency position” and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont’d)

b) Financial risk factors (cont’d)

b.3) Foreign currency risk management

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Company are defined as the “Net foreign currency position” and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

Assets and liabilities denominated in foreign currency are as follows:

Foreign exchange position	Current period				
	December 31, 2022				
	USD equivalent	TL	EUR	AUD	GBP
1. Monetary financial assets	63	1.181	-	-	-
2. Trade receivables	6	108	-	-	-
3. Other receivables	556	10.393	-	-	-
4. Other current assets	185	3.462	-	-	-
5. Current assets (1+2+3+4)	810	15.144	-	-	-
6. Other receivables	119	2.221	-	-	-
7. Non-current assets (6)	119	2.221	-	-	-
8. Total assets (5+8)	929	17.365	-	-	-
9. Trade payables	1.631	30.492	-	-	-
10. Other payables	1	19	-	-	-
11. Other current liabilities	451	8.437	-	-	-
12. Current liabilities (9+10+11)	2.083	38.948	-	-	-
13. Total liabilities (12)	2.083	38.948	-	-	-
14. Net foreign currency (liability)/asset (7-11)	(1.154)	(21.583)	-	-	-

Foreign exchange position	Prior period				
	December 31, 2021				
	USD equivalent	TL	EUR	AUD	GBP
1. Monetary financial assets	101	1.306	-	-	-
2. Trade receivables	3	49	-	-	-
3. Other current assets	325	5.798	-	-	-
4. Current assets (1+2+3)	429	7.153	-	-	-
5. Other non-current assets	782	13.028	-	-	-
6. Non-current assets (5)	782	13.028	-	-	-
7. Total assets (4+7)	1.211	20.180	-	-	-
8. Trade payables	1.453	19.272	213	51	-
9. Other payables	17	282	-	-	-
10. Other current liabilities	3.444	57.404	-	-	-
11. Current liabilities (8+9+10)	4.914	76.958	213	51	-
12. Total liabilities (11)	4.914	76.958	213	51	-
13. Net foreign currency (liability)/asset (7-12)	(3.703)	(56.778)	(213)	(51)	-

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

Explanatory notes to the financial statements for the year ended at December 31, 2022
(Amounts are expressed in thousands of US dollar (“USD”) unless otherwise indicated.)

23. Nature and level of risks arising from financial instruments (cont’d)

b) Financial risk factors (cont’d)

b.4) Market risk management

b.4.1) Foreign currency risk management (cont’d)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a possible change of 20% in TL, EUR and other exchange rates in the Company’s foreign currency denominated assets and liabilities, with all other variables held constant, on the Company’s income before tax as of 31 December 2022 and 2021:

Foreign currency sensitivity table		
Current period	December 31, 2022	
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Turkish lira against USD by 20%		
1- TL denominated net assets/liabilities	(231)	231
2- Hedged amount against TL risk (-)	-	-
3- Net effect of TL (1+2)	(231)	231
Euro against USD by 20%		
4- EUR denominated net assets/liabilities	-	-
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	-	-
Other currency against USD by 20%		
7- Other currency denominated net assets/liabilities	-	-
8- Hedged amount against other currency risk (-)	-	-
9- Net effect of other currency (7+8)	-	-
Total (3+6+9)	(231)	231

Foreign currency sensitivity table		
Prior period	December 31, 2021	
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Turkish lira against USD by 20%		
1- TL denominated net assets/liabilities	(681)	681
2- Hedged amount against TL risk (-)	-	-
3- Net effect of TL (1+2)	(681)	681
Euro against USD by 20%		
4- EUR denominated net assets/liabilities	(49)	49
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	(49)	49
Other currency against USD by 20%		
7- Other currency denominated net assets/liabilities	(10)	10
8- Hedged amount against other currency risk (-)	-	-
9- Net effect of other currency (7+8)	(10)	10
Total (3+6+9)	(740)	740

24. Subsequent events

The Law numbered 7438 on Social Security and General Health Insurance and the Law on the Amendment of the Decree Law numbered 375, which includes the regulation on the New Retirement Law (“EYT”), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Company are still in progress.

Pursuant to the “Law on Restructuring of Certain Receivables and Amending Certain Laws” published in the Official Gazette dated 12 March 2023 and numbered 32130, by showing in the corporate tax return for 2022, it is ensured that a one-time additional tax of 10% is charged on the exemptions and deductions made from corporate income, and on the tax bases subject to reduced corporate tax, without being associated with the period's income. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, the Company assessed that related amendments do not have any significant effect on the Company's consolidated financial statements as of 31 December 2022.

Section C: Historical financial information of Polimetal for the year ended 31 December 2021, and accompanying Independent Auditor's Report

**Polimetal Madencilik Sanayi ve
Ticaret Anonim Şirketi**

**Financial statements for the year
ended December 31, 2021 and
independent auditors report**

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi;

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (the "Company"), which comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"s).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"s). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 of the financial statements which indicates that the Company incurred a net loss of thousand of TL 182.152 for the year-ended December 31, 2021 and as of that date, the Company has a total accumulated losses of thousands of TL 141.126. These conditions might indicate that the existence of a material uncertainty that may cast a doubt on the Company's ability to continue as a going concern. The Company management's plan in connection with the matter is disclosed in Note 2 to the accompanying financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company'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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Eren Bağımsız Denetim Anonim Şirketi
A member firm of Grant Thornton

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Maslak V.D. 35395/01

Emir Taşar, SMMM
Partner

March 22, 2022
Ankara, Turkey

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Statement of financial position

as at December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
		Current year	Prior year
	Note	December 31, 2021	December 31, 2020
Current assets		215.149	19.242
Cash and cash equivalents	3	154.774	622
Trade receivables:			
<i>From related parties</i>	19	49	657
<i>From third parties</i>	5	116	433
Other receivables:			
<i>From third parties</i>	6	17.139	698
Inventories	7	31.956	13
Prepaid expenses:			
<i>To related parties</i>	19	-	11.042
<i>To third parties</i>	10	11.113	5.747
Current income tax assets		2	19
Other current assets		-	11
Non-current assets		378.172	95.082
Other receivables:			
<i>From third parties</i>	6	1.088	724
Property, plant and equipment	8	249.237	12.951
Intangible assets	8	113.447	80.684
Right of use assets	9	361	426
Prepaid expenses	10	14.039	297
Total assets		593.321	114.324

The accompanying policies and explanatory notes form an integral part of the financial statements.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

**Statement of financial position
as at December 31, 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Note	<u>Audited</u>	<u>Audited</u>
		<u>Current year</u>	<u>Prior year</u>
		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current liabilities		348.488	59.884
Short-term borrowings	4	234	496
Current portion of long-term borrowings	4	101.991	-
Other financial liabilities		1	8
Trade payables:			
<i>To related parties</i>	19	23.726	-
<i>To third parties</i>	6	16.433	1.019
Employee benefit obligations	12	804	126
Other payables:			
<i>To related parties</i>	19	194.053	55.723
<i>To third parties</i>	6	16	11
Deferred income	10	4.792	2.031
Short-term provisions:			
<i>For employee benefits</i>	12	371	41
<i>Other provisions</i>	15	119	133
Other current liabilities	11	5.948	296
Non-current liabilities		373.600	495
Long-term borrowings	4	372.350	-
Long-term provisions:			
<i>For employee benefits</i>	12	1.250	495
Shareholders' equity		(128.767)	53.945
Paid in share capital	13	195.071	195.071
Loss on re-measurement of defined benefit plans	12	(560)	-
Accumulated loss		(141.126)	(129.529)
Loss for the year		(182.152)	(11.597)
Total liabilities		593.321	114.324

The accompanying policies and explanatory notes form an integral part of the financial statements.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

**Statement of profit or loss and other comprehensive income
for the year ended December 31, 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

		<u>Audited</u> <u>Current Period</u> January 1 - December 31, 2021	<u>Audited</u> <u>Prior Period</u> January 1 - December 31, 2020
	Note		
Revenue	16	15.225	-
Cost of sales (-)	16	(13.920)	-
Gross profit		1.305	-
Research and development expenses (-)	17	(15.460)	(3.907)
General administrative expenses (-)	18	(12.389)	(8.538)
Other income from operating activities	19	18.684	3.319
Other expenses from operating activities (-)	19	(6.329)	(2.271)
Operating loss		(14.189)	(11.397)
Finance income	20	42	578
Finance expenses	20	(168.005)	(778)
Loss before tax		(182.152)	(11.597)
Tax expenses:		-	-
Current period tax expenses		-	-
Deferred tax expenses		-	-
Loss for the period		(182.152)	(11.597)
Items not to be reclassified to profit or loss:		(560)	
Actuarial loss arising from defined benefit plans		(560)	
Other comprehensive expenses		(560)	
Total comprehensive loss		(182.712)	

The accompanying policies and explanatory notes form an integral part of the financial statements.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Statement of changes in equity

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Paid in share capital	Gains on re- measurement of defined benefit plans	Accumulated loss	Net loss for the period	Total
Balance as of January 1, 2020	195.071	-	(118.495)	(11.034)	65.542
Transfers	-	-	(11.034)	11.034	-
Total comprehensive income	-	-	-	(11.597)	(11.597)
Balance as of December 31, 2020	195.071	-	(129.529)	(11.597)	53.945
Transfers	-	-	(11.597)	11.597	-
Total comprehensive income	-	(560)	-	(182.152)	(182.712)
Balance as of December 31, 2021	195.071	(560)	(141.126)	(182.152)	(128.767)

The accompanying policies and explanatory notes form an integral part of the financial statements.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Statement of cash flows

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

		Current year Audited	Prior year Audited
		January 1- December 31, 2021	January 1- December 31, 2020
	Note		
A. Cash flows from operating activities		(5.815)	(32.491)
Loss for the year		(182.152)	(11.596)
Adjustments to reconcile profit or loss:		183.971	481
Adjustments for depreciation and amortization expenses	8-9	16.953	565
Adjustment for provisions related with employee benefits	12	525	229
Adjustments for litigation provision	15	(14)	133
Adjustments for interest income and expenses		21.771	(446)
Adjustments foreign exchange losses		143.998	-
Adjustments for losses arising from disposal of property, plant and equipment		738	-
Changes in working capital:		(7.634)	(21.376)
Trade receivables		925	(16.423)
Other receivables		(16.805)	-
Inventories		(31.943)	9
Prepaid expenses		(8.066)	213
Trade payables		39.138	(5.158)
Payables of employee benefits		678	-
Other payables		5	-
Deferred income		2.761	(17)
Other assets		28	-
Other liabilities		5.645	-
B. Cash flows from investing activities		(254.157)	(24.724)
Cash outflow from purchases of property, plant and equipment and intangible assets	8	(254.157)	(24.724)
C. Cash flows from financing activities		414.124	54.959
Cash inflows from borrowings		284.953	-
Funds from the other group companies		138.330	54.820
Interest paid		(8.912)	-
Rent paid		(289)	(439)
Interest received		42	578
Cash and cash equivalents at the beginning of the year		622	2.878
Net increase/ (decrease) in cash and cash equivalents		154.152	(2.256)
Cash and cash equivalents at the end of the year	3	154.774	622

The accompanying policies and explanatory notes form an integral part of the financial statements.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

1. Company’s Organization and Nature of Operations

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (“Polimetal” or the “Company”) was incorporated at 18 March 2011 as a wholly-owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. (“Yamas”). Through intermediary companies, Yamas is 100% owned by Alacer Gold Corp. (“Alacer”, or the “Canadian Shareholder”). The Company is registered in Ankara, Turkey and is engaged in the development and operation of mining assets.

The Company’s shareholder’s name was amended as Alacer Gold Madencilik A.Ş. from in 2015 (“Alacer”) from its former name, Yeni Anadolu Mineral Madencilik Sanayi Ticaret Ltd. Şti. In December 2016, Alacer has increased its shares to 50% from 20% and the rest of 50% is owned by Lidya Madencilik Sanayi ve Ticaret A.Ş. (“Lidya”). The Company was controlled jointly by these parties under the Joint Venture agreement in accordance with the Gediktepe Project agreement. . Lidya purchased the remaining 50% shares of Polimetal in 2019.

Gediktepe is a polymetallic orebody that contains economic values for gold, silver, copper and zinc. The sulfide deposit is overlain with oxide ore containing gold and silver which is amenable to heap leaching. Gediktepe is an open pit mine and the oxide ore will be processed first, providing cash flow for the development and subsequent processing of the more prevalent sulfide ore. The sulfide ore contains gold, silver, copper and zinc and will be processed through a multi-stage flotation circuit producing two marketable concentrates.

The registered address of the Company is as follows:

Beştepe Mahallesi Yaşam Caddesi, Ak Plaza Apt., No: 7/7, Yenimahalle, Ankara.

The personnel of the Company is 166 as of December 31, 2021 (December 31, 2020: 25).

2. Basis of presentation of financial statements and summary of significant accounting policies

2.1 Statement of compliance and functional and presentation currency

The Company maintains its legal books of account and prepare its statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles issued by the Turkish Commercial Code (“TCC”), tax legislation and and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements are based on the statutory records which are maintained under the historical cost convention, with adjustments and reclassifications, for the purpose of fair presentation in accordance with IFRS.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The accompanying financial statements have been approved by the Company’s management on March 22, 2022.

Functional and reporting currency

The Company’s functional currency is determined as Turkish Lira.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont’d)

2.1 Statement of compliance and functional and presentation currency (cont’d)

Going concern

The Company was established and commenced mining activities through financing provided by its shareholder and investment credits. The Company incurred accumulated deficit of TL 141.126 since its establishment. The ability of the Company to continue as a going concern is dependent on the continued financial support of its shareholder. The Company’s shareholder represented their intention to fully support the Company to continue on a going concern basis. The Company prepared financial statements in accordance with the going concern assumption.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2021 and thereafter. The effects of these standards and interpretations on the Company financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
 - *Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform*
 - *Relief from discontinuing hedging relationships*
 - *Separately identifiable risk components*
 - *Additional disclosures*
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

ii) Standards issued but not yet effective and not early adopted

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- IFRS 17 - The new Standard for insurance contracts
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Annual Improvements – 2018–2020 Cycle

Overall, the Company expects no significant impact on its balance sheet and equity.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont'd)

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

Related parties

Parties are considered related to the Company if:

a) A person or a close member of that person's family is related to a reporting entity if that;

The related person or entity that is related to the entity preparing its financial statements (for this note will be named as reporting entity’):

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same company (which means that each Parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont’d)

2.3 Summary of significant accounting policies (cont’d)

Financial assets

Classification

The Company classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Company uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under the statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

Derecognition

The Company derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Company was recognized as a separate asset or liability.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont’d)

2.3 Summary of significant accounting policies (cont’d)

Financial assets (cont’d)

Impairment

Impairment of the financial and contractual assets measured by using “expected credit loss model” (“ECL”). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade receivables

Trade receivables, generated by the Company by providing goods or services to a buyer, are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Company provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recorded in other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than a year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

Foreign currency transactions

Foreign currency transactions and balances

The Company's financial statements are presented in TL, which is the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the individual entities, transactions in currencies in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items (including advances) denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange rates as of December 31, 2021 and 2020 used by the Company are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
US Dollar	12,9775	7,3405
Euro	14,6823	9,0079

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

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Notes to the financial statements for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont’d)

2.3 Summary of significant accounting policies (cont’d)

Post reporting date events

Events after the reporting periods include all events that take place between the balance sheet date and the date of authorization for the release of the financial statements, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Company adjusts the amount recognized in its financial statements to reflect the adjustments after the balance sheet date.

Employee benefits

Retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per IAS19 (Revised) “Employee Benefits” (“IAS 19”).

The Company procures services from a professional actuary company for the calculation of employee termination benefits. The actuarial company calculates provision in accordance with IAS 19.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Unused vacation:

The Company calculates the unused vacation provision in the financial statements based on the unused leave days and the daily gross wage of the employee. Provisions for unused vacation are recognized in personnel expenses.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont’d)

2.3 Summary of significant accounting policies (cont’d)

Property, plant and equipment (cont’d)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below.

	Useful lives
Land improvements	8-10 years
Buildings	10 years
Machinery and equipment	4-24 years
Vehicles	4-7 years
Furniture and fixtures	1-50 years
Leasehold improvements	2-5 years

Mining assets

Mining assets consist of mine site development, mining rights, mining plots, deferred mining costs and discounted costs associated with the rehabilitation, rehabilitation and closure of mine sites.

Mining assets begin to be amortized with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites.

Mine development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the cost can be measured reliably. Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income.

In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur.

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Company management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the departments to the extent that they can be defined on the basis of the relevant mining areas as soon as they are first recorded, and the departments in each mine area are subjected to depreciation by using the “units of production method”, taking into account the economic benefits separately.

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Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont’d)

2.3 Summary of significant accounting policies (cont’d)

Mineral exploration, evaluation and development expenses

Mine site development costs are capitalized in cases where it is highly likely that an economic benefit will be obtained from the mine in question in the future, can be identified for specific mine sites and the costs can be measured reliably. The costs incurred during the research and evaluation are capitalized as long as they are directly related to the development of the mine site.

At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are reflected in the income statement. As the production starts after the preparation period, mineral assets begin to be depreciated.

For the capitalized valuation costs, the Company management evaluates on each balance sheet date whether there is any indication of depreciation, such as a significant decrease in the reserve amount, expiration of the rights acquired for mining sites, and failure to renew or cancel. If there is such an indicator, the relevant recoverable value, which is determined as the higher of the amount to be recovered through sale after deducting the expenses required for the use or sale of the said asset, is estimated and the impairment losses are reflected as expense in the profit or loss and other comprehensive income statement. the carried value is reduced to its recoverable value.

Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. The components of the cost included in inventories are material, labor and overhead costs. The cost of inventories is determined on the weighted average basis. Inventories are stated at the lower of cost and net realizable value.

The Company’s inventories consists of mining inventories, chemicals, operating materials and spare parts.

Statement of cash flows

Cash flows from operating activities:

Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss.

Cash flows from financing activities:

Only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities.

Cash flows from investing activities:

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Share capital

Common shares are classified as equity.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of financial statements and summary of significant accounting policies (cont'd)

2.4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

- a) Provisions for employment termination benefits have been calculated according to the (discount rate, estimated future wage increase, and rate of retirement of the employees) based on actuarial assumptions.
- b) Mining assets consists of mine site development costs, mining rights, mining lands, deferred stripping costs and discounted costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets are accounted in the consolidated financial statements with their net book value after deducting the accumulated depreciation and permanent impairment, if any, from their acquisition costs. Mining assets start to be amortized on a production basis according to producible ore reserve with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites. Within the scope of long-term plan studies, which are regularly updated, the Company conducts studies to determine the remaining reserves of mining assets, revising the possible effects of production-based depreciation calculations, and rehabilitation provisions within this scope.
- c) Mining assets are amortized using the "production" method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods and for some mining assets, the depreciation may be affected by the deviation between the actual and estimated production amounts.
- d) As the Company operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, the results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Company management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Company may significantly affect the activities of the Company. As of December 31, 2021, there is no legal risk expected to significantly affect the activities of the Company.

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Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

3. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	2	25
Banks:		
- Time deposits	-	-
- Demand deposits	154.772	597
Total	154.774	622

The cash obtained under the investment loan amounting to TL 140.206 (USD 10.804) can only be used for investment expenditures.

4. Financial liabilities

	December 31, 2021	December 31, 2020
Current portion of long-term bank loans	101.991	-
Current portion of long-term operation lease liabilities	234	496
Short-term financial liabilities	102.225	496
Long-term bank loans	372.170	-
Long-term operation lease liabilities	180	-
Long-term financial liabilities	372.350	-
Total financial liabilities	474.575	496

The bank loans are repayable as follows:

	December 31, 2021	December 31, 2020
Less than 3 months	13.869	-
To be paid within 3-12 months	88.122	-
To be paid within 1-5 years	372.170	-
Total	474.161	-

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Trade receivables and payables

a) Short-term trade receivables

	December 31, 2021	December 31, 2020
Trade receivables from third parties	116	433
Trade receivables from related parties	49	657
Total	165	1.090

b) Short-term trade payables

	December 31, 2021	December 31, 2020
Trade payables to third parties	16.433	1.019
Trade payables to related parties	23.726	-
Total	40.159	1.019

Trade payables consist of payables to sellers for products or services purchased in the ordinary course of business. The average credit period on purchases of certain goods is between 15-30 days.

6. Other receivables and payables

a) Short-term other receivables

	December 31, 2021	December 31, 2020
Other receivables from third parties	17.139	698
Total	17.139	698

b) Long-term other receivables

	December 31, 2021	December 31, 2020
Deposits and guarantees given	1.088	724
Total	1.088	724

c) Short-term other payables

	December 31, 2021	December 31, 2020
Other payables to third parties	16	11
Other payables to related parties	194.053	55.723
Total	194.069	55.734

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

**Notes to the financial statements
for the year ended December 31, 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

7. Inventories

	December 31, 2021	December 31, 2020
Raw materials and supplies	6.061	-
Work in progress	24.901	-
Finished goods	994	-
Other inventories	-	13
Total	31.956	13

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

8. Tangible and intangible assets

Cost value	January 1, 2021	Addition	Disposal	Capitalized finance expenses	Transfer	December 31, 2021
<u>Tangible assets:</u>						
Land	8.329	180	-	-	-	8.509
Land improvements	-	-	-	621	7.032	7.653
Buildings	-	-	-	1.024	25.070	26.094
Machinery and equipment	701	1.480	(422)	22.950	175.423	200.132
Vehicles	622	3.376	(347)	536	1.813	6.000
Furniture and fixtures	1.955	3.764	-	698	1.459	7.876
Construction in progress	2.465	209.655	-	-	(212.120)	-
Leasehold improvements	979	110	-	1	(102)	988
<u>Intangible assets:</u>						
Other intangible assets	2.221	260	-	-	28	2.509
Deferred preparation and development cost	17.499	35.118	-	4.630	1.394	58.641
Deferred exploration cost	64.035	214	-	1.933	3	66.185
Total	98.806	254.157	(769)	32.393	-	384.587
<u>Accumulated depreciation</u>						
<u>Tangible assets:</u>						
Land improvements	-	152	-	-	-	152
Buildings	-	436	-	-	-	436
Machinery and equipment	220	3.601	(15)	-	-	3.806
Vehicles	283	477	(16)	-	-	744
Furniture and fixtures	1.599	342	-	-	-	1.941
Leasehold improvements	897	39	-	-	-	936
<u>Intangible assets:</u>						
Other intangible assets	2.172	43	-	-	-	2.215
Deferred preparation and development cost	-	5.484	-	-	-	5.484
Deferred exploration cost	-	6.189	-	-	-	6.189
Total	5.171	16.763	(31)	-	-	21.903
Book value	93.635					362.684

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

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8. Tangible and intangible assets (cont’d)

Cost value	January 1, 2020	Addition	Disposal	December 31, 2020
<u>Tangible assets:</u>				
Land	8.329	-	-	8.329
Land improvements	-	-	-	-
Buildings	-	-	-	-
Machinery and equipment	244	457	-	701
Vehicles	438	348	(164)	622
Furniture and fixtures	1.839	116	-	1.955
Construction in progress	2.276	189	-	2.465
Leasehold improvements	962	17	-	979
<u>Intangible assets:</u>				
Other intangible assets	2.187	34	-	2.221
Deferred preparation and development cost	-	17.499	-	17.499
Deferred exploration cost	56.732	7.303	-	64.035
Total	73.007	25.963	(164)	98.806
<u>Accumulated depreciation</u>				
<u>Tangible assets:</u>				
Land improvements	-	-	-	-
Buildings	-	-	-	-
Machinery and equipment	192	28	-	220
Vehicles	438	9	(164)	283
Furniture and fixtures	1.409	190	-	1.599
Leasehold improvements	858	39	-	897
<u>Intangible assets:</u>				
Other intangible assets	2.114	58	-	2.172
Deferred preparation and development cost	-	-	-	-
Deferred exploration cost	-	-	-	-
Total	5.011	324	(164)	5.171
Book value	67.996			93.635

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**Notes to the financial statements
for the year ended December 31, 2021**

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9. Right of use asset

Cost value	January 1, 2021	Addition	Disposal	December 31, 2021
Cost:				
Building	1.020	510	(1.020)	510
Total	1.020	510	(1.020)	510
Amortization:				
Building	594	190	(635)	149
Total	594	190	(635)	149
Book value	426			361
Cost value	January 1, 2020	Addition		December 31, 2020
Cost:				
Building	533		487	1.020
Total	533	487		1.020
Amortization:				
Building	266		328	594
Total	266	328		594
Book value	267			426

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Notes to the financial statements

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10. Prepaid expenses and deferred income

a) Short-term prepaid expenses

	December 31, 2021	December 31, 2020
Prepaid expenses for next months	1.844	157
Advances given to third parties	9.269	5.590
Advances given to related parties	-	11.042
Total	11.113	16.789

b) Long-term prepaid expenses

	December 31, 2021	December 31, 2020
Prepaid expenses for next years	2.731	84
Advances given to third parties	11.308	213
Total	14.039	297

c) Short-term deferred revenue

	December 31, 2021	December 31, 2020
Advances taken	4.792	2.031
Total	4.792	2.031

11. Other liabilities

	December 31, 2021	December 31, 2020
Taxes and funds payables	5.925	296
Other	23	-
Total	5.948	296

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

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12. Employee benefits

According to the articles of Turkish Labor Law in force, the Company have obligation to pay the legal employee termination benefits to each employee whose are 25 years of working life by completing at least one year of service, leaving for military services and deceased.

As of December 31, 2021, the amount payable consists of one month's salary limited to a maximum of TL 8.284,59 (December 31, 2020: TL 7.117,17) for each year of service. As of January 1, 2022, the employment termination benefit has been updated to a maximum of TL 10.848,59.

The employment termination benefit has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Company's obligation under defined benefit plans. The obligation as of December 31, 2021 has been calculated by an independent actuary.

The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows:

	December 31, 2021	December 31, 2020
Discount rate	19,10%	12,40%
Inflation rate	15,60%	9,00%
Salary increase	16,60%	10,00%

a) Employee benefit obligations

	December 31, 2021	December 31, 2020
Social security premium payables	804	126
Total	804	126

b) Provision for employee benefits

Short-term	December 31, 2021	December 31, 2020
Provision for unpaid vacation payables for personnel	371	41
Total	371	41

Long-term	December 31, 2021	December 31, 2020
Provisions for employee termination benefits	1.250	495
Total	1.250	495

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12. Employee benefits (cont'd)

The movement of the employment termination benefits as of December 31, 2021 is as follows:

	2021
Opening	495
Service costs	134
Interest expenses	61
Termination benefit paid (-)	-
Actuarial gain or loss	560
Closing	1.250

13. Shareholder's equity

As of December 31, 2021, the Company's share capital consist of 195.071 (December 31, 2020: 195.071) units of shares each TRY 1 nominal value with the following structure:

	December 31, 2021		December 31, 2020	
	Share (%)	Amount	Share (%)	Amount
Lidya Madencilik Sanayi ve Ticaret A.Ş.	100	195.071	100	195.071
Paid in share capital	100	195.071	100	195.071

14. Taxation

The Company has not recorded deferred tax asset over its statutory carry forward tax losses since it is not probable that sufficient profit will be generated which will cause a tax liability that may be off-set in the subsequent periods.

15. Commitments and contingencies

Guarantee letters taken by the Company as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Guarantee letters taken	30.935	312
Total	30.935	312

Guarantee letters given by the Company as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Guarantee letters given	266	1.447
Total	266	1.447

Polimetal Madencilik Sanayi ve Ticaret A.Ş.**Notes to the financial statements****for the year ended December 31, 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Commitments and contingencies (cont'd)

Provision for lawsuits as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Provision for lawsuits	119	133
Total	119	133

16. Sales and cost of sales

	January 1 - December 31, 2021	January 1 - December 31, 2020
Sales of gold and silver	15.225	-
Revenue	15.225	-
Cost of sales (-)	13.920	-
Gross profit	1.305	-

17. Research and development expenses

	January 1 - December 31, 2021	January 1 - December 31, 2020
Outsourced services and benefits	11.190	1.317
Vat expenses	2.497	680
Permission expenses	1.706	1.178
Other	67	732
Total	15.460	3.907

18. General and administrative expenses

	January 1 - December 31, 2021	January 1 - December 31, 2020
Personnel expenses	4.646	4.231
Donations and grants	2.895	1.697
Outsourced benefits and services	2.274	1.415
Depreciation and amortization expenses	620	565
Consultancy expenses	432	245
Rent expenses	100	39
Utility expenses	96	67
Repair and maintenance expenses	57	99
Other	1.269	180
Total	12.389	8.538

Polimetal Madencilik Sanayi ve Ticaret A.Ş.**Notes to the financial statements****for the year ended December 31, 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

19. Other operating income and expenses**a) Other operating income**

	January 1 - December 31, 2021	January 1 - December 31, 2020
Foreign exchange gain	14.982	1.246
Incentives	2.269	-
Service sales	1.038	1.725
Provisions no longer required	30	-
Other	365	348
Total	18.684	3.319

b) Other operating expenses

	January 1 - December 31, 2021	January 1 - December 31, 2020
Foreign exchange loss	5.825	734
Cost of service sales	386	1.401
Provisions	16	133
Other	102	3
Total	6.329	2.271

20. Finance expenses

	January 1 - December 31, 2021	January 1 - December 31, 2020
Interest expenses and foreign exchange loss due to other payables	90.210	-
Interest expenses and foreign exchange loss due to loan	77.106	646
Loan comission expenses	546	-
IFRS 16 interest expenses	82	132
Retirement liability interest expenses (Note 12)	61	-
Total	168.005	778

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

21. Related parties

Related party balances

a) Trade receivables

	December 31, 2021	December 31, 2020
Çalık Holding A.Ş.	32	47
Lidya Madencilik Sanayi ve Ticaret A.Ş.	10	28
Artmin Madencilik Sanayi ve Ticaret A.Ş.	7	68
Amethyst Holding N.V.	-	457
Nouvelles Frontieres SARL	-	57
Total	49	657

b) Trade payables

	December 31, 2021	December 31, 2020
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	23.726	-
Total	23.726	-

c) Other payables

	December 31, 2021	December 31, 2020
Lidya Madencilik Sanayi ve Ticaret A.Ş.	191.877	55.458
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	1.789	-
Çalık Holding A.Ş.	301	169
Yeşilirmak Elektrik Perakende Satış A.Ş.	70	36
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	16	-
Artmin Madencilik Sanayi ve Ticaret A.Ş.	-	60
Total	194.053	55.723

d) Advances given

	December 31, 2021	December 31, 2020
GAP İnşaat Yatırım ve Dış Ticaret A.Ş.	-	11.042
Total	-	11.042

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

21. Related parties (cont’d)

Related party transactions

a) Service sales to related parties

	January 1 - December 31, 2021	January 1 - December 31, 2020
Gap İnşaat Yatırım ve Dış Ticaret A.Ş.	1.287	-
Artmin Madencilik Sanayi ve Ticaret A.Ş.	214	16
Çalık Enerji Sanayi ve Ticaret A.Ş.	158	-
Amethyst Holding N.V.	5	-
Lidya Madencilik Sanayi ve Ticaret A.Ş.	-	1
Total	1.664	17

b) Service purchases from related parties

	January 1 - December 31, 2021	January 1 - December 31, 2020
Lidya Madencilik Sanayi ve Ticaret A.Ş. (*)	27.057	6.123
Gap İnşaat Yatırım ve Dış Ticaret A.Ş. (**)	7.894	-
Çalık Holding A.Ş. (***)	1.555	1.322
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	188	-
Yeşilirmak Elektrik Perakende Satış A.Ş.	170	-
Mükafat Portföy Yönetimi A.Ş. (****)	161	-
Ahmet Çalık (****)	128	350
Aktif Yatırım Bankası A.Ş.	4	-
Artmin Madencilik Sanayi ve Ticaret A.Ş.	3	1.085
Nouvelle Frontier SARL	1	-
Total	37.161	8.880

(*) Consist of financing expenses amounting to TL 20.441 and personnel expenses amounting to TL 6.616.

(**) Mainly consist of purchases for production.

(***) Mainly consist of information technologies services, law consultancy services and internal auditing services charges.

(****) Rent expenses.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

22. Nature and level of risks arising from financial instruments

a) Financial risk factors

a.1) Credit risk management

The Company’s activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. Company Management and Board of Directors examines and approves the policies on the management of risks stated below. In addition, Company also considers the market risk of all of its financial instruments.

Current period December 31, 2021	Receivables		Bank deposits	Derivative instruments	Other
	Trade and Other Receivables				
	Related Party	Third Party			
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	49	18.343	154.772	-	-
-The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	49	18.343	154.772	-	-
B. Net book value of financial assets that are renegotiated	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
-The part of maximum risk under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-
- Overdue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-
- Undue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Credit Risk off the Statement of Financial Position	-	-	-	-	-

^(*) The factors that increase the credit reliability such as guarantees received are not considered in the determination of the balance.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

22. Nature and level of risks arising from financial instruments (cont’d)

a) Financial risk factors (cont’d)

a.1) Credit risk management (cont’d)

Prior period December 31, 2020	Receivables		Bank deposits	Derivative instruments	Other
	Trade and Other Receivables				
	Related Party	Third Party			
Maximum net credit risk as of balance sheet date (A+B+C+D+E) ^(*)	657	1.855	597	-	-
-The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	657	1.855	597	-	-
B. Net book value of financial assets that are renegotiated	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
-The part of maximum risk under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired asset	-	-	-	-	-
- Overdue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-
- Undue (gross net book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Credit Risk off the Statement of Financial Position	-	-	-	-	-

(*) The factors that increase the credit reliability such as guarantee received are not considered in the determination of the balance.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments of the Company that will result in concentration of credit risk mainly include cash and cash equivalents. The Company’s maximum exposure to credit risk is the same as the amounts recognized in the financial statements.

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

22. Nature and level of risks arising from financial instruments (cont’d)

a) Financial risk factors (cont’d)

a.2) Liquidity risk management

Liquidity risk is the risk of Company not meeting its net funding requirements.

The following tables detail the Company’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Contractual Maturity Analysis			Less	3-12	1-5	More
	Carrying	Total Cash Outflow	Than 3	Months	Years	Than 5
December 31, 2021	Value	According To	Months	(I)	(II)	(III)
		Contract (I+II+III+IV)	(I)	(II)	(III)	(IV)
Non-Derivate Financial Liabilities						
Bank loan	474.161	516.388	13.702	89.631	413.055	-
Operation lease liabilities	413	413	58	175	180	-
Trade and other payables	234.228	234.228	-	234.228	-	-
Total liabilities	708.982	751.029	13.760	324.034	413.235	-

Contractual Maturity Analysis			Less	3-12	1-5	More
	Carrying	Total Cash Outflow	Than 3	Months	Years	Than 5
December 31, 2020	Value	According To	Months	(I)	(II)	(III)
		Contract (I+II+III+IV)	(I)	(II)	(III)	(IV)
Non-Derivate Financial Liabilities						
Operation lease liabilities	496	496	248	248	-	-
Trade and other payables	56.753	56.753	-	56.753	-	-
Total liabilities	57.249	57.249	248	57.001	-	-

a.3) Market risk management

The Company is exposed to foreign exchange risk arising from foreign currency transactions.

As of December 31, 2021 and 2020, details of foreign currency positions of assets and liabilities of the Company are as follows:

Foreign Exchange Position	December 31, 2021			
	TL Equivalent	USD	EUR	Other
Trade Receivables	117	9	-	-
Monetary Financial Assets (including cash and bank)	153.467	11.826	-	-
Other	1.162	16	65	-
Current Assets	154.746	11.851	65	-
Total Assets	154.746	11.851	65	-
Trade Payables	(23.521)	(1.517)	(213)	(70)
Financial Liabilities	(75.702)	(5.833)	-	-
Other Monetary Financial Liabilities (including advances)	(137.923)	(10.628)	-	-
Current Liabilities	(237.146)	(17.978)	(213)	(70)
Financial Liabilities	(378.510)	(29.167)	-	-
Non-Current Liabilities	(378.510)	(29.167)	-	-
Total Liabilities	(615.656)	(47.145)	(213)	(70)
Net Foreign Currency Asset/Liability	(460.910)	(35.294)	(148)	(70)

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

22. Nature and level of risks arising from financial instruments (cont’d)

a) Financial risk factors (cont’d)

a.3) Market risk management (cont’d)

	December 31, 2020		
	TL Equivalent	USD	EUR
Foreign Exchange Position			
Trade Receivables	947	59	57
Monetary Financial Assets (including cash and bank)	24	3	-
Current Assets	971	62	57
Total Assets	971	62	57
Trade Payables	(33.527)	(4.567)	-
Other Monetary Financial Liabilities (including advances)	(1.835)	(250)	-
Current Liabilities	(35.362)	(4.817)	-
Total Liabilities	(35.362)	(4.817)	-
Net Foreign Currency Asset/Liability	(34.391)	(4.755)	57

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro.

In foreign currency sensitivity analysis gain/ loss section as of December 31, 2021 and 2020 the exposure of the %10 loss/ gain of TL against foreign currencies on the comprehensive financial income statement is disclosed. During the foreign currency sensitivity analysis, all variables, especially interest rates are assumed to be fixed.

Foreign currency sensitivity table		
Current period	December 31, 2021	
	Profit/ loss	
	Appreciation of foreign currency	Depreciation of foreign currency
USD against TL by 10%		
1- USD denominated net assets / liabilities	(45.803)	45.803
2- Hedged amount against USD risk(-)	-	-
3- Net effect of USD (1+2)	(45.803)	45.803
EUR against TL by 10%		
4- TL denominated net assets / liabilities	(218)	218
5- Hedged amount against TL risk(-)	-	-
6- Net effect of eur (4+5)	(218)	218
Other currency against TL by 10%		
7- Other currency denominated net assets/liabilities	(70)	70
8- Hedged amount against other currency risk (-)	-	-
9- Net Effect of other currency (7+8)	(70)	70
Total (3+6+9)	(46.091)	46.091

Polimetal Madencilik Sanayi ve Ticaret A.Ş.

Notes to the financial statements

for the year ended December 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

22. Nature and level of risks arising from financial instruments (cont’d)

a) Financial risk factors (cont’d)

a.3) Market risk management (cont’d)

Foreign currency sensitivity table		
Prior period	December 31, 2020	
	Profit/ loss	
	Appreciation of foreign currency	Depreciation of foreign currency
USD against TL by 10%		
1- USD denominated net assets / liabilities	(3.491)	3.491
2- Hedged amount against USD risk (-)	-	-
3- Net effect of USD (1+2)	(3.491)	3.491
EUR against TL by 10%		
4- EUR denominated net assets / liabilities	-	-
5- Hedged amount against EUR risk (-)	-	-
6- Net effect of EUR (4+5)	-	-
Total (3+6)	(3.491)	3.491

23. Subsequent events

None.

EXHIBIT B

Proposed Amended and Restated Memorandum and Articles of Association

**TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT 2004**

ACG METALS LIMITED

A Company Limited by Shares

MEMORANDUM AND ARTICLES OF ASSOCIATION

HARNEYS

**TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT 2004**

MEMORANDUM OF ASSOCIATION

OF

ACG METALS LIMITED

(the *Company*)

A Company Limited By Shares

1 NAME

1.1. The name of the Company is ACG Metals Limited.

2 STATUS

2.1. The Company is a company limited by shares.

3 REGISTERED OFFICE AND REGISTERED AGENT

3.1. The first registered office of the Company is at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.

3.2. The first Registered Agent is Harneys Corporate Services Limited of Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, VG 1110, British Virgin Islands.

3.3. The Company may, by Resolution of Shareholders or by Resolution of Directors, change the location of its registered office or change the Registered Agent.

3.4. If at any time the Company does not have a Registered Agent it may, by Resolution of Shareholders or Resolution of Directors, appoint a Registered Agent.

3.5. Any change of registered office or Registered Agent will take effect on the registration by the Registrar of a notice of the change filed by the existing Registered Agent or a legal practitioner in the British Virgin Islands acting on behalf of the Company.

3.6. The Registered Agent shall:

- (a) act on the instructions of the Directors if those instructions are contained in a Resolution of Directors and a copy of the Resolution of Directors is made available to the Registered Agent; and
- (b) recognise and accept the appointment or removal of a Director by the Shareholders.

4 CAPACITY AND POWERS

- 4.1. Subject to the Act and any other British Virgin Islands legislation, the Company has, irrespective of corporate benefit:
 - (a) full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction; and
 - (b) for the purposes of paragraph (a), full rights, powers, and privileges.
- 4.2. For the purposes of section 9(4) of the Act, there are no limitations on the business that the Company may carry on.
- 4.3. Each Reserved Matter is subject to the restrictions set out in Clause 7.

5 NUMBER AND CLASSES OF SHARES

- 5.1. Shares in the Company shall be issued in the currency of the United States of America.
- 5.2. The Company is authorised to issue an unlimited number of Class A Ordinary Shares with no par value.
- 5.3. The Company shall not issue fractional Shares and fractional Shares generated by any corporate action may, at the discretion of the Directors, be rounded down to the nearest whole Share.
- 5.4. Shares may be issued in one (1) or more series of Shares as the Directors may by Resolution of Directors determine from time to time.

6 RIGHTS OF SHARES

- 6.1. Each Class A Ordinary Share confers upon the Shareholder:
 - (a) the right to notice of and to attend any Shareholder Meeting;
 - (b) the right to one (1) vote on any Resolution of Shareholders;
 - (c) the right to an equal share in any dividend paid by the Company with each other Class A Ordinary Share;
 - (d) the right to an equal share in the distribution of the surplus assets of the Company with each other Class A Ordinary Share; and
 - (e) such other rights and entitlements as may be specified in the Memorandum and Articles.

7 RESERVED MATTER

- 7.1. The following constitute ***Reserved Matters***:
 - (a) amending this Clause 7.1; and

(b) amending Regulation 3.

7.2. Notwithstanding anything else in this Memorandum or the Articles, a Reserved Matter must be approved by a Reserved Matter Shareholder Resolution.

8 VARIATION OF RIGHTS

8.1. The rights conferred upon the holders of the Shares of any class may only be varied, whether or not the Company is in liquidation, with the consent in writing of the holders of more than two-thirds (66.6%) of the issued Shares of that class or by a resolution approved at a duly convened and constituted meeting of the Shares of that class by the affirmative vote of more than two-thirds (66.6%) of the votes of the Shares of that class which were present at the meeting and were voted.

8.2. The rights conferred upon the holders of the Shares of any class shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking equally with such existing Shares.

9 REGISTERED SHARES

9.1. The Company shall issue registered Shares only. The Company is not authorised to issue bearer Shares, convert registered Shares to bearer Shares or exchange registered Shares for bearer Shares.

10 AMENDMENT OF THE MEMORANDUM AND THE ARTICLES

10.1. Subject to Clause 7 and 8, the Company may only amend this Memorandum or the Articles by either:

(a) a written resolution approved by a resolution consented to in writing by shareholders representing at least two-thirds (66.6%) of the votes of the Shares entitled to vote on such resolution;

(b) or a resolution approved at a duly convened and constituted Shareholder Meeting by the affirmative vote of at least two-thirds (66.6%) of the votes of the Shares entitled to vote thereon which were present at the meeting and were voted.

10.2. Any amendment of this Memorandum or the Articles will take effect from the date that the notice of amendment, or restated Memorandum and Articles incorporating the amendment, is registered by the Registrar or from such other date as determined pursuant to the Act.

11 DEFINITIONS AND INTERPRETATION

11.1. In this Memorandum and the attached Articles, if not inconsistent with the subject or context:

Act means the BVI Business Companies Act 2004 and includes the BVI Business Companies Regulations 2012 and any other regulations made under the Act.

Annual General Meeting has the meaning given to it at Regulation 8.2.

Appointing Director has the meaning given to it at Regulation 13.5.

Articles means the attached articles of association of the Company.

Audit Committee has the meaning given to it at Regulation 23.13.

Board means the board of Directors.

Business Day means any day which is not a Saturday, Sunday or recognised public holiday in the British Virgin Islands, England and Wales, or in the United States of America.

Co-Sponsor means the sponsors of the Company at the Effective Date.

Class A Ordinary Shareholders means holders of Class A Ordinary Shares.

Class A Ordinary Shares means the Class A Ordinary shares issued from time to time.

Directors means directors of the Company.

Disapplication has the meaning given to it at Regulation 3.1.

Effective Date means [to be the date of adoption of these M&As] 2024.

Equity Securities has the meaning given to it at Regulation 3.1.

Excess Equity Securities has the meaning given to it at Regulation 3.1(c).

FCA means the UK Financial Conduct Authority.

Going Private Transaction means any transaction (including any acquisition, merger, arrangement, amalgamation, or other business combination) involving or that would involve:

- (a) any person beneficially or legally owning, directly or indirectly, all outstanding securities of the Company; or
- (b) the consummation of the sale or disposition by the Company of all, or substantially all of, the Company's assets.

Incentive Securities means:

- (a) any issue of Shares;
- (b) any options to acquire Equity Securities or similar awards granted; or
- (c) any Equity Securities issued upon exercise of options or awards granted (whether before or after the Effective Date),

pursuant to any Incentive Scheme, which is in existence on the Effective Date or subsequently approved by a Resolution of Directors pursuant to Regulation 11.3.

Incentive Scheme means any *bona fide*:

- (a) share incentive, share option, share trust, profit sharing, bonus, or other incentive scheme or arrangement; or
- (b) scheme providing any bonus, commission or remuneration of any sort calculated by reference to turnover, profits, sales, or performance,

for or affecting:

- (i) any *bona fide* current or former employees, non-executive directors, or consultants (or their personal service companies) of the Company or any subsidiary of the Company; or
- (ii) the spouses, civil partners, surviving spouses, surviving civil partners, or minor children, or stepchildren of such individuals.

Independent Non-Executive Director means a non-executive Director of the Company who is considered by the Board to be independent for the purposes of the UK Corporate Governance Code.

Listing Rules means the listing rules of the FCA as amended from time to time.

London Stock Exchange means London Stock Exchange plc.

Main Market means the main market operated by the London Stock Exchange.

Memorandum means this memorandum of association of the Company.

Official List means the official list maintained by the FCA.

person includes individuals, corporations, trusts, the estates of deceased individuals, partnerships, and unincorporated associations of persons.

Prohibited Transaction has the meaning given to it at Regulation 7.8.

Proscribed Powers means the powers to:

- (a) amend this Memorandum or the Articles;
- (b) designate committees of Directors;
- (c) delegate powers to a committee of Directors;
- (d) appoint or remove Directors;
- (e) appoint or remove an agent;
- (f) approve a plan of merger, consolidation, or arrangement;

- (g) make a declaration of solvency or to approve a liquidation plan; or
- (h) make a determination that immediately after a proposed distribution the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

Register of Directors means the register of directors of the Company.

Register of Members means the register of members of the Company.

Registered Agent means the registered agent of the Company.

Registrar means the BVI Registrar of Corporate Affairs.

Reserved Matter has the meaning given to it at Clause 7.1.

Reserved Matter Shareholder Resolution means:

- (a) a resolution approved at a duly convened and constituted Shareholder Meeting by the affirmative vote of at least seventy five (75%) of the votes of the Shares of the Shareholders entitled to vote thereon which were present at the meeting and voted; or
- (b) a resolution consented to in writing by at least seventy five (75%) of the votes of the Shares entitled to vote on such resolution.

Resolution of Directors means either:

- (a) a resolution approved at a duly convened and constituted meeting of Directors or of a committee of Directors by the affirmative vote of a majority of the Directors present at the meeting who voted except (i) in the circumstances specified in Regulation 13.14 and (ii) that where a Director is given more than one (1) vote, they shall be counted by the number of votes they cast for the purpose of establishing a majority; or
- (b) a resolution consented to in writing by an absolute majority of the total number of Directors or by an absolute majority of all the members of a committee of Directors, as the case may be.

Resolution of Shareholders means either:

- (a) a resolution approved at a duly convened and constituted Shareholder Meeting by the affirmative vote of a majority of the votes of the Shares of the Shareholders entitled to vote thereon which were present at the meeting and voted; or
- (b) a resolution consented to in writing by a majority of the votes of the Shares entitled to vote on such resolution.

Sanctioned Shares has the meaning given to it at Regulation 7.8.

Seal means any seal which has been duly adopted as the common seal of the Company.

Securities Act means the U.S. Securities Act of 1933.

Share means a share issued or to be issued by the Company.

Shareholder means a person whose name is entered in the Register of Members as the holder of one (1) or more Shares.

Shareholder Meeting means a meeting of Shareholders held in accordance with the provisions of the Articles.

U.S. Investment Company Act means the U.S. Investment Company Act of 1940, as amended and the rules adopted thereunder.

Warrant Instrument means an instrument constituting the Warrants executed by the Company.

Warrants means any warrants to subscribe for Shares issued or to be issued pursuant to a Warrant Instrument.

written or any term of like import includes information generated, sent, received, or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric, or photonic means, including electronic data interchange, electronic mail, telegram, telex, or telecopy, and **in writing** shall be construed accordingly.

11.2. In this Memorandum and the Articles, unless the context otherwise requires, a reference to:

- (a) a **Clause** is a reference to a clause of this Memorandum;
- (b) a **Regulation** is a reference to a regulation of the Articles;
- (c) voting by Shareholders is a reference to the casting of the votes attached to the Shares held by the Shareholder voting;
- (d) a provision of law (including the Act) is a reference to that provision as amended or re-enacted;
- (e) this Memorandum or the Articles is a reference to those documents as amended; and
- (f) the singular includes the plural and vice versa.

11.3. Where a period of time is expressed as a number of days, the days on which the period begins and ends are not included in the computation of the number of days.

11.4. Any reference to a month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month and a reference to a period of several months shall be construed accordingly.

11.5. Any words or expressions defined in the Act bear the same meaning in this Memorandum and the Articles unless the context otherwise requires or they are otherwise defined in this Memorandum or the Articles.

11.6. Headings are inserted for convenience only and shall be disregarded in interpreting this Memorandum and the Articles.

Signed for HARNEYS CORPORATE SERVICES LIMITED of Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands incorporating a BVI Business Company under the laws of the British Virgin Islands on 22nd of June 2021:

Incorporator

Sgd: Indira Ward-Lewis

.....

Indira Ward-Lewis

Authorised Signatory

HARNEYS CORPORATE SERVICES LIMITED

**TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT 2004**

ARTICLES OF ASSOCIATION

OF

ACG METALS LIMITED

A Company Limited by Shares

1. DISAPPLICATION OF THE ACT

1.1. The following sections of the Act shall not apply to the Company:

- (a) section 46 (Pre-emptive rights);
- (b) section 60 (Process for acquisition of own shares);
- (c) section 61 (Offer to one or more shareholders);
- (d) section 62 (Shares redeemed otherwise than at the option of company); and
- (e) section 175 (Disposition of assets).

2 SHARES

2.1. Any issue of Shares shall be subject to Regulation 3 and Regulation 7.8.

2.2. Subject to the provisions, if any, in the Memorandum or these Articles (and to any direction that may be given by the Company at a Shareholder Meeting), the Act and, where applicable, the rules of the London Stock Exchange and/or any competent regulatory authority, and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over, or otherwise dispose of Shares with or without preferred, deferred, or other rights or restrictions, whether in regard to a dividend or other distribution, voting, return of capital, or otherwise and to such persons, at such times, and on such other terms as they think proper, and may also (subject to the Act) vary such rights.

2.3. Subject to Clause 5.3, the Company may issue securities in the Company, which may be comprised of whole Shares, rights, options, Warrants, or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase, or receive any class of Shares or other securities in the Company, upon such terms as the Directors may from time to time determine.

2.4. Upon request, a Shareholder is entitled to a certificate signed by a Director or officer of the Company, or any other person authorised by Resolution of Directors, or under the Seal specifying the number of Shares held by them and the signature of the Director, officer, or authorised person and the Seal may be facsimiles.

- 2.5. Every certificate shall bear such legend, if any, as required by the Company.
- 2.6. Any Shareholder receiving a certificate shall indemnify and hold the Company and its Directors and officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a certificate for Shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by Resolution of Directors.
- 2.7. If several persons are registered as joint holders of any Shares, any one of such persons may give an effectual receipt for any distribution.
- 2.8. No Shares may be issued for a consideration other than money, unless a Resolution of Directors has been passed stating:
- (a) the amount to be credited for the issue of the Shares; and
 - (b) that, in their opinion, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the Shares.
- 2.9. The Company shall keep a Register of Members containing:
- (a) the names and addresses of the persons who hold Shares;
 - (b) the number of each class and series of Shares held by each Shareholder;
 - (c) the date on which the name of each Shareholder was entered in the Register of Members; and
 - (d) the date on which any person ceased to be a Shareholder.
- 2.10. The Register of Members may be in any such form as the Directors may approve, but if it is in magnetic, electronic, or other data storage form, the Company must be able to produce legible evidence of its contents. Until the Directors otherwise determine, the magnetic, electronic, or other data storage form shall be the original Register of Members.
- 2.11. A Share is deemed to be issued when the name of the Shareholder is entered in the Register of Members.

3 FURTHER ISSUE OF SHARES: PRE-EMPTION RIGHTS

- 3.1. Unless and until disapplied by a Reserved Matter Shareholder Resolution (*Disapplication*), and then only within the terms of the Disapplication, the following pre-emptive provisions will apply to any issue of Shares or any other equity securities that can be issued by the Company (including, but not limited to, Warrants and other rights to subscribe for, or to convert securities into, ordinary shares of the Company) (*Equity Securities*):
- (a) if the Company proposes to allot and issue any Equity Securities, including, without limitation:

- (i) make any transfers out of treasury of;
- (ii) convert any security into;
- (iii) grant any rights to subscribe for; or
- (iv) grant any rights to subscribe for any securities convertible into,

Equity Securities in the Company, whether conditional or unconditional, and whether such Equity Securities participate in dividends and/or distributions up to a specified amount or not, those Equity Securities shall not be allotted or issued to any person unless the Company has first offered them to all Shareholders on the date of the offer on the same or more favourable terms, as those Equity Securities are being offered to other persons on a *pari passu* and *pro rata* basis to the number of Equity Securities held by those holders (as nearly as possible without involving fractions);

- (b) an offer shall be in writing, shall be open for acceptance for a period of ten (10) Business Days from the date of the offer and shall give details of the number and subscription price of the relevant Equity Securities, with a further five (5) Business Days from the date on which acceptance of the offer is received by the Company provided to each Shareholder to fund the respective proportion of the Equity Securities that are subject of this acceptance;
- (c) the offer may stipulate that any Shareholder who wishes to subscribe for a number of Equity Securities in excess of the proportion to which they are entitled shall, in their acceptance, state the number of excess Equity Securities (***Excess Equity Securities***) for which they wish to subscribe; and
- (d) this Regulation 3.1 shall not apply to the allotment and issue of the following Equity Securities:
 - (i) to an allotment and issue of Equity Securities that does not exceed 10% of the total authorised Shares of the Company prior to the first Annual General Meeting following the Effective Date and subject always to subsequent approval at each following Annual General Meeting;
 - (ii) to any Incentive Securities;
 - (iii) to any Equity Securities allotted, as part of a bonus issue, proportionately to all Shareholders;
 - (iv) to any Equity Securities allotted as part of a restructuring plan or equivalent measures approved by the relevant court in accordance with applicable provisions under the laws of the British Virgin Islands;
 - (v) to any allotment as all or part of the consideration for any *bona fide* business combination transaction, merger, or acquisition of a business or asset which has been approved by Shareholders representing not less than 75% of the votes of the Shares in the Company;

- (vi) to any rights to subscribe for Equity Securities (including, pursuant to any Warrants) existing at the Effective Date; or
 - (vii) to any Equity Securities issued pursuant to the conversion of any convertible loans which were provided to the Company prior to the Effective Date.
- 3.2. Any Equity Securities not accepted by Shareholders pursuant to the offer made to them in accordance with Regulation 3.1 shall be used for satisfying any requests for Excess Equity Securities made pursuant to Regulation 3.1. If there are insufficient Excess Equity Securities to satisfy such requests, the Excess Equity Securities shall be allotted to the applicants pro rata to the number of Shares held by the applicants immediately before the offer was made to Shareholders in accordance with Regulation 3.1 (as nearly as possible without involving fractions or increasing the number of Excess Equity Securities allotted to any Shareholder beyond that applied for by that Shareholder). After that allotment, any Excess Equity Securities remaining shall be offered to any other person as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.

4 REDEMPTION OF SHARES AND TREASURY SHARES

- 4.1. The Company may purchase, redeem, or otherwise acquire and hold its own Shares save that the Company may not purchase, redeem, or otherwise acquire its own Shares without the consent of Shareholders whose Shares are to be purchased, redeemed, or otherwise acquired unless the Company is permitted by the Act or any other provision in the Memorandum or Articles to purchase, redeem, or otherwise acquire the Shares without their consent.
- 4.2. The Company may acquire its own fully paid Shares for no consideration by way of surrender of the Shares to the Company by the person holding the Shares. Any such surrender shall be evidenced in writing and signed by the person holding the Shares.
- 4.3. The Company may only offer to purchase, redeem, or otherwise acquire Shares if the Resolution of Directors authorising the purchase, redemption, or other acquisition contains a statement that the Directors are satisfied, on reasonable grounds, that immediately after the purchase, redemption, or other acquisition the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 4.4. Shares that the Company purchases, redeems, or otherwise acquires may be cancelled or held as treasury shares provided that the number of Shares purchased, redeemed, or otherwise acquired and held as treasury shares, when aggregated with Shares of the same class already held by the Company as treasury shares, may not exceed fifty (50%) of the Shares of that class previously issued by the Company excluding Shares that have been cancelled. Shares which have been cancelled shall be available for reissue.
- 4.5. All rights and obligations attaching to a treasury share are suspended and shall not be exercised by the Company while it holds the Share as a treasury share.
- 4.6. Treasury shares may be transferred by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and the Articles) as the Company may by Resolution of Directors determine.

5 MORTGAGES AND CHARGES OF SHARES

- 5.1. Shareholders may mortgage or charge their Shares.
- 5.2. There shall be entered in the Register of Members at the written request of the Shareholder:
 - (a) a statement that the Shares held by them are mortgaged or charged;
 - (b) the name of the mortgagee or chargee; and
 - (c) the date on which the particulars specified in subparagraphs (a) and (b) are entered in the Register of Members.
- 5.3. Where particulars of a mortgage or charge are entered in the Register of Members, such particulars may be cancelled:
 - (a) with the written consent of the named mortgagee or chargee or anyone authorised to act on their behalf; or
 - (b) upon evidence satisfactory to the Directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the Directors shall consider necessary or desirable.
- 5.4. Whilst particulars of a mortgage or charge over Shares are entered in the Register of Members pursuant to this Regulation:
 - (a) no transfer of any Share the subject of those particulars shall be effected;
 - (b) the Company may not purchase, redeem, or otherwise acquire any such Share; and
 - (c) no replacement certificate shall be issued in respect of such Shares,without the written consent of the named mortgagee or chargee.
- 5.5. The Directors may not resolve to refuse or delay the transfer of a Share pursuant to the enforcement of a valid security interest created over the Share.

6 FORFEITURE

- 6.1. Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose Shares or securities issued for a promissory note, other written obligation to contribute money or property, or a contract for future services are deemed to be not fully paid.
- 6.2. A written notice of call specifying the date for payment to be made shall be served on the Shareholder who defaults in making payment in respect of the Shares.
- 6.3. The written notice of call referred to in Regulation 6.2 shall name a further date not earlier than the expiration of fourteen (14) days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of

non-payment at or before the time named in the notice the Shares, or any of them, in respect of which payment is not made will be liable to be forfeited.

- 6.4. Where a written notice of call has been issued pursuant to Regulation 6.2 and the requirements of the notice have not been complied with, the Directors may, at any time before tender of payment, forfeit and cancel the Shares to which the notice relates.
- 6.5. If a Shareholder intends to offer, sell, transfer, assign, novate, or otherwise dispose of any Shares or Warrants they shall do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the U.S. Investment Company Act.
- 6.6. The Company is under no obligation to refund any moneys to the Shareholder whose Shares have been cancelled pursuant to Regulation 6.4 and 6.5 and that Shareholder shall be discharged from any further obligation to the Company.

7 TRANSFER OF SHARES AND WARRANTS

- 7.1. A Share may, subject to the provisions of the Articles, be transferred subject to the prior or subsequent approval of the Company contained in a Resolution of Shareholders or a Resolution of Directors.
- 7.2. Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company for registration, provided that such transfer also complies with applicable laws of England and Wales. If the Shares in question were issued in conjunction with rights, options, or warrants issued on terms that one cannot be transferred without the other, the Directors shall refuse to register the transfer of any such Share without evidence satisfactory to them of the like transfer of such option or warrant.
- 7.3. In accordance with Section 54(A) of the Act, in addition to the above, the instrument of transfer of any Share shall be in writing in the usual or common form or in a form prescribed by the London Stock Exchange or in any other form approved by the officers of the Company and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by or on behalf of the transferee) and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time.
- 7.4. The transfer of a Share is effective when the name of the transferee is entered on the Register of Members.
- 7.5. If the Directors are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by Resolution of Directors:
 - (a) to accept such evidence of the transfer of Shares as they consider appropriate; and
 - (b) that the transferee's name should be entered in the Register of Members notwithstanding the absence of the instrument of transfer.

- 7.6. The personal representative of a deceased Shareholder may transfer a Share even though the personal representative is not a Shareholder at the time of the transfer.
- 7.7. The Directors may not resolve to refuse or delay the transfer of a Share unless:
- (a) the Shareholder has failed to pay an amount due in respect of the Share; or
 - (b) such transfer would breach or cause a breach of:
 - (i) the rules of the London Stock Exchange or any stock exchange on which the Shares may be listed; or
 - (ii) applicable law or regulation at such times and for such periods as the Directors may from time to time determine.
- 7.8. Regulations 7.9 and 7.10 shall apply to any issue, transfer, or disposal of any interest in a Share (**Sanctioned Shares**) which would result in the Company becoming a sanctioned entity (**Prohibited Transaction**).
- 7.9. Where a Prohibited Transaction occurs, none of the rights vested in a Shareholder relating to the Sanctioned Shares may be exercised, and all such rights are suspended until Regulation 7.10 has been complied with and such Shares have been transferred to a third party. This includes but is not limited to any right to:
- (a) attend or be counted in the quorum or vote either personally or by proxy at any Shareholder Meeting or at any separate meeting of the holders of any class of Shares or upon any poll or to exercise any other right or privilege in relation to any Shareholder Meeting or any meeting of the holders of any class of Shares;
 - (b) vote on any Resolution of Shareholders or consent to any other corporate action;
 - (c) receive dividends or other distributions in relation to such Shares (whether or not declared before or after the suspension);
 - (d) redeem or convert such Shares; or
 - (e) receive any surplus assets in the liquidation of the Company.
- 7.10. The Company will, no later than five (5) Business Days after becoming aware a Prohibited Transaction has taken place, cause the Sanctioned Shares to be sold on the open market in a transaction which is not a Prohibited Transaction (including, where such Sanctioned Shares are held in dematerialised form, by procuring the transfer of the depository interest representing the Sanctioned Shares), the cash proceeds of which will be delivered to the relevant Shareholder(s), subject to:
- (a) deduction from any such cash proceeds of any applicable withholding taxes and of an amount equal to any stamp duty, stamp duty reserve tax, or any other capital gain, net income, issue, transfer, registration, financial transaction, or documentary tax that may arise or be paid as a consequence of such sale; and

- (b) the delivery by the relevant Shareholder of any other information required by law or reasonably required by the Company.

8 MEETINGS AND CONSENTS OF SHAREHOLDERS

- 8.1. The Board may convene a Shareholder Meeting at such times and in such manner and places within or outside the British Virgin Islands as the Director considers necessary or desirable.
- 8.2. Notwithstanding 8.1, the Company shall hold at least one (1) Shareholder Meeting in every calendar year which shall be designated as an **Annual General Meeting**. There shall be no more than one (1) year between each Annual General Meeting. Unless the context otherwise requires, reference in these Articles to a Shareholder Meeting shall include an Annual General Meeting.
- 8.3. The Directors shall give not less than twenty-one (21) days' notice of an Annual General Meeting.
- 8.4. Upon the written request of Shareholders entitled to exercise thirty (30%) or more of the voting rights in respect of the matter for which the Shareholder Meeting is requested the Directors shall convene a Shareholder Meeting.
- 8.5. Subject to Regulation 8.3 which provides for a longer notice period for Annual General Meetings, a Director convening a Shareholder Meeting shall give not less than ten (10) days' notice of a Shareholder Meeting to:
 - (a) those Shareholders whose names on the date the notice is given appear as Shareholders in the Register of Members and are entitled to vote at the Shareholder Meeting; and
 - (b) the other Directors.
- 8.6. The notice must specify if the Shareholder Meeting is an Annual General Meeting. Any other meeting shall be considered an extraordinary general meeting.
- 8.7. Notice of a Shareholder Meeting may be given in writing or by electronic means. If notice is sent by electronic means, it shall be deemed to have been given when the communication is electronically transmitted. Notice shall be deemed to have been validly given if notice is published on the Company's website and via a Regulatory News Service (RNS) announcement, regardless of whether any communication is sent to individual Shareholders by any means, and in such case shall be deemed to have been given on the latter of the two to occur.
- 8.8. The Director convening a Shareholder Meeting may fix as the record date for determining those Shareholders that are entitled to vote at the Shareholder Meeting the date notice is given of the Shareholder Meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.
- 8.9. A Shareholder Meeting held in contravention of the requirement to give notice is valid if it is so agreed:
 - (a) in the case of an Annual General Meeting, by all the Shareholders entitled to attend and vote at the Annual General Meeting; and

- (b) in the case of any other Shareholder Meeting, if a majority in number of the Shareholders holding at least ninety percent (90%) of the total voting rights on all the matters to be considered at the Shareholder Meeting have waived notice of the Shareholder Meeting and, for this purpose, the presence of a Shareholder at the Shareholder Meeting shall constitute waiver in relation to all the Shares which that Shareholder holds.
- 8.10. The inadvertent failure of a Director who convenes a Shareholder Meeting to give notice of a Shareholder Meeting to a Shareholder or another Director, or the fact that a Shareholder or another Director has not received notice, does not invalidate the Shareholder Meeting.
 - 8.11. A Shareholder may be represented at a Shareholder Meeting by a proxy who may speak and vote on behalf of the Shareholder.
 - 8.12. The instrument appointing a proxy shall be produced at the place designated for the Shareholder Meeting before the time for holding the Shareholder Meeting at which the person named in such instrument proposes to vote. The notice of the Shareholder Meeting may specify an alternative or additional place or time at which the proxy shall be presented.
 - 8.13. The instrument appointing a proxy shall be in substantially the following form or such other form as approved by the Directors or as the chair of the Shareholder Meeting shall accept as properly evidencing the wishes of the Shareholder appointing the proxy.

ACG METALS LIMITED
<p>I/We being a Shareholder of the above Company HEREBY APPOINT</p> <p>..... of or failing them</p> <p>of to be my/our proxy to vote for me/us at the meeting</p> <p>of Shareholders to be held on the day of, 20..... and at any</p> <p>adjournment thereof.</p> <p>(Any restrictions on voting to be inserted here.)</p> <p>Signed this day of, 20.....</p> <p>.....</p> <p>Shareholder</p>

- 8.14. The following applies where Shares are jointly owned:
 - (a) if two or more persons hold Shares jointly each of them may be present in person or by proxy at a Shareholder Meeting and may speak as a Shareholder;
 - (b) if only one (1) of the joint owners is present in person or by proxy they may vote on behalf of all joint owners; and
 - (c) if two or more of the joint owners are present in person or by proxy they must vote as one.

- 8.15. A Shareholder shall be deemed to be present at a Shareholder Meeting if they participate by telephone or other electronic means and all Shareholders or their authorised representatives participating in the Shareholder Meeting are able to hear each other.
- 8.16. A Shareholder Meeting is duly constituted if, at the commencement of the Shareholder Meeting, there are present in person or by proxy not less than thirty percent (30%) of the votes of the Shares entitled to vote on Resolutions of Shareholders to be considered at the Shareholder Meeting. A quorum may comprise a single Shareholder or proxy and then such person may pass a Resolution of Shareholders and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy instrument shall constitute a valid Resolution of Shareholders.
- 8.17. If majority of the Company's Shareholders present at a Shareholder Meeting are represented by a single Co-Sponsor, a meeting will not be considered quorate.
- 8.18. If within two (2) hours from the time appointed for the Shareholder Meeting a quorum is not present, the Shareholder Meeting, if convened upon the requisition of Shareholders, shall be dissolved; in any other case it shall stand adjourned to the next Business Day in the jurisdiction in which the Shareholder Meeting was to have been held at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned Shareholder Meeting there are present within one (1) hour from the time appointed for the Shareholder Meeting in person or by proxy not less than one third (33.3%) of the votes of the Shares or each class or series of Shares entitled to vote on the matters to be considered by the Shareholder Meeting, those present shall constitute a quorum but otherwise the Shareholder Meeting shall be dissolved.
- 8.19. At every Shareholder Meeting, the chair of the Board shall preside as chair of the Shareholder Meeting. If there is no chair of the Board or if that chair is not present at the Shareholder Meeting, the Shareholders present shall choose one of their number to be the chair. If the Shareholders are unable to choose a chair for any reason, then the person representing the greatest number of voting Shares present in person or by proxy at the Shareholder Meeting shall preside as chair failing which the oldest individual Shareholder or representative of a Shareholder present shall take the chair.
- 8.20. The chair may, with the consent of the Shareholder Meeting, adjourn any Shareholder Meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the Shareholder Meeting from which the adjournment took place.
- 8.21. At any Shareholder Meeting the chair is responsible for deciding in such manner as they consider appropriate whether any resolution proposed has been carried or not and the result of their decision shall be announced to the Shareholder Meeting and recorded in the minutes of the Shareholder Meeting. If the chair has any doubt as to the outcome of the vote on a proposed resolution, they shall cause a poll to be taken of all votes cast upon such resolution. If the chair fails to take a poll then any Shareholder present in person or by proxy who disputes the announcement by the chair of the result of any vote may immediately following such announcement demand that a poll be taken and the chair shall cause a poll to be taken. If a poll is taken at any Shareholder Meeting, the result shall be announced to the Shareholder Meeting and recorded in the minutes of the Shareholder Meeting.

- 8.22. Subject to the specific provisions contained in this Regulation for the appointment of representatives of persons other than individuals the right of any individual to speak for or represent a Shareholder shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the Directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Shareholder or the Company.
- 8.23. Any person other than an individual which is a Shareholder may by resolution of its Directors or other governing body authorise such individual as it thinks fit to act as its representative at any Shareholder Meeting or of any class of Shareholders, and the individual so authorised shall be entitled to exercise the same rights on behalf of the Shareholder which they represent as that Shareholder could exercise if it were an individual.
- 8.24. The chair of any Shareholder Meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within seven (7) days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.
- 8.25. Directors may attend and speak at any Shareholder Meeting and at any separate meeting of the holders of any class or series of Shares.
- 8.26. An action that may be taken by the Shareholders at a Shareholder Meeting may also be taken by a resolution consented to in writing, without the need for any notice, but if any Resolution of Shareholders is adopted otherwise than by the unanimous written consent of all Shareholders, an announcement including the material terms of such written resolutions will be published by the Company on its website as soon as reasonably practicable after they have taken effect. Upon such publication, any Shareholder that has not consented to such written resolutions will be deemed to have been notified of their contents. The consent to any written resolutions may be in the form of counterparts; each counterpart being signed by one (1) or more Shareholders. If the consent is in one (1) or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the earliest date upon which Shareholders holding a sufficient number of votes of Shares to constitute a Resolution of Shareholders have consented to the resolution by signed counterparts.

9 UNTRACEABLE MEMBERS

- 9.1. Where any Shareholder is untraceable, the Company may sell any of their Shares provided that:
- (a) no less than three (3) cheques for any sums payable in cash to such Shareholder have remained uncashed for a period of twelve (12) years from the date of issue of the cheque;
 - (b) the Company not having during that time or before the expiry of the three (3) month period referred to in Regulation 9.1(c) received any indication of the existence of the Shareholder or person entitled to such shares by death, bankruptcy, or operation of law; and

- (c) upon expiration of the twelve (12) year period, an advertisement has been published in newspapers, giving notice of the Company's intention to sell those Shares, and a period of three (3) months or such shorter period has elapsed since the date of such advertisement.
- 9.2. Where the Company sells the Shares of any untraceable Shareholder, the net proceeds of any such sale shall be held in the Company, and the net proceeds shall be accounted as a debt due to that untraceable Shareholder for an amount equal to such net proceeds.

10 DIRECTORS

- 10.1. The Directors shall be elected by Resolution of Shareholders or, in the circumstances provided at Regulation 10.8, by Resolution of Directors.
- 10.2. No person shall be appointed as a Director or Alternate Director (as defined in Regulation 13), or nominated as a reserve Director, unless they have consented in writing to be a Director or Alternate Director, or to be nominated as a reserve Director.
- 10.3. The minimum number of Directors shall be one (1) and there shall be no maximum number of Directors. Any change in the number of Directors shall be approved by a Resolution of Shareholders.
- 10.4. Each Director holds office for the term, if any, fixed by the Resolution of Shareholders appointing them, or until their earlier death, resignation, or removal. If no term is fixed on the appointment of a Director, the Director serves indefinitely until their earlier death, resignation, or removal.
- 10.5. No Director will be required to submit for re-election until the first Annual General Meeting following the Effective Date.
- 10.6. A Director may be removed from office:
- (a) with or without cause, by Resolution of Shareholders passed at a Shareholder Meeting called for the purpose of removing the Director or for purposes including the removal of the Director or by a written resolution passed by at least seventy-five percent (75%) of the votes of the Shares entitled to vote; or
 - (b) with cause, by Resolution of Directors passed at a meeting of Directors called for the purpose of removing the Director or for purposes including the removal of the Director.
- 10.7. A Director may resign their office by giving written notice of their resignation to the Company and the resignation has effect from the date the notice is received by the Company or from such later date as may be specified in the notice. A Director shall resign forthwith as a Director if they are, or become, disqualified from acting as a Director under the Act.
- 10.8. The Directors may at any time appoint any person to be a Director to fill a vacancy. Where the Directors appoint a person as Director to fill a vacancy, the term shall expire on the earlier of:
- (a) the end of the term of the Director being replaced; or
 - (b) the next Annual General Meeting.

- 10.9. A vacancy in relation to Directors occurs if a Director dies or otherwise ceases to hold office prior to the expiration of their term of office.
- 10.10. The Company shall keep a Register of Directors containing:
- (a) the names and addresses of the persons who are Directors or who have been nominated as reserve Directors;
 - (b) the date on which each person whose name is entered in the register was appointed as a Director, or nominated as a reserve Director;
 - (c) the date on which each person named as a Director ceased to be a Director;
 - (d) the date on which the nomination of any person nominated as a reserve Director ceased to have effect; and
 - (e) such other information as may be prescribed by the Act.
- 10.11. The Register of Directors may be kept in any such form as the Directors may approve, but if it is in magnetic, electronic, or other data storage form, the Company must be able to produce legible evidence of its contents. Until a Resolution of Directors determining otherwise is passed, the magnetic, electronic, or other data storage shall be the original Register of Directors.
- 10.12. A Director is not required to hold a Share as a qualification to office.

11 REMUNERATION OF DIRECTORS AND ADOPTION OF INCENTIVE SCHEMES

- 11.1. The remuneration of Directors shall be set by Resolution of Directors.
- 11.2. All the Directors are entitled to be reimbursed by the Company for travel, hotel, and other expenses incurred by them in the course of their Directors' duties relating to the Company.
- 11.3. Any Incentive Scheme adopted by the Company after the Effective Date must be approved by a Resolution of Directors.

12 POWERS OF DIRECTORS

- 12.1. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may exercise all such powers of the Company as are not by the Act or by the Memorandum or the Articles required to be exercised by the Shareholders.
- 12.2. Each Director shall exercise their powers for a proper purpose and shall not act or agree to the Company acting in a manner that contravenes the Memorandum, the Articles, or the Act. Each Director, in exercising their powers or performing their duties, shall act honestly and in good faith in what the Director believes to be the best interests of the Company.

- 12.3. If the Company is the wholly owned subsidiary of a parent, a Director may, when exercising powers or performing duties as a Director, act in a manner which they believe is in the best interests of the parent even though it may not be in the best interests of the Company.
- 12.4. Any Director which is a body corporate may appoint any individual as its duly authorised representative for the purpose of representing it at meetings of the Directors, with respect to the signing of consents or otherwise.
- 12.5. The continuing Directors may act notwithstanding any vacancy in their body.
- 12.6. The Directors may by Resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities, or obligations and to secure indebtedness, liabilities, or obligations whether of the Company or of any third party.
- 12.7. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.

13 PROCEEDINGS OF DIRECTORS

- 13.1. Any one (1) Director may call a meeting of the Directors by sending a written notice to each other Director.
- 13.2. The Directors or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable.
- 13.3. A Director is deemed to be present at a meeting of Directors if they participate by telephone or other electronic means and all Directors participating in the meeting are able to hear each other.
- 13.4. A Director shall be given not less than three (3) days' notice of meetings of Directors, but a meeting of Directors held without three (3) days' notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting who do not attend waive notice of the meeting, and for this purpose the presence of a Director at a meeting shall constitute waiver by that Director. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.
- 13.5. A Director (the **Appointing Director**) may appoint any other Director or any other eligible person as their alternate to exercise the Appointing Director's powers and carry out the Appointing Director's responsibilities in relation to the taking of decisions by the Directors in the absence of the Appointing Director (the **Alternate Director**).
- 13.6. The appointment and termination of an Alternate Director must be in writing, and written notice of the appointment and termination must be given by the Appointing Director to the Company as soon as reasonably practicable.
- 13.7. An Alternate Director has the same rights as the Appointing Director in relation to any Directors' meeting and any written resolution circulated for written consent. An Alternate Director has no

power to appoint a further alternate, whether of the Appointing Director or of the Alternate Director, and the alternate does not act as an agent of or for the Appointing Director.

- 13.8. The Appointing Director may, at any time, voluntarily terminate the Alternate Director's appointment. The voluntary termination of the appointment of an alternate shall take effect from the time when written notice of the termination is given to the Company. The rights of an alternate shall automatically terminate if the Appointing Director dies or otherwise ceases to hold office.
- 13.9. A meeting of Directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one-half (50%) of the total number of Directors.
- 13.10. If the Company has only one (1) Director the provisions herein contained for meetings of Directors do not apply and such sole Director has full power to represent and act for the Company in all matters as are not by the Act, the Memorandum, or the Articles required to be exercised by the Shareholders. In lieu of minutes of a meeting the sole Director shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Directors. Such a note or memorandum constitutes sufficient evidence of such resolution for all purposes.
- 13.11. The Directors may appoint a Director as chair of the Board. At meetings of Directors at which the chair of the Board is present, they shall preside as chair of the meeting. If there is no chair of the Board or if the chair of the Board is not present, the Directors present shall choose one of their number to be chair of the meeting.
- 13.12. An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a Resolution of Directors or a resolution of a committee of Directors, without the need for any notice. The consent may be in the form of counterparts each counterpart being signed by one (1) or more Directors. If the consent is in one (1) or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the date upon which the last Director has consented to the resolution by signed counterparts.
- 13.13. Directors of the Company bearing affiliation with any single Co-Sponsor may not constitute a majority of the Board.
- 13.14. If the number of votes for and against a resolution proposed at a meeting of Directors are equal, the resolution will be deemed to have been duly approved by the Directors if a majority of the Independent Non-Executive Directors vote in favour. If there is not a sufficient number of Independent Non-Executive Directors present, the meeting must be reconvened with all Independent Non-Executive Directors present.

14 COMMITTEES

- 14.1. The Directors may, by Resolution of Directors, designate one (1) or more committees, each consisting of one (1) or more Directors, and delegate one (1) or more of their powers, including the power to affix the Seal, to the committee.
- 14.2. The Directors have no power to delegate to a committee of Directors any of the Proscribed Powers.

- 14.3. A committee of Directors, where authorised by the Resolution of Directors appointing such committee or by a subsequent Resolution of Directors, may appoint a sub-committee and delegate powers exercisable by the committee to the sub-committee.
- 14.4. The meetings and proceedings of each committee of Directors consisting of two (2) or more Directors shall be governed by the provisions of these Articles regulating the proceedings of Directors with any necessary changes so far as the same are not superseded by any provisions in the Resolution of Directors establishing the committee.
- 14.5. Where the Directors delegate their powers to a committee of Directors they remain responsible for the exercise of that power by the committee, unless they believed on reasonable grounds at all times before the exercise of the power that the committee would exercise the power in conformity with the duties imposed on Directors under the Act.

15 OFFICERS AND AGENTS

- 15.1. The Company may by Resolution of Directors appoint officers of the Company at such times as may be considered necessary or expedient. The officers shall perform such duties as are prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by Resolution of Directors.
- 15.2. The emoluments of all officers shall be fixed by Resolution of Directors.
- 15.3. The officers of the Company shall hold office until their successors are duly appointed, but any officer elected or appointed by the Directors may be removed at any time, with or without cause, by Resolution of Directors. Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.
- 15.4. The Directors may, by Resolution of Directors, appoint any person, including a person who is a Director, to be an agent of the Company.
- 15.5. An agent of the Company shall have such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in the Articles or in the Resolution of Directors appointing the agent, except that no agent has any power or authority with respect to the following:
 - (a) the Proscribed Powers;
 - (b) to change the registered office or agent;
 - (c) to fix emoluments of Directors; or
 - (d) to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.
- 15.6. The Resolution of Directors appointing an agent may authorise the agent to appoint one (1) or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.

- 15.7. The Directors may remove an agent appointed by the Company and may revoke or vary a power conferred on them.

16 FINANCIAL YEAR

- 16.1. Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31 December in each year.

17 MERGERS AND CONSOLIDATIONS

- 17.1. The Company shall have the power to merge or consolidate with one (1) or more other constituent companies upon such terms as the Directors may determine by a Resolution of the Directors subject as may be permitted by the Act.

18 CONFLICT OF INTERESTS

- 18.1. A Director shall, forthwith after becoming aware of the fact that they are interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other Directors.
- 18.2. For the purposes of Regulation 18.1, a disclosure to all other Directors to the effect that a Director is a member, director, or officer of another named entity or has a fiduciary relationship with respect to the entity or a named individual and is to be regarded as interested in any transaction which may, after the date of the entry into the transaction or disclosure of the interest, be entered into with that entity or individual, is a sufficient disclosure of interest in relation to that transaction.
- 18.3. Subject to any rules or regulations of the London Stock Exchange or any laws or regulations governing companies listed on the London Stock Exchange, a Director who is interested in a transaction entered into or to be entered into by the Company may:
- (a) vote on a matter relating to the transaction;
 - (b) attend a meeting of Directors, or meeting of a committee of Directors, at which a matter relating to the transaction arises and be included among the Directors present at the relevant meeting for the purposes of a quorum; and
 - (c) sign a document on behalf of the Company, or do any other thing in their capacity as a Director, that relates to the transaction,

and, subject to compliance with the Act, shall not by reason of their office be accountable to the Company for any benefit which they derive from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

19 INDEMNIFICATION

- 19.1. Subject to the limitations hereinafter provided, the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines, and amounts paid in settlement and reasonably incurred in connection with legal, administrative, or investigative proceedings any person who:

- (a) is or was a party or is threatened to be made a party to any threatened, pending, or completed proceedings, whether civil, criminal, administrative, or investigative, by reason of the fact that the person is or was a Director; or
 - (b) is or was, at the request of the Company, serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust, or other enterprise.
- 19.2. The indemnity in Regulation 19.1 only applies if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful.
- 19.3. For the purposes of Regulation 19.2 and without limitation, a Director acts in the best interests of the Company if they act in the best interests of the Company's parent in the circumstances specified in Regulation 12.3.
- 19.4. The decision of the Directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that their conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.
- 19.5. The termination of any proceedings by any judgment, order, settlement, conviction, or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that their conduct was unlawful.
- 19.6. Expenses, including legal fees, incurred by a Director in defending any legal, administrative, or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the Director is not entitled to be indemnified by the Company in accordance with Regulation 19.1.
- 19.7. Expenses, including legal fees, incurred by a former Director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the former Director to repay the amount if it shall ultimately be determined that the former Director is not entitled to be indemnified by the Company in accordance with Regulation 19.1 and upon such terms and conditions, if any, as the Company deems appropriate.
- 19.8. The indemnification and advancement of expenses provided by, or granted pursuant to, this section is not exclusive of any other rights to which the person seeking indemnification or advancement of expenses may be entitled under any agreement, Resolution of Shareholders, resolution of disinterested Directors or otherwise, both as to acting in the person's official capacity and as to acting in another capacity while serving as a Director.
- 19.9. If a person referred to in Regulation 19.1 has been successful in defence of any proceedings referred to in Regulation 19.1, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

19.10. The Company may purchase and maintain insurance in relation to any person who is or was a Director, officer, or liquidator of the Company, or who at the request of the Company is or was serving as a director, officer, or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust, or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.

20 CORPORATE RECORDS

20.1. The Company shall keep the following documents at the office of the Registered Agent:

- (a) the Memorandum and the Articles;
- (b) the Register of Members, or a copy of the Register of Members;
- (c) the Register of Directors, or a copy of the Register of Directors; and
- (d) copies of all notices and other documents filed by the Company with the Registrar in the previous ten (10) years.

20.2. Until the Directors determine otherwise by Resolution of Directors, the Company shall keep the original Register of Members and original Register of Directors at the office of the Registered Agent.

20.3. The Company shall keep the following records at the office of the Registered Agent or at such other place or places, within or outside the British Virgin Islands, as the Directors may determine:

- (a) minutes of meetings and Resolutions of Directors and committees of Directors; and
- (b) minutes of meetings and Resolutions of Shareholders and classes of Shareholders.

20.4. Where any original records referred to in this Regulation are maintained other than at the office of the Registered Agent, and the place at which the original records is changed, the Company shall provide the Registered Agent with the physical address of the new location of the records of the Company within fourteen (14) days of the change of location.

20.5. The records kept by the Company under this Regulation shall be in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act 2001 as from time to time amended or re-enacted.

21 SEAL

21.1. The Company shall have a Seal an impression of which shall be kept at the office of the Registered Agent. The Company may have more than one (1) Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors. The Directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the registered office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any one (1) Director or

other person so authorised from time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.

22 DISTRIBUTIONS BY WAY OF DIVIDEND

- 22.1. The Directors may, by Resolution of Directors, authorise a distribution by way of dividend at a time and of an amount they think fit if they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 22.2. Dividends may be paid in money, shares, or other property.
- 22.3. The Company may, by Resolution of Directors, from time to time pay to the Shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company, provided always that they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as and when they fall due.
- 22.4. Notice of any dividend that may have been declared shall be given to each Shareholder as specified in Regulation 24 and all dividends unclaimed for three (3) years after having been declared may be forfeited by Resolution of Directors for the benefit of the Company.
- 22.5. No dividend shall bear interest as against the Company and no dividend shall be paid on treasury shares.

23 ACCOUNTS AND AUDIT

- 23.1. The Company shall keep records and underlying documentation that are sufficient to show and explain the Company's transactions and that will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.
- 23.2. The records and underlying documentation of the Company shall be kept at the office of the Registered Agent or at such other place or places, within or outside the British Virgin Islands, as the Directors may determine and if the records and underlying documentation are kept in a location other than the office of the Registered Agent, the Company shall provide the Registered Agent with a written record of:
 - (a) the physical address of the place at which the records and underlying documentation are kept; and
 - (b) the name of the person who maintains and controls the Company's records and underlying documentation.

- 23.3. If the location at which the records and underlying documentation are kept or the name of the person who maintains and controls the records and underlying documentation changes, the Company shall, within fourteen (14) days of the change, provide the Registered Agent with:
- (a) the physical address of the new location at which the records and underlying documentation are kept; and
 - (b) the name of the new person who maintains and controls the Company's records and underlying documentation.
- 23.4. The Company may by Resolution of Shareholders call for the Directors to prepare periodically and make available a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for a financial period and a true and fair view of the assets and liabilities of the Company as at the end of a financial period.
- 23.5. The Company may by Resolution of Shareholders call for the accounts to be examined by auditors.
- 23.6. The first auditors shall be appointed by Resolution of Directors; subsequent auditors shall be appointed by Resolution of Shareholders or by Resolution of Directors.
- 23.7. The auditors may be Shareholders, but no Director or other officer shall be eligible to be an auditor of the Company during their continuance in office.
- 23.8. The remuneration of the auditors of the Company may be fixed by Resolution of Directors.
- 23.9. The auditors shall examine each profit and loss account and balance sheet required to be laid before a meeting of the Shareholders or otherwise given to Shareholders and shall state in a written report whether or not:
- (a) in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the assets and liabilities of the Company at the end of that period; and
 - (b) all the information and explanations required by the auditors have been obtained.
- 23.10. The report of the auditors shall be annexed to the accounts and shall be read at the Shareholder Meeting at which the accounts are laid before the Company or shall be otherwise given to the Shareholders.
- 23.11. Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanations as they think necessary for the performance of the duties of the auditors.
- 23.12. The auditors of the Company shall be entitled to receive notice of, and to attend, any meetings of Shareholders at which the Company's profit and loss account and balance sheet are to be presented.

- 23.13. The Directors shall establish and maintain an audit committee (***Audit Committee***) as a committee of the Directors and shall adopt a formal written Audit Committee charter and review and assess the adequacy of the formal written charter on an annual basis. The composition and responsibilities of the Audit Committee shall comply with the rules and regulations of the FCA and the London Stock Exchange. Once formed, the Audit Committee shall meet at least once every financial quarter, or more frequently as the circumstances dictate.

24 NOTICES

- 24.1. Any notice, information, or written statement to be given by the Company to Shareholders shall be in writing and may be given by personal service, mail, courier, or email to such Shareholder's address as shown in the Register of Members or to such Shareholder's email address as notified by the Shareholder to the Company in writing from time to time.
- 24.2. Any summons, notice, order, document, process, information, or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail addressed to the Company at the offices of the Registered Agent.
- 24.3. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing notice, and shall be deemed to be received on the fifth (5th) Business Day following the day on which the notice was posted. Where a notice is sent by email, notice shall be deemed to be effected by transmitting the email to the address or number provided by the intended recipient and service of the notice shall be deemed to have been received on the same day that it was transmitted.

25 VOLUNTARY LIQUIDATION

- 25.1. Subject to the Act, the Company may by Resolution of Shareholders or by Resolution of Directors appoint an eligible individual as voluntary liquidator alone or jointly with one (1) or more other voluntary liquidators.

26. CONTINUATION

- 26.1. Subject to the Act, the Company may by Resolution of Directors continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

Signed for HARNEYS CORPORATE SERVICES LIMITED of Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands on 22nd of June 2021:

Incorporator

Sgd: Indira Ward-Lewis

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Indira Ward-Lewis
Authorised Signatory
HARNEYS CORPORATE SERVICES LIMITED