

**NEX METALS EXPLORATIONS LIMITED**

**ABN: 63 124 706 449**

**Financial Report  
For the year ended 30 June 2021**

# **Nex Metals Explorations Limited**

**ABN 63 124 706 449**

## **CORPORATE DIRECTORY**

---

### **DIRECTORS**

Thomas F Percy QC

Kenneth Allen

Hock Hoo Chua

Raja Mohd Azmi bin Raja Razali (Alternative to Hock Hoo Chua)

### **COMPANY SECRETARY**

Kenneth Allen

### **PRINCIPAL OFFICE**

45 Guthrie Street  
OSBORNE PARK WA 6017

### **REGISTERED OFFICE**

45 Guthrie Street  
OSBORNE PARK WA 6017

### **AUDITORS**

HLB Mann Judd (WA Partnership)

Level 4

130 Stirling Street

PERTH WA 6000

### **SHARE REGISTRY**

Advanced Share Registry Services

110 Stirling Highway

NEDLANDS WA 6009

Telephone: 08 9389 8033

### **STOCK EXCHANGE LISTING**

Australian Securities Exchange

Home Exchange: Perth, Western Australia

Code: NME

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

The directors of Nex Metals Explorations Limited (the “company”) submit herewith the financial report for the financial year ended 30 June 2021 on the company and its controlled entity (the “consolidated entity”).

The names of the directors of the company at any time during or since the end of the financial year are:

#### **Name**

Thomas F Percy

Kenneth M Allen

Hock Hoo Chua

Raja Mohd Azmi bin Raja Razali (Alternative to Hock Hoo Chua)

#### **Directors Qualifications and Experience**

##### **Thomas Percy QC** (Chairman) B.Juris., LL.B.

Mr Percy was born in Kalgoorlie where his family ran the Federal Hotel for over 60 years. Mr Percy attended Kalgoorlie Central Primary School and later Scotch College in Perth. After graduating from the University of W.A. in 1977 as Bachelor of Jurisprudence and Bachelor of Laws he completed his Articles in Kalgoorlie; where he practiced for the next 10 years. Mr Percy became a partner in the firm Lalor & Co in 1981, and later practiced on his own as a Barrister. He joined the W.A. Bar Association in 1984 and was appointed Queen’s Counsel in December 1997. Mr Percy specialises in criminal trials and appeals and has been involved in many prominent cases over the past 25 years. He also has significant experience in mining litigation and Warden’s Court cases.

He was a founding member and former Chairman of the Goldfields Credit Union, is currently a National Director of the Australian Lawyers Alliance and is a Director and Life Member of the East Perth Football Club.

Directorships held in other listed entities during the past 3 years: - None

##### **Kenneth M Allen** (Managing Director - Company Secretary) B.Bus (Curtin), PNA, FNTAA, FTIA, FAICD

Mr Allen has been a qualified accountant since 1988 and in his own Public Accounting Practice in Kalgoorlie-Boulder since 1991, and subsequently in his Perth Office. He has been involved in mining for over 20 years both directly and via his family’s prospecting interests. Mr Allen is a Fellow of the Australian Institute of Company Directors and a Fellow of the Taxation Institute of Australia. Mr Allen brings to the board extensive commercial experience in mining matters as well as a passion for sustainable and balanced environmental issues and practical carbon reductions for the mining industry.

Directorships held in other listed entities during the past 3 years: - None

##### **Prof. Dato’ Dr. Chua Hock Hoo** (Non-Executive Director) PhD, MBA, CA(M), FCPA, FCMA, FTII, CFP

Dr Chua qualified as a professional accountant from the Chartered Institute of Management Accountants (UK) in 1993. He obtained Doctorate in Knowledge Management (PHD) from University of Malaya in 2012 and Master of Business Administration (MBA) from Oklahoma City University, USA in 1995. He had successfully completed the 5th Asean Senior Management Development Program organized by Harvard Business School Alumni Club of Malaysia on 7 July 2013.

Dr Chua distinguished himself in practice as an auditor, licensed liquidator and a tax consultant. He is the co-founder and currently the Managing Partner of Cheng & Co, a Chartered Accountants firm in Malaysia. He has been appointed as an Adjunct Professor of UNITAR International University since January 2014. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and Financial Planning Association of Malaysia, a fellow member of the Chartered Institute of Management Accountants (UK), a fellow member of CPA Australia, and an associate member of the Institute of Internal Auditors Malaysia. He is also a member of Harvard Business School Alumni Club of Malaysia.

Directorships held in other listed entities during the past 3 years - None

# Nex Metals Explorations Limited

ABN 63 124 706 449

## DIRECTORS' REPORT

---

### **Raja Mohd Azmi bin Raja Razali** (Alternative representing Hock Hoo Chua)

Mr Razali is a former Group Chief Financial Officer of AirAsia and Chief Executive Officer of AirAsia between 2001 and 2007. Currently a director of Malaysia listed company Masterskill Education Group Berhad and Executive Chairman of private property development group Mainstay Holdings Sdn Bhd (owner of Space U8 Shopping Complex).

Directorships held in other listed entities during the past 3 years - None.

### **Principal Activities**

The principal activity of the consolidated entity is exploring for gold, copper and nickel.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

### **Operating Result**

The loss after taxation of the consolidated entity for the year ended 30 June 2021 was \$1,448,192 (2020 : loss of \$180,799). The operating results for the year ended 30 June 2021 are summarised as follows:

	30 June 2021	30 June 2020
Loss before income tax benefit	(1,448,192)	(180,799)
Income tax benefit	-	-
Loss for the year	(1,448,192)	(180,799)

### **Financial Position**

The consolidated entity had net liabilities of \$1,765,862 as at 30 June 2021, a decrease of \$2,733,314 from net liabilities of \$4,499,176 at 30 June 2020.

Further information, including the basis that Directors believe that there are reasonable grounds to believe that the consolidated entity will continue as a going concern and why it is appropriate to adopt the going concern basis in the preparation of the financial report is disclosed in Note 1.

### **Dividends Paid or Recommended**

No dividends were paid or declared since the start of the financial year. No dividend has been recommended.

### **Directors' Shareholdings**

As at the date of this report the interests of the directors in the shares of the Company were:

Director	Ordinary Shares
Thomas F Percy	1,016,000
Kenneth M Allen	7,658,303
Hock Hoo Chua	860,000
Raja Mohd Azmi bin Raja Razali	7,600,000

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

#### **Review of Operations**

#### **Exploration and Drilling Results - Kookynie Gold Project**

Metalicity Ltd (ASX:MCT) notified Nex in May 2021 that it has spent the required \$5,000,000 to earn 51% (see below from announcement of 6 May 2019)

#### **Metalicity Ltd Farm-In Agreement on Kookynie and Yundamindra Projects -**

On 6 May 2019 the Company announced it had entered into a farm-in agreement with Metalicity Limited (ASX: MCT) ("MCT" or "Metalicity") for the Kookynie and Yundamindra Projects\* in the Eastern Goldfields, Western Australia.

The deal structure for the NME – MCT farm-in agreement is as follows:

- Initial Placements:
  - An initial placement amount of NME's shares, taken by MCT for \$50,000 upon execution of the agreement at a 20-day VWAP per NME share preceding the date of execution, plus a premium of 20%.
  - A second initial placement of NME shares to MCT, 6 months post the execution date of the agreement for a further \$50,000 based on a 20-day VWAP preceding the 6-month anniversary.
  
- 51% Earn In:
  - An initial spend of minimum \$500,000 to drill test the Projects within and up to 12 months from date of the agreement execution. This has now been achieved.
  - A total of \$5 million spend within and up to 5 years to earn 51% of the Projects inclusive of the initial spend and time duration.

*\*Includes tenements: Yundamindra L39/34,52,258 – M39/84,274,406,407,408,409,410,839,840. Kookynie E40/332-333, -G40/3 – L40/9 – M40/22,27,61,77.*

**The Joint Venture Partner Metalicity has not provided exploration updates to the Company. The Company has extracted selected various announcements for Shareholder reference of exploration activity by Joint Venture Partner**

#### **Kookynie Continues to Deliver Excellent Drillhole results – 2 July 2020**

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02250855\\_PS-6A984859?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02250855_PS-6A984859?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

- Metalicity continues to deliver excellent near surface, high grade drilling results from the Leipold prospect at the Kookynie Gold project, including:
  - LPRC0032 – 10 metres @ 3.21 g/t Au from 26 metres,
  - LPRC0028 – 3 metres @ 4.59 g/t Au from 31 metres
  - LPRC0026 – 8 metres @ 2.92 g/t Au from 24 metres
  - LPRC0024 – 6 metres @ 2.87 g/t Au from 58 metres
  - LPRC0018 – 4 metres @ 3.69 g/t Au from 23 metres
  - LPRC0022 – 4 metres @ 2.70 g/t Au from 26 metres

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

#### **Kookynie Continues to Deliver Outstanding Drill Hole Results – 10 July 2020**

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02253842\\_PS-6A985936?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02253842_PS-6A985936?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

- Metalicity continues to deliver outstanding near surface, high grade drilling results from the Leipold and McTavish Prospects at the Kookynie Gold project, including:
  - **McTavish:** • McTRC0015 - 2 metres @ 14.11 g/t Au from 39 metres,
  - including 1 metre @ 19.42 g/t Au from 39 metres,
  - McTRC0010 - 5 metres @ 4.17 g/t Au from 20 metres,
  - McTRC0011 - 4 metres @ 5.01 g/t Au from 36 metres,
  - McTRC0012 - 4 metres @ 4.64 g/t Au from 54 metres
- **Leipold:** • LPRC0036 - 8 metres @ 4.05 g/t Au from 59 metres,
- LPRC0037 – 2 metres @ 8.52 g/t Au from 43 metres
- LPRC0038 - 5 metres @ 2.56 g/t Au from 60 metres
- LPRC0034 - 3 metres @ 2.46 g/t Au from 44 metres

#### **Kookynie Gold Project Continues to deliver Spectacular Drill Hole Results – 25 August 2020**

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02271163-6A992682?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02271163-6A992682?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

First assays from the Phase Two Drilling Programme continue to deliver spectacular, near surface, high grade drilling results at the Kookynie Gold project, including:

- LPRC0049 – 10 metres @ 7.44 g/t Au from 108 metres,
- ▪ inc. 2 metres @ 21.03 g/t Au from 111 metres
- LPRC0049 – 2 metres @ 35.23 g/t Au from 124 metres,
- LPRC0046 – 9 metres @ 3.96 g/t Au from 35 metres,
- ▪ inc. 2 metres @ 9.25 g/t Au from 42 metres,
- LPRC0065 – 7 metres @ 3.31 g/t Au from 27 metres,
- ▪ inc. 2 metres @ 7.01 g/t Au from 32 metres,
- LPRC0064 – 6 metres @ 4.54 g/t Au from 24 metres

#### **Kookynie Gold Project Compelling 1.3km Anomaly – 31 August 2021**

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02274550\\_PS-6A993637?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02274550_PS-6A993637?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

- Initial results from the Drone Magnetic Survey of the DCC and Altona Trend areas have revealed a compelling 1.3-kilometre-long geophysical anomaly along strike and 2.5 kilometres to the north of the very high-grade Cosmopolitan Gold Mine.
- The 1.3-kilometre anomaly is very similar with regards to geophysical signatures and structural settings to the DCC Trend which hosts the Cosmopolitan mine, and to the known mineralised areas like Leipold, McTavish, Champion, and Altona Trends.
- The Altona Trend appears to be a “mirror image” of the DCC Trend displaying the same geophysical anomalism and structural disruption.

# Nex Metals Explorations Limited

ABN 63 124 706 449

## DIRECTORS' REPORT

---

### Drone Survey Completed over Kookynie Gold Project – 2 September 2020

Extract from Announcement:

- The Drone Magnetic Survey has been completed with a full interpretation using all data available generating 21 high priority targets.
- A target is of a similar geophysical and interpreted structural signature from known mineralised areas like Leipold, McTavish, Champion, the DCC and Altona Trends.
- The 21 targets generated are outside of the “known” mineralised areas of Leipold, McTavish, The DCC Trend etc.
- The Leipold Prospect appears to have a repeated similar geophysical signature some 700 metres north of the historical Leipold Pit.
- Similarly, with McTavish an offset structure has displaced the interpreted McTavish trend north of the historical workings with a 400-metre geophysical anomaly circa 500 metres north of the historical McTavish workings.

### Kookynie Gold Project Delivers Gold Intercepts up to 100 G/t – 15 September 2020

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02280976-6A995898?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02280976-6A995898?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

Assays from the Phase Two Drilling Programme have returned some of the best intersections to date at the Kookynie Gold project and continue to deliver spectacular, high-grade drilling results, including:

- LPRC0077 – 4 metres @ 26.91 g/t Au from 65 metres,
  - inc. 1 metre @ 100.77 g/t Au from 67 metres
- LPRC0053 – 4 metres @ 17.29 g/t Au from 103 metres,
  - inc. 2 metres @ 28.79 g/t Au from 104 metres,
- LPRC0051 – 8 metres @ 9.33 g/t Au from 97 metres,
  - inc. 1 metre @ 40.84 g/t Au from 104 metres,
- LPRC0076 – 6 metres @ 6.82 g/t Au from 49 metres,
- LPRC0050 – 7 metres @ 5.19 g/t Au from 76 metres,
- LPRC0052 – 8 metres @ 4.49 g/t Au from 78 metres.

### Kookynie Gold Project Continues to Deliver Fantastic Drill Results – 1 October 2020

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02288626-6A999073?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02288626-6A999073?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

- Assays from the current Drilling Programme have returned some of the best intersections to date at the Kookynie Gold project and continue to deliver spectacular results, including:
  - LPRC0093 – 2 metres @ 22.96 g/t Au from 140 metres,
    - inc. 1 metre @ 28.82 g/t Au from 140 metres,
  - LPRC0085 – 5 metres @ 5.42 g/t Au from 94 metres,
    - inc. 2 metres @ 10.84 g/t Au from 94 metres,
  - LPRC0082 – 7 metres @ 4.76 g/t Au from 69 metres,
  - LPRC0080 – 4 metres @ 4.69 g/t Au from 51 metres,
- The Company has completed 78 drill holes for 5,784 metres at Leipold, McTavish and Champion to date.
  - 50 drill holes have had assays received.

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

- 40 holes already reported in ASX announcements dated 25 August & 15 September 2020 with LPRC0077 returning 4 metres @ 26.91 g/t Au from 65 metres, including 1 metre @ 100.77 g/t Au from 67 metres:

#### **Further Impressive Drill Results Kookynie Gold Project – 22 October 2020**

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02297277-6A1002504?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02297277-6A1002504?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

Assays from the McTavish Prospect at the Kookynie Gold project continue to deliver near surface high grade results, including:

- McTRC0025 - 8 metres @ 3.57 g/t Au from 47 metres,
- McTRC0018 - 4 metres @ 4.1 g/t Au from 47 metres,
- McTRC0026 - 3 metres @ 5.25 g/t Au from 69 metres, &
- McTRC0029 - 4 metres @ 4.3 g/t Au from 62 metres

#### **Further Impressive Drill Hole Results at Kookynie Gold Project – 22 December 2020**

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02325468-6A1013768?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02325468-6A1013768?access_token=83ff96335c2d45a094df02a206a39ff4)

Assays from the circa 2-kilometre-long Altona Prospect at the Kookynie Gold Project have delivered excellent near surface results, including:

- ALTRC0015 – 4 metres @ 2.63 g/t Au from 29 metres; and  
– 1 metre @ 14.82 g/t Au from 57 metres  
Notably, repeat assays on this sample returned the first value of 14.82 g/t Au; however subsequent duplicate samples returned values of 5.56 g/t Au, 60.34 g/t Au and 3.52 g/t Au indicating significant statistical variability within the mineralisation related to the “nugget effect”,
- ALTRC0016 – 4 metres @ 2.8 g/t Au from 49 metres,
- ALTRC0010 – 6 metres @ 2.03 g/t Au from 34 metres; and  
– 1 metre @ 8.36 g/t Au from 89 metres,
- ALTRC0012 – 1 metre @ 6.86 g/t Au from 102 metres,
- ALTRC0023 – 3 metres @ 1.77 g/t Au from 67 metres; and  
– 1 metre @ 4.81 g/t Au from 86 metres,
- Drilling results confirm that high grade mineralisation continues along strike and at depth to the historic Altona Mining Centre that produced 88,700 ounces between 1900 to 1965 at an average head grade of 30 g/t Au (circa 1.5kms from the Cosmopolitan Gold mine).
- The Company has also completed 3 drill holes at the Leipold Prospect during this phase of drilling to confirm mineralisation and provide sample material for pilot metallurgical test work:
  - LPRC0094 - 10 metres @ 2.28 g/t Au from 29 metres,
    - inc. 1 metre @ 10.94 g/t from 34 metres,
  - LPRC0095 - 13 metres @ 2.77 g/t Au from 23 metres,
    - inc. 1 metre @ 16.86 g/t Au from 34 metres,



# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

#### Further Impressive Drilling Results at Altona, Kookynie Gold Project – 18 March 2021

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02355059-6A1025224?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02355059-6A1025224?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

Assays from the circa 2-kilometre-long Altona Prospect at the Kookynie Gold Project<sup>1</sup> have delivered excellent near surface results, including:

- ALTRC0030 - 3 metres @ 14.9 g/t from 97 metres (incl. 1 metre @ 39.2 from 97 metres)
  - ALTRC0032 - 2 metres @ 5.9 g/t from 62 metres (incl. 1 metre @ 10.7 from 62 metres)
  - ALTRC0027 - 2 metres @ 4.9 g/t from 106 metres (incl. 1 metre @ 8.5 from 107 metres)
    - This follows on from recent high grade near surface drilling results at Altona announced in December 2021, including:
      - ALTRC0015 – 4 metres @ 2.63 g/t Au from 29 metres; and
      - ALTRC0016 – 4 metres @ 2.8 g/t Au from 49 metres,
      - ALTRC0010 – 6 metres @ 2.03 g/t Au from 34 metres
    - 1 metre @ 14.82 g/t Au from 57 metres and

#### Further Impressive Drilling Results at Leipold, Kookynie Gold Project – 3 May 2021

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02370467\\_PS-6A1031407?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02370467_PS-6A1031407?access_token=83ff96335c2d45a094df02a206a39ff4)

Extract from Announcement:

First deeper holes at Leipold have confirmed extensions to mineralisation down dip, with highlighted results of:

- LPRC0107 - 2m @ 59.9g/t from 147m (incl. 1m @ 118.4g/t Au from 147m) & 4m @ 3.7g/t Au from 151m (incl. 1m @ 11.6g/t Au from 151m),
- LPRC0109 - 3m @ 4.2g/t Au from 137m (incl. 1m @ 9.4 g/t Au from 137m,
- LPRC0098 - 5m @ 3.8g/t Au from 92m (incl. 2m @ 6.7 g/t Au from 92m).

The down dip extensions have the potential to significantly increase mineralisation envelopes at Leipold representing a step change to the prospect.

Mineralisation at Leipold now defined over a strike length of 800 metres and which remains open to the north, to a vertical depth of 130 metres (where the down dip component is only defined to a length of 200 metres thus far) and still open at depth.

#### McTavish Returns Assays Up to 52.8 G/t – 24 May 2021

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02377370-6A1034031?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02377370-6A1034031?access_token=83ff96335c2d45a094df02a206a39ff4)

First assays from the McTavish Prospect of the 2021 Drilling Programme at the Kookynie Gold Project<sup>1</sup>, returned gold values of up to 52.8 g/t Au.

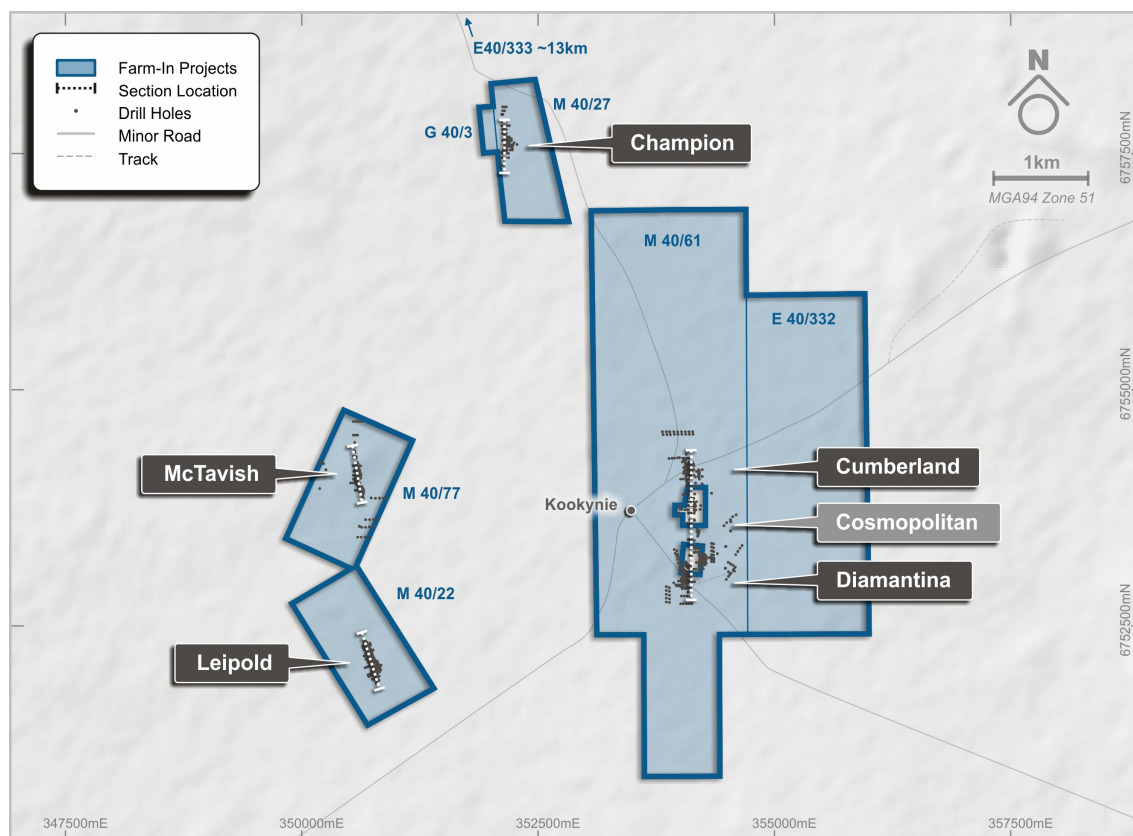
- Significant intercepts included:
  - McTRC0044 - 3 metres @ 19.1 g/t Au from 88 metres
    - incl. 1 metre @ 52.8 g/t Au from 89 metres.
  - Intercept is directly down plunge of previous high-grade hits of:
    - McTRC0005 of 5 metres @ 17.9 g/t Au from 48 metres

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**DIRECTORS' REPORT**

- incl. 1 metre @ 80.17 g/t Au
- McTRC0001 of 4 metres @ 6.4 g/t Au from 67 metres incl.
  - 1 metre @ 15.47 g/t Au<sup>2</sup>
- Historic hole of 2m @ 22 g/t Au

The McTavish Prospect now thought to extend along strike for 2kms to the south to the Leipold Prospect creating a significant mineralisation opportunity.



**Figure 1 – Kookynie Prospect Locality Map.**

**Corporate**

During the September 2020 Quarter the Company paid out the Convertible note of \$1,500,000 plus interest of \$415,356.

**Capital Raising**

During the month of July 2020, the Company completed a capital raising which raised \$2,495,000 with the issue of 46,440,683 fully paid ordinary shares.

During the June 2021 quarter the Company completed a Securities Purchase Plan to raise \$1,544,990.

**Covid-19**

As per the Government Covid-19 guidelines the Company continues to have limited personnel movements and interactions with external parties where non-essential.

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

#### Applications for Forfeiture on Yundamindra Tenements

The applications for Forfeiture lodged by MCA Nominees Pty Ltd in the previous year has had a number of Wardens Court mention hearings during the year and is progressing through the system. The tenements concerned are on Yundamindra tenements M39/84, M39/274, M39/406, M39/407, M39/408, M39/409, M39/410, M39/839, M39/840. The applicant is by MCA Nominees Pty Ltd who hold the tenements immediately north of Nex Yundamindra Tenements.

During the year there were a number of mention hearings at the Wardens Court and it continues to progress. The Company believes there is no basis for the claim and is defending the matter in the normal course. Subsequent to the years end the Company has been allocated a court/hearing date for June 2022. As the tenements are under application for forfeiture the Mining Act/regulations permit that no expenditure commitments are not required to be met on the concerned tenements.

#### Responsibility Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Rob L'Heureux, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (Canada). Mr. L'Heureux M.Sc., P.Geol., who is a full-time employee of APEX Geoscience Australia Pty Ltd., has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. L'Heureux consents to the inclusion in this report of the matters based on their information in the form and context in which it appears

#### Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs occurred during the financial year.

#### Significant Events After Balance Date

On 14 September 2021, Metalicity Ltd, issued a takeover proposal document for all the shares in Nex Metals. [2924-02421008-6A1050129 \(markitdigital.com\)](https://www.markitdigital.com/2924-02421008-6A1050129)

On 14 September 2021, Nex Metals shareholders were advised by the board not to take no action on Metalicity unsolicited offer. [National PD template - August 2014 version \(markitdigital.com\)](https://www.markitdigital.com/National-PD-template-August-2014-version)

On 21 September 2021, Nex Metals gave Metalicity notice that it considers that Metalicity has breached the JVA and Nex Metals reserves its rights arising from the deemed breaches. [National PD template - August 2014 version \(markitdigital.com\)](https://www.markitdigital.com/National-PD-template-August-2014-version)

On 24 September 2021, Metalicity lodged its Bidders Statement with the ASX. [Bidder's Statement \(markitdigital.com\)](https://www.markitdigital.com/Bidder's-Statement)

On 29 September 2021 Nex Metals Announced an Non-Renounceable Rights Issue to raise up to \$3.115m [National PD template - August 2014 version \(markitdigital.com\)](https://www.markitdigital.com/National-PD-template-August-2014-version)

On 1 October 2021, Metalicity applied to the Takeovers Panel to seek an interim order prohibiting Nex Metals from making any offer under the rights issue. [Receipt of Application \(markitdigital.com\)](https://www.markitdigital.com/Receipt-of-Application)

[On 24 November 2021, Nex Metals lodged an application to the takeovers panel to review its decision in respect of the takovers. Receipt of Review Application \(asx.com.au\)](https://www.asx.com.au/On-24-November-2021-Nex-Metals-lodged-an-application-to-the-takeovers-panel-to-review-its-decision-in-respect-of-the-takovers.Receipt-of-Review-Application)

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### Future Developments

Further information on likely developments in the operations of the company has not been included in this report because at this stage the directors believe it would be likely to result in unreasonable prejudice to the company. As the company is listed on the Australian Securities Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of the company's securities.

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

---

#### Environmental regulations

The company is aware of its environmental obligations and acts to ensure its environmental commitments are met. The Directors are not aware of any environmental regulation which has not been complied with.

#### Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were 3 circular resolutions passed.

Directors	Board of directors	
	A	B
Thomas F Percy	9	9
Kenneth Allen	9	9
Hock Hoo Chua	9	6
Raja Mohd Azmi bin Raja Razali	9	-

#### Notes

A - Number of meetings held during the time the director held office during the period.

B - Number of meetings attended.

Being a small executive Board, the Directors are in contact on a regular basis, minimising the requirement for numerous formal meetings throughout the year.

#### Share Options

There are no unissued ordinary shares of the company under option as at the date of this report.

#### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of the company.

##### *(a) Principles used to determine the nature and amount of remuneration*

The remuneration policy of the company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board of the company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements.

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 10.00%. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director and executives. Options are valued using an appropriate valuation methodology.

# Nex Metals Explorations Limited

## ABN 63 124 706 449

### DIRECTORS' REPORT

#### *Company performance, shareholder wealth and directors' and executives' remuneration*

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required however this was not required during the year ended 30 June 2021. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting (currently \$350,000). Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in prevailing employee option plans.

#### *Performance based remuneration*

The company has no performance based remuneration component built into director and executive remuneration packages.

#### Additional information

The financial performance of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Revenue	-	-	3	3	37,631
EBITDA	(1,463,893)	(83,151)	(2,056,246)	(1,026,228)	1,554,350
EBIT	(1,451,893)	(90,973)	(2,067,357)	(1,042,292)	1,539,577
Profit/(Loss) after income tax	(1,448,192)	(180,799)	(2,222,065)	(649,694)	1,730,514

The factors that are considered to affect total shareholders return are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.026	0.12	0.013	0.015	0.01
Total dividends declared (cents per share)	-	-	-	-	-
Basic (loss)/earnings per share (cents per share)	(0.57)	(0.09)	(1.17)	(0.43)	1.13

#### *(b) Directors and Key Management Personnel Compensation*

The key management personnel of the company are the Directors. There are no executives, other than Directors, who have the authority and responsibility for planning, directing and controlling the activities of the company.

Name of Director	
Thomas F Percy	Chairman
Kenneth Allen	Managing Director
Hock Hoo Chua	Non-Executive Director
Raja Mohd Azmi bin Raja Razali	Non-Executive Director

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**DIRECTORS' REPORT**

The remuneration for each director and key management personnel of the company are as follows:

Year ended 30 June 2021	Short-term		Post- employment	Total	% Performance Related
	Salary & Fees	Non Cash	Superannuation		
	\$	\$	\$	\$	
Directors					
T Percy	37,500	-	3,563	41,063	-
K Allen	122,004	-	11,590	133,594	-
H Chua	25,000	-	2,375	27,375	-
R Razali	-	-	-	-	-
	<u>184,504</u>	<u>-</u>	<u>17,528</u>	<u>202,032</u>	<u>-</u>

Year ended 30 June 2020	Short-term		Post- employment	Total	% Performance Related
	Salary & Fees	Non Cash	Superannuation		
	\$	\$	\$	\$	
Directors					
T Percy	37,500	-	3,563	41,063	-
K Allen	122,004	-	11,590	133,594	-
H Chua	25,000	-	2,375	27,375	-
R Razali	-	-	-	-	-
	<u>184,504</u>	<u>-</u>	<u>17,528</u>	<u>202,032</u>	<u>-</u>

**(c) Service agreements**

The agreements related to remuneration are set out below:

- (i) The company has entered into an executive services agreement with Kenneth Malcolme Allen whereby the company has agreed to employ Kenneth Malcolme Allen as managing director for a period of 4 years commencing on 6 December 2007 on a salary of \$220,000 per annum (exclusive of superannuation) and \$24,000 motor vehicle allowances. In October 2008, Mr Allen agreed to reduce his total remuneration by 50% effective October 2008 until further notice. Mr Allen's term of agreement was extended on a monthly basis in November 2011.
- (ii) The company has entered into a letter agreement with Dr. Chua Hock Hoo, whereby the company has agreed to pay Dr Chua \$25,000 per annum, plus statutory entitlements, payable monthly in arrears for acting as a Non-Executive Director of the company.
- (iii) The company has entered into a letter agreement with Thomas Francis Percy whereby the company has agreed to pay Thomas Francis Percy director's fees of \$75,000 per annum, plus statutory entitlements, payable monthly in arrears, for acting as the non-executive chairman of the company. In October 2008, Mr Percy agreed to reduce his base remuneration by 50% effective October 2008 until further notice.
- (iv) The company has entered into a letter agreement with Raja Mohd Azmi bin Raja Razali, whereby the company has agreed to pay Mr Razali \$25,000 per annum, plus statutory entitlements, when Mr Razali stands in as an alternate for Dr Chua on a pro rata basis. No payments were made to Mr Razali during the year ended 30 June 2020 or 2021.

**(d) Option holdings of Key Management Personnel**

There are no unissued ordinary shares under option during the year ended 30 June 2021.

**(e) Share-based compensation of Key Management Personnel**

There are no shares issued to the directors as part of compensation during the year ended 30 June 2021.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**DIRECTORS' REPORT**

**(f) Shareholdings of Key Management Personnel**

	Balance at 01/07/20 No.	Exercise of Options No.	Other changes during the year No.	Balance at 30/06/21 No.
Directors				
T F Percy	1,016,000	-	-	1,016,000
K Allen	7,150,001	-	508,302	7,658,303
H H Chua	860,000	-	-	860,000
R Razali	7,600,000	-	-	7,600,000
	16,626,001	-	508,302	17,134,303

**(g) Related party disclosures**

**(a) Transactions with director related entities**

Transactions with director related entities are on commercial terms no more favourable than those available to other persons unless otherwise stated.

	30 June 2021 \$	30 June 2020 \$
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	123,796	123,796
<b>(b) Aggregate amounts payable to directors and former directors and their director related entities at balance date:</b>		
Current liabilities		
Accrued directors' fees	2,008,113	1,806,081
Accrued office rent and accounting services payable to Allens Business Group Pty Ltd, a related company of Kenneth Allen	198,444	133,818
Share applicable monies ^	328,000	328,000
	2,534,557	2,267,899

^ This represents share application monies from Raja Mohd Azmi bin Raja Razali.

**(c) Directors loans**

No loans existed during the year and as at balance date between the company and its directors.

**(d) Other related party transactions**

Loans existed during the year between the consolidated entity and Allens Business Group Pty Ltd an entity controlled by Mr Ken Allen and as at balance date the balance was \$306,787 (2020: \$536,420).

Royalty obligations to RW Allen, a related party of Kenneth Allen, has been disclosed in Note 15. Additionally, the consolidated entity has a receivable of \$649 (2020:\$649) from RW Allen.

Ausnational Investments Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$863 (2020: \$Nil) from Ausnational Investments Pty Ltd.

Paddick Investments Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$4,379 (2020: \$4,379) from Paddick Investments Pty Ltd.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**DIRECTORS' REPORT**

---

International Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$355 (2020: \$Nil) from International Mining Logistics Pty Ltd.

Australian Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$363 (2020: \$Nil) from Australian Mining Logistics Pty Ltd.

**[End of Remuneration Report]**

**Indemnification and insurance of officers**

During the financial year, the company paid a premium in respect of a contract of insurance insuring the directors and officers of the company against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

**Indemnification and insurance of auditor**

The company has not, during or since the start of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on Behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-Audit Services**

The Directors review any non-audit services to be provided to ensure they are compatible with the general standard for independence for auditors imposed by the Corporations Act 2001.

During the year, the auditors did not provide any non-audit services to the consolidated entity.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within this financial report.

Signed in accordance with a resolution of the Board of Directors.



**Kenneth Allen**  
**Managing Director**

Perth, 29 November 2021



**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**DIRECTORS' DECLARATION**

---

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Kenneth Allen**  
**Managing Director**

29 November 2021  
Perth

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 \$	30 June 2020 \$
Other income	2(a)	64,276	523,765
Occupancy expenses		(69,768)	(64,348)
Administration expenses		(188,641)	(60,244)
Legal expenses		(333,121)	(6,700)
Business development expenses		(33,000)	-
Consultants expenses	2(b)	(151,203)	(44,927)
Depreciation expenses		(12,322)	(7,822)
Employment and contractor expenses		(587,400)	(500,311)
Borrowing and finance costs		(2,958)	(145,919)
Travel expenses		(20,113)	(22,305)
Exploration and evaluation expenses	8	(113,942)	(82,448)
Recovery of doubtful debts		-	230,460
<b>(Loss) before income tax benefit</b>	3	<u>(1,448,192)</u>	<u>(180,799)</u>
Income tax benefit	3	-	-
<b>(Loss) for the year</b>		<u>(1,448,192)</u>	<u>(180,799)</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss) for the year</b>		<u>(1,448,192)</u>	<u>(180,799)</u>
<b>(Loss) per share:</b>			
Basic (loss) (cents per share)	14	(0.57)	(0.09)

The accompanying notes form part of this financial report.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	30 June 2021 \$	30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents	20(a)	490,926	570,377
Receivables	5	3,204	22,683
Other assets	6	3,877	4,506
<b>Total current assets</b>		<u>498,007</u>	<u>597,566</u>
<b>Non-current assets</b>			
Plant and equipment	7	67,852	20,356
Capitalised exploration and evaluation expenditure	8	913,296	269,664
<b>Total non-current assets</b>		<u>981,148</u>	<u>290,020</u>
<b>Total assets</b>		<u>1,479,155</u>	<u>887,586</u>
<b>Current liabilities</b>			
Payables	9	2,636,427	3,035,390
Borrowings	10	343,780	2,086,420
Provisions	11	264,810	264,952
<b>Total current liabilities</b>		<u>3,245,017</u>	<u>5,386,762</u>
<b>Total liabilities</b>		<u>3,245,017</u>	<u>5,386,762</u>
<b>Net liabilities</b>		<u>(1,765,862)</u>	<u>(4,499,176)</u>
<b>Equity</b>			
Issued capital	12	24,058,753	19,877,247
Option reserve	13	2,260,245	2,260,245
Accumulated losses		<u>(28,084,860)</u>	<u>(26,636,668)</u>
<b>Total deficit</b>		<u>(1,765,862)</u>	<u>(4,499,176)</u>

The accompanying notes form part of this financial report.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficit \$
	Balance at 1 July 2019	19,877,247	2,260,245	(26,455,869)
(Loss) for the year	-	-	(180,799)	(180,799)
<i>Total comprehensive (loss) for the year</i>	-	-	(180,799)	(180,799)
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
<i>Total contribution by owners</i>	-	-	-	-
Balance at 30 June 2020	19,877,247	2,260,245	(26,636,668)	(4,499,176)

	Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficit \$
	Balance at 1 July 2020	19,877,247	2,260,245	(26,636,668)
(Loss) for the year	-	-	(1,448,192)	(1,448,192)
<i>Total comprehensive (loss) for the year</i>	-	-	(1,448,192)	(1,448,192)
Shares issued	4,249,490	-	-	4,249,490
Share issue costs	(67,984)	-	-	(67,984)
<i>Total contribution by owners</i>	4,181,506	-	-	4,181,506
Balance at 30 June 2021	24,058,753	2,260,245	(28,084,860)	(1,765,862)

The accompanying notes form part of this financial report.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 \$	30 June 2020 \$
<b>Cash flows from operating activities</b>			
Receipts from other income		-	560,048
Payments to suppliers and employees		(1,079,767)	(537,958)
Receipts from Government grants		64,276	13,944
Interest received		-	56,136
Interest paid		(415,356)	-
Net cash (used in)/provided by operating activities	20(b)	(1,430,847)	92,170
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(59,818)	-
Payments for exploration expenditure		(765,152)	-
Proceeds from sale of exploration tenements		-	120,000
Net cash (used in)/provided by investing activities		(824,970)	120,000
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		3,986,990	-
Repayment of borrowings	20(c)	(1,742,640)	-
Proceeds from borrowings		-	343,976
Share issue costs		(67,984)	-
Net cash provided by financing activities		2,176,366	343,976
<b>Net (decrease)/increase in cash and cash equivalents</b>		(79,451)	556,146
<b>Cash and cash equivalents at the beginning of the financial year</b>		570,377	14,231
<b>Cash and cash equivalents at the end of the financial year</b>	20(a)	490,926	570,377

The accompanying notes form part of this financial report.

# Nex Metals Explorations Limited

ABN 63 124 706 449

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

---

These consolidated financial statements and notes represent those of Nex Metals Explorations Limited and its controlled entity (the “consolidated entity”). The separate financial statements of the parent entity, Nex Metals Explorations Limited (the “company”), have not been presented within this financial report as permitted by the *Corporations Act 2001*. Nex Metals Explorations Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The financial report of Nex Metals Explorations Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 29 November 2021.

### 1. Summary of Significant Accounting Policies

#### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board, and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$1,448,192 and had net cash outflows from operating activities of \$1,430,847 for the year ended 30 June 2021. As of that date, the consolidated entity had net current liabilities of \$2,740,010 and net liabilities of \$1,765,862.

The Directors believe that there are reasonable grounds to believe that consolidated entity will be able to continue as a going concern after consideration of the following factors:

- \$328,000 of share application monies received from a Director, shown as a current liability in the statement of financial position as at 30 June 2021, will be transferred to equity when the shares are issued;
- The possible sale of mining tenements, recognised as exploration and evaluation assets in the statement of financial position as at 30 June 2021;
- The issue of shares for cash from capital raising to be conducted in accordance with the Corporations Act 2001;
- Included in current payables is an amount of \$1,950,976 payable to the Directors of the consolidated entity. The Directors have agreed to not seek cash payments for their unpaid balances until the consolidated entity is in a financial position to pay.
- Included in current payables is an amount of \$306,788 payable to Allens Business Group Pty Ltd, an entity controlled by the Director, Ken Allen. Allens Business Group Pty Ltd have agreed to not seek cash payments for this unpaid balance until the consolidated entity is in a financial position to pay;
- Allens Business Group Pty Ltd, an entity controlled by the Director, Ken Allen, has agreed to cover any short term funding needs up to \$750,000.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(b) Going concern (continued)**

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

As noted above, the consolidated entity's ability to continue as a going concern is mainly dependent on the following factors:

- Sale of assets;
- Raising further equity; and
- Continual on-going support of the Directors.

Should the consolidated entity not achieve the factors set out above, there is a material uncertainty that may cast significant doubt about whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the year ended 30 June 2021 financial report.

The year ended 30 June 2021 financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

**(d) Employee benefits**

Provision is made for the consolidated entity's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The consolidated entity's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the financial period in which the changes occur.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

The consolidated entity's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(e) Financial instruments**

*Recognition and derecognition*

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and initial measurement of financial assets*

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The consolidated entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

*Financial assets at fair value through profit or loss (FVTPL)*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The consolidated entity accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.



**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(e) Financial instruments (continued)**

*Impairment of financial assets*

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables and loan commitments.

Recognition of credit losses is no longer dependent on the consolidated entity first identifying a credit loss event. Instead the consolidated entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The consolidated entity makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The consolidated entity assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

*Classification and measurement of financial liabilities*

The consolidated entity's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the consolidated entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

*Classification and Subsequent Measurement*

*Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designed as such to avoid an accounting mismatch or enable performance evaluation where a group or financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(e) Financial instruments (continued)**

maturity. They are subsequently matured are amortised cost using the effective interest method. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting periods. All other investments are classified as current assets.

*Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

*Fair Value*

Fair value is determined based on the current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment of Assets*

At the end of each reporting date, the directors assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**(f) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST;

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(g) Impairment of assets**

At each reporting date, the director's review the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed immediately to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(h) Income tax**

The income tax expense/(revenue) for the year comprises current income tax expense (income) and deferred tax expense/(income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(h) Income tax (continued)**

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax related to items that are recognised outside to other comprehensive income. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(i) Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in an area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The consolidated entity performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the statement of profit or loss and other comprehensive income. Expenditure is not carried forward in respect of any area of interest unless the consolidated entity's right of tenure to that area of interest is current. Expenditures incurred before the consolidated entity has obtained legal rights to explore a specific area is expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

**(j) Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(k) Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Plant and office equipment	6.67% to 100%
Motor vehicle	13.33% to 30%

Plant and equipment is tested for impairment in accordance with the policy in note 1(g).

**(l) Provisions**

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events for which it is probable that an outflow of economic benefits will result in that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting year.

**(m) Revenue recognition**

*Other revenue*

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent control of the good or service has passed and it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

*Interest revenue*

Interest revenue is recognised when earned.

**(n) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to the statement of profit or loss and other comprehensive income.

# Nex Metals Explorations Limited

ABN 63 124 706 449

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

---

### 1. Summary of Significant Accounting Policies (continued)

#### (o) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantively ready for their intended use or sale.

All other finance costs are recognised in the statement of profit or loss and other comprehensive income in the financial period in which they are incurred.

#### (p) Leases

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### (q) Earnings per share

##### *(i) Basic Earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

##### *(ii) Diluted Earnings per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (r) Trade and other receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

The consolidated entity measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The consolidated entity writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(s) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(t) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the company at the end of the reporting period. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation. Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

**(u) Critical accounting judgments, estimates and assumptions**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

**Share-based payment transactions**

The Company measures the cost of equity-settled transactions with suppliers by reference to the fair value of the equity instruments at the date at which they are granted.

The Company measures the cost of equity-settled share-based payments with suppliers at fair value at the grant date.

**Exploration and evaluation expenditure**

The directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. This decision is made after considering the likelihood of finding commercially viable reserves.

**Impairment - General**

The directors assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Recoverable amounts of impairment assets are reassessed and compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

**(v) New, revised or amending Accounting Standards and Interpretations adopted**

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the following new and revised Standards and Interpretations on the consolidated entity and, therefore, no material changes necessary to the entity's accounting policies.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. Summary of Significant Accounting Policies (continued)**

**(w) Standards and Interpretations in issue not yet adopted**

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the year- ended 30 June 2021. As a result of this the Director have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the consolidated entity's business and, therefore, no change is necessary to the entity's accounting policies.

**(x) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(y) Research and Development**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

**(z) Coronavirus (COVID -19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had or may have, on the consolidated entity based on known information. This consideration extends to the nature of products and services offered, customers ,supply chain, staffing and geographic regions in which the consolidated entity operates . Other than addresses in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as result of the Coronavirus (COVID) pandemic.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
<b>2. Loss before income tax</b>		
(a) Other Income		
Reimbursement of expenses	-	320,954
Interest income	-	56,136
Gain on disposal of exploration tenements	-	120,000
Cash flow boost subsidy	36,376	26,675
Jobkeeper	27,900	-
	<b>64,276</b>	<b>523,765</b>
(b) Expenses		
<i>Consultants expenses</i>		
Accounting	77,953	38,227
Other	110,953	-
	<b>188,906</b>	<b>38,227</b>
Research and development costs	-	-

**Job Keeper S323DB Notice**

In accordance with subsection 323DB(1) of the Corporations Act, Nex Metals Explorations Limited provides the below notice:

ABN:63 124 706 449

ASX issuer code:NME

Name of the listed entity: Nex Metals Explorations Limited

	<b>30 June 2021</b>	<b>30 June 2020</b>
The number of individuals for whom the listed entity or a subsidiary of the listed entity received a Jobkeeper payment for a Jobkeeper fortnight that ended in the financial year (within the meaning of the Coronavirus Economic Response Package (Payments and Benefits) Rules 2020)	1	1
The sum of all Jobkeeper payments in the listed entity, and each subsidiary of the listed entity, received in a Jobkeeper fortnight that ended in the financial year	\$ 27,900	\$ 6,000
Whether the listed entity or its subsidiaries have made any voluntary repayments (whether or not in the financial year) of Jobkeeper payments received, and the sum of such voluntary repayments	Nil	Nil



**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. Income tax**

(a) No income tax is payable by the consolidated entity as it incurred losses for income tax purposes for the year.

(b) The prima facie income tax benefit on loss from operations reconciles to the income tax benefit in the financial statements as follows:

(Loss) from operations	(1,448,192)	(180,799)
Prima facie income tax benefit/(expense) at 26% (2020:27.5%)	376,530	49,720
Tax effect of non-deductible items	84,006	1,843
Deferred tax asset not recognised	(298,439)	(23,319)
Timing difference- exploration expenditure	(167,344)	-
Timing difference - other	5,247	(28,244)
Income tax benefit	-	-

**(c) Unrecognised deferred tax balances**

The directors estimate that the potential deferred tax benefits not brought to account attributable to tax losses carried forward at balance date is approximately \$3,062,165 (2020: \$2,728,544). They will only be of benefit to the consolidated entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and subject to the consolidated entity meeting the continuity of ownership and/or similar business tests.

**(d) Research & development rebate**

There was no rebate claimed in the current year.

**4. Remuneration of auditors**

Audit and review of the financial report

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
Audit and review of the financial report	35,000	35,000

**5. Receivables**

**Current**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
Trade receivables	223,499	187,199
Sundry receivables	3,204	22,683
Less provision for expected credit loss (i)	(223,499)	(187,199)
	3,204	22,683

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**5. Receivables (continued)**

During the year ended 30 June 2021 an allowance for expected credit loss was recognised as trade and sundry receivables exceeded 120 days. An allowance for expected credit loss is made for the lifetime expected credit loss. Refer to Note 21 for the Company's financial risk management and policies.

<b>30 June 2021</b>	<b>Current</b>	<b>&gt; 30 days past due</b>	<b>&gt; 60 days past due</b>	<b>&gt; 90 days past due</b>	<b>&gt; 120 days past due</b>
Expected loss rate	0%	0%	100%	100%	100%
Gross carrying amount	3,204	-	-	-	223,499
Loss allowing provision	-	-	-	-	(223,499)

<b>30 June 2020</b>	<b>Current</b>	<b>&gt; 30 days past due</b>	<b>&gt; 60 days past due</b>	<b>&gt; 90 days past due</b>	<b>&gt; 120 days past due</b>
Expected loss rate	0%	0%	100%	100%	100%
Gross carrying amount	2,683	20,000	-	-	187,199
Loss allowing provision	-	-	-	-	(187,199)

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>6. Other assets</b>		
Prepayments	3,877	4,506

<b>7. Plant and equipment</b>	<b>Motor Vehicles</b>	<b>Plant and Office Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2021</b>			
Opening net book value	17,477	2,879	20,356
Additions	19,900	39,918	59,818
Depreciation charge for the year	(7,726)	(4,596)	(12,322)
<b>Closing net book value</b>	<b>29,651</b>	<b>38,201</b>	<b>67,852</b>
<b>At 30 June 2021</b>			
Cost	165,036	110,863	275,899
Accumulated depreciation	(135,385)	(72,662)	(208,047)
<b>Net book value</b>	<b>29,651</b>	<b>38,201</b>	<b>67,852</b>

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. Plant and equipment (continued)**

	<b>Motor Vehicles</b>	<b>Plant and Office Equipment</b>	<b>Total</b>
<b>Year ended 30 June 2020</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening net book value	24,521	3,657	28,178
Additions	-	-	-
Depreciation charge for the year	(7,044)	(778)	(7,822)
<b>Closing net book value</b>	<b>17,477</b>	<b>2,879</b>	<b>20,356</b>
<b>At 30 June 2020</b>			
Cost	145,136	70,945	216,081
Accumulated depreciation	(127,659)	(68,066)	(195,725)
<b>Net book value</b>	<b>17,477</b>	<b>2,879</b>	<b>20,356</b>
	<b>30 June 2021</b>	<b>30 June 2020</b>	
	<b>\$</b>	<b>\$</b>	

**8. Capitalised exploration expenditure**

**Exploration and evaluation phases:**

Opening balance	269,664	269,664
Current year expenditure	757,574	82,448
Current year expenditure written off (i)	(113,942)	(82,448)
<b>Closing balance</b>	<b>913,296</b>	<b>269,664</b>

(i) The recoupment of cost carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

**9. Payables**

**Current**

Trade payables and accruals (i)		300,314	485,953
Accrued director fees (ii)		2,008,113	1,806,081
Accrued interest	10(a)	-	415,356
Share applicable monies (iii)		328,000	328,000
		<b>2,636,427</b>	<b>3,035,390</b>

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. The amount of payables at balance date exceeding normal trading terms is estimated at \$18,780.

(ii) Of the total balance \$1,950,976 is payable to the current Directors of the consolidated entity. The Directors have agreed to not seek cash payments for their unpaid balances of until the consolidated entity is in a financial position to pay.

(iii) This represents share application monies from Raja Mohd Azmi bin Raja Razali.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
<b>10. Borrowings</b>		
<b>Current</b>		
Loans – related parties (a)	306,788	536,420
Loans – other (b)	36,922	50,000
Convertible note (a)	-	1,500,000
	343,780	2,086,420

- (a) This loan is interest free and is with Allens Business Group Pty Ltd, an entity controlled by Mr Ken Allen. Allens Business Group Pty Ltd have agreed to not seek cash payments for their unpaid balances until the consolidated entity is in a financial position to pay.
- (b) The loans from unrelated parties are unsecured and interest free.
- (c) The consolidated entity repaid the convertible note on 7 September 2020. The amount repaid was \$1,915,356 inclusive of \$415,356 of accrued interest. (Note 9).

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
<b>11. Provisions</b>		
Employee entitlements	264,810	264,952
Balance at beginning of financial year	264,952	235,033
Movement for year	(142)	29,919
Balance at end of financial year	264,810	264,952

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
<b>12. Issued Capital</b>		
Fully paid ordinary shares	24,058,753	19,877,247

**(a) Movements in issued capital:**

	<b>Issue Price</b>	<b>No of Shares</b>	<b>\$</b>
Balance at 1 July 2020		192,747,348	19,877,247
Shares Issued under Share Placement (i)		46,440,683	2,495,000
Shares issued as payment to Consultants		1,700,000	212,500
Shares issued under Securities Purchase Plan		26,126,737	1,541,990
Share issue costs		-	(67,984)
<b>Balance at 30 June 2021</b>		267,014,768	24,058,753

- (i) Included in this share issue is 1,986,145 shares issued to Metalicity Limited under the second initial placement as part of the Farm-in agreement. The proceeds of \$50,000 were received in the previous financial year.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

13. Reserves	30 June 2021 \$	30 June 2020 \$
Option reserve	2,260,245	2,260,245
<b>Option reserve</b>		
Balance at beginning of financial year	2,260,245	2,260,245
Balance at end of financial year	2,260,245	2,260,245

This option issue reserve is used to recognise both the fair value or issue price of options issued. There are no unissued ordinary shares of the Company under option as at 30 June 2021.

14. (Loss) per share	30 June 2021 Cents Per Share	30 June 2020 Cents Per Share
Basic (loss) loss per share:	(0.57)	(0.09)

The (loss) for the year and the weighted average number of ordinary shares used in the calculation of basic (loss) per share are as follows:

	30 June 2021 \$	30 June 2020 \$
(Loss) for the year after income tax	(1,448,192)	(180,799)
	<b>No</b>	<b>No</b>
Weighted average number of ordinary shares for the purposes of basic (loss) per share	256,933,242	192,747,348

15. Commitments for expenditure	30 June 2021 \$	30 June 2020 \$
(a) <u>Exploration commitments</u>		
The consolidated entity has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
Not later than 1 year	613,608	112,059
Later than 1 year and not later than 2 years	613,608	112,059
Later than 2 years and not later than 5 years	1,717,223	336,004
	2,944,566	560,122

(i) The consolidated entity has various royalty commitments in relation to tenements acquired in the Kookynie and Yundamindera area. These commitments vary. Based on average grades and the budgeted areas to be mined, the Directors consider that royalties payable for the next 2-3 years will be insignificant.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**16. Contingencies**

On 4 May 2018, the company advised that it had received applications for forfeiture on Yundamindera tenements M39/84, M39/274, M39/406, M39/407, M39/408, M39/409, M39/410, M39/839, M39/840. The applicant is by MCA Nominees Pty Ltd who hold the tenements immediately north of Nex Yundamindera Tenements.

The company believes there is no basis for the claim and is defending the matter in the normal course.

There were no other contingencies as at 30 June 2021.

**17. Key Management Personnel Disclosures**

Refer to Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the company's Key Management Personnel for the year ended 30 June 2021.

Compensation of Key Management Personnel

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
Short term employee benefits	184,504	184,504
Post-employment benefits	17,528	17,528
	202,032	202,032

**18. Related Party Disclosures**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
(a) <i>Transactions with director related entities</i>		
Transactions with director related entities are on commercial terms no more favourable than those available to other persons unless otherwise stated.		
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	123,796	123,796
(b) <i>Aggregate amounts payable to directors and former directors and their director related entities at balance date</i>		
<i>Current liabilities</i>		
Accrued directors' fees	2,008,113	1,806,081
Accrued office rent and accounting services payable to Allens Business Group Pty Ltd, a related company of Kenneth Allen	198,444	133,818
Share applicable monies ^	328,000	328,000
	2,534,557	2,367,899

^ This represents share application monies from Raja Mohd Azmi Bin Raja Razali.

(c) *Directors loans*

Loans existed during the year between the consolidated entity and Allens Business Group Pty Ltd an entity controlled by Mr Ken Allen and as at balance date the balance was \$306,787 (2020: \$536,420).

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**18. Related Party Disclosures (continued)**

Royalty obligations to RW Allen, a related party of Kenneth Allen, has been disclosed in Note 15. Additionally, the consolidated entity has a receivable of \$649 (2020:\$649) from RW Allen.

Ausnational Investments Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$863 (2020: \$0) from Ausnational Investments Pty Ltd.

Paddick Investments Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$4,379 (2020: \$4,379) from Paddick Investments Pty Ltd.

International Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$355 (2020: \$Nil) from International Mining Logistics Pty Ltd.

Australian Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$363 (2020: \$Nil) from Australian Mining Logistics Pty Ltd.

**19. Controlled Entity**

Name	Country of Incorporation	Percentage Interests Held		Cost of Parent Entity Investment	
		2021	2020	2021	2020
				\$	\$
Ausnational Investments Pty Ltd	Australia	100%	100%	1	1

**20. Cash Flow Information**

	30 June 2021	30 June 2020
	\$	\$
<b>(a) Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	490,926	570,737
	<u>490,926</u>	<u>570,737</u>
	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$	\$
<b>(b) Reconciliation of loss for the year to net cash flows from operating activities</b>		
(Loss) for the year	(1,448,192)	(180,799)
Depreciation	12,322	7,822
Share based payments	212,500	-
Exploration expenditure written off	113,942	-
(Recovery of)Provision for doubtful debts	-	(230,460)
Gain on disposal of exploration tenements	-	(120,000)
Changes in assets and liabilities		
Receivables	19,479	229,045
Prepayments	629	124
Payables and provisions	(341,527)	386,438
Net cash (used in)/provided by operating activities	<u>(1,430,847)</u>	<u>92,170</u>

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**20. Cash Flow Information (continued)**

	<b>Interest Free Loans \$</b>	<b>Convertible Note \$</b>	<b>Total \$</b>
<b>(c) Changes in liabilities arising from financing activities</b>			
Balance as at 1 July 2019	242,444	1,500,000	1,742,444
Proceeds from borrowings	343,976	-	343,976
Balance as at 30 June 2020	586,420	1,500,000	2,086,420
Repayment of Borrowings	(242,640)	(1,500,000)	(1,742,640)
Balance as at 30 June 2021	343,780	-	343,780

**21. Financial risk management and policies**

The consolidated entity's exploration activities are being funded by equity and are not exposed to significant financial risks. There are no speculative or financial derivative instruments. Funds are invested for various short term periods to match forecast cash flow requirements.

The consolidated entity holds the following financial instruments:

	<b>30 June 2021 \$</b>	<b>30 June 2020 \$</b>
<b>Financial assets</b>		
Cash and cash equivalents	490,926	570,377
Receivables and other assets	3,204	22,683
	<u>494,130</u>	<u>593,060</u>
<b>Financial liabilities</b>		
Payables	2,636,427	3,035,390
Borrowings	343,780	2,086,420
	<u>2,980,207</u>	<u>5,121,810</u>

The consolidated entity's principal financial instruments comprise cash and short-term deposits. The consolidated entity does not have any borrowings. The main purpose of these financial instruments is to fund the consolidated entity's operations.

It is, and has been throughout the period under review, the consolidated entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the consolidated entity are credit risk, capital risk and liquidity risk. The directors reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Credit risk**

Management does not actively manage credit risk.

The consolidated entity has no significant exposure to credit risk from external parties at year end. The maximum exposure to credit risk at the reporting date is equal to the carrying value of financial assets at 30 June 2021.

Cash at bank is held with internationally regulated banks.

Other receivables are of a low value and all amounts are current.



**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**21. Financial risk management and policies (continued)**

**(b) Capital risk**

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue 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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**(c) Liquidity risk (continued)**

**Maturity profile of financial instruments**

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The consolidated entity's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The consolidated entity does not have significant interest-bearing assets and is not materially exposed to changes in market interest rates.

The directors monitor the cash-burn rate of the consolidated entity on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The following table sets out the carrying amount, by maturity, of the financial instruments including exposure to interest rate risk:

<b>As at 30 June 2021</b>	<b>&lt; 1 month</b>	<b>1 – 3 months</b>	<b>3 months – 1 year</b>	<b>1 – 5 years</b>	<b>Over 5 years</b>	<b>Total</b>	<b>Weighted average effective interest rate %</b>
<b>Financial Assets:</b>							
Cash	490,926	-	-	-	-	490,926	0%
Receivables	3,204	-	-	-	-	3,204	-
	<u>494,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,130</u>	<u>-</u>
<b>Financial Liabilities:</b>							
Payables	2,636,427	-	-	-	-	2,636,427	-
Borrowings – interest free	343,780	-	-	-	-	343,780	0%
	<u>2,980,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,980,207</u>	<u>-</u>

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**21. Financial risk management and policies (continued)**

As at 30 June 2020	< 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
<b>Financial Assets:</b>							
Cash	570,377	-	-	-	-	570,377	0%
Receivables	22,683	-	-	-	-	22,683	-
	593,060	-	-	-	-	593,060	-
<b>Financial Liabilities:</b>							
Payables	3,035,390	-	-	-	-	3,035,390	-
Borrowings – interest free	586,420	-	-	-	-	586,420	0%
Borrowings – convertible note	-	-	1,500,000	-	-	1,500,000	10%
	3,621,810	-	1,500,000	-	-	5,121,810	-

**Sensitivity analysis – interest rates**

The sensitivity effect of possible interest rate movements have not been disclosed as they are immaterial.

**Fair value**

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

**22. Segment Reporting**

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity operates predominantly in one business segment which is mineral mining and exploration and predominantly in one geographical area which is Western Australia.

The company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia.

**23. Subsequent Events**

- (a) The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.
- (b) On 14 September 2021, Metalicity Ltd, issued a takeover proposal document for all the shares in the company.
- (c) On 14 September 2021, Nex Metals shareholders were advised by the board not to take no action on Metalicity unsolicited offer.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**23. Subsequent Events (continued)**

- (d) On 21 September 2021, Nex Metals gave Metalicity notice that it considers that Metalicity has breached the JVA and Nex Metals reserves its rights arising from the deemed breaches. National PD template - August 2014 version (markitdigital.com)
- (e) On 24 September 2021, Metalicity lodged its Bidders Statement with the ASX.
- (f) On 29 September 2021 Nex Metals Announced an Non-Renounceable Rights Issue to raise up to \$3.115m
- (g) On 1 October 2021, Metalicity applied to the Takeovers Panel to seek an interim order prohibiting Nex Metals from making any offer under the rights issue
- (h) On 15 November 2021, the company issued a Writ of Summons with an Indorsement of Claim in the Supreme Court of Western Australia against Kym Mining for:
  - (i) A declaration upon the proper construction of the Agreement;
  - (ii) A declaration that Kym Mining has not provided notice to Nex verifying the amount of the Stage 1 Project Expenditure that Kym Mining has incurred, as defined in the farm-in agreement entered into by all the parties on or about 4 May 2019, in compliance with clause 7.6 of the Agreement; and
  - (iii) A declaration that Kym Mining by reason of the failure to comply with the requirements of the Agreement, Kym Mining has not acquired the right to transfer of a 51% interest in the tenements held by Nex the tenements being the Kookynie and Yundamindra gold project.
- (i) On 24 November 2021, Nex Metals lodged an application to the takeovers panel to review its decision in respect of the takeovers.

**24. Parent Entity Disclosures**

	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Financial Position</i>		
Assets		
Current assets	498,007	597,566
Non-current assets	981,148	290,020
Total assets	1,479,155	887,586
Liabilities		
Current liabilities	3,245,017	5,386,762
Total liabilities	3,245,017	5,386,762
Equity		
Issued capital	24,058,753	19,877,247
Reserves	2,260,245	2,260,245
Accumulated losses	(28,084,860)	(26,636,668)
Total deficit	(1,765,862)	(4,499,176)
<i>Financial Performance</i>		
(Loss) for the year	(1,448,192)	(180,802)
Other comprehensive income	-	-
Total comprehensive income	(1,448,192)	(180,802)

**25. Company Details**

The registered office and principal place of business of the Company is:  
 45 Guthrie Street  
 OSBORNE PARK WA 6017

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Nex Metals Explorations Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**29 November 2021**

**B G McVeigh**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Nex Metals Explorations Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of Nex Metals Explorations Limited ("the Company") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Material uncertainty related to going concern*

We draw attention to Note 1(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* we have determined the matters described below to be the key audit matters to be communicated in our report.

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Key Audit Matter	How our audit addressed the key audit matter
------------------	--

<p><b>Carrying amount of exploration and evaluation expenditure</b> Note 8 of the financial report</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the key processes associated with management’s review of the exploration and evaluation asset carrying values;</li> <li>• We obtained evidence that the consolidated entity has current rights to tenure of its areas of interest;</li> <li>• We examined the exploration budget for 2021/22 and discussed with management the nature of planned ongoing activities;</li> <li>• We enquired with management, reviewed ASX announcements and minutes of Directors’ meetings to ensure that the consolidated entity had not decided to discontinue exploration and evaluation at its areas of interest; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul>
--	--



*Information other than the financial report and auditor’s report thereon*

*Responsibilities of the directors for the financial report*

*Auditor's responsibilities for the audit of the financial report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Nex Metals Explorations Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**29 November 2021**



**B G McVeigh**  
**Partner**



**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Corporate Governance Statement**

---

**CORPORATE GOVERNANCE**

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 4<sup>th</sup> edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement set out below discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

**Principle 1: Lay solid foundations for management and oversight**

***Recommendation 1.1***

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management. Due to the small size of the Company, they have not been formally documented.

The responsibilities of the Board include but are not limited to:

- (a) setting and reviewing strategic direction and planning;
- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Managing Director.

***Recommendation 1.2***

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

***Recommendation 1.3***

The Company has a written agreement with each of the Directors setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company has entered into with its Managing Director, any of its directors, and any other person or entity who is a related party of the Managing Director or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Corporate Governance Statement**

---

***Recommendation 1.4***

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

The role of the Company Secretary is currently undertaken by the Managing Director.

***Recommendation 1.5***

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Diversity is not limited to gender, age, ethnicity and/or cultural backgrounds.

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of a diversity policy is justified at this time.

The Company has one (1) female employee who represents approximately 25% of total employees. There are currently no female members of the Board of the Company.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

***Recommendation 1.6***

Given the Company's size and nature there is no formal process for evaluating the performance of the board, its committees and individual directors. Should the size of the Company change, the Board will consider establishing a formal process. The Board Policy sets out how the company addresses succession issues.

During the current reporting period, the Company has not conducted an evaluation of its Managing Director.

***Recommendation 1.7***

Given the Company's size and nature there is no formal process for evaluating the performance of its senior executives. Should the size of the Company change, the Board will consider establishing a formal process. The Board Policy sets out how the company addresses succession issues.

**Principle 2: Structure the board to add value**

***Recommendation 2.1***

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Corporate Governance Statement**

---

***Recommendation 2.2***

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

***Recommendation 2.3***

The Board of the Company currently consists of two non-executive directors and one executive director.

Mr Thomas Percy QC is a non-executive director and satisfies the tests of independence.

Mr Ken Allen is an executive director and currently fills the role of managing director and company secretary.

Mr Hock Hoo Chua is a non-executive director and satisfies the tests of independence.

The skills, experience, expertise, qualification and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. The directors have the relevant industry experience and specific expertise relevant to the Company's business and operations.

***Recommendation 2.4***

The majority of the Board are independent directors.

***Recommendation 2.5***

The Chairman of the Board, Mr Thomas Percy, is an independent, non-executive Director.

***Recommendation 2.6***

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

**Principle 3: Act ethically and responsibly**

***Recommendation 3.1***

A copy of the Company's code of conduct is available on the Company's website.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Corporate Governance Statement**

---

**Principle 4: Safeguard integrity in corporate reporting**

***Recommendation 4.1***

There is no separate Audit Committee.

The full Board carries out the role of the Audit Committee in accordance with the Audit Committee Charter.

The Company's financial statements are prepared by external accountants and are reviewed in detail by the full Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the Board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

***Recommendation 4.2***

Due to the size of the Company, the Managing Director is responsible to provide a declaration to the Board in accordance with section 295A of the Corporations Act as the Company does not have a Chief Executive Officer (or equivalent) or Chief Financial Officer (or equivalent). Accordingly, the Board will seek to procure that the Managing Director puts in place sound systems of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

***Recommendation 4.3***

The Company's external auditor attends each AGM of the Company and is always available to answer questions from security holders relevant to the audit.

**Principle 5: Make timely and balanced disclosure**

***Recommendation 5.1***

The Company has complied with this recommendation.

A disclosure policy is available on the Company's website.

**Principle 6: Respect the rights of security holders**

***Recommendation 6.1***

The Company provides information about itself and its governance to investors via its website at [www.nexmetals.com](http://www.nexmetals.com).

***Recommendation 6.2***

The Company has not established a formal Shareholder communication strategy.

While the Company has not established a formal Shareholder communication strategy, it actively communicates with its Shareholders in order to identify their expectations and actively promotes shareholder involvement in the Company via announcements lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

***Recommendation 6.3***

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Corporate Governance Statement**

---

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

***Recommendation 6.4***

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

**Principle 7: Recognise and manage risk**

***Recommendation 7.1***

The Company has not established a risk committee.

Due to the size of the Company, it does not have a published risk management policy. A Board member is responsible for the day to day management of the Company and communicates directly with the other Board members, this ensures that any potential risk to the Company is dealt with immediately. Should the size of the Company change, the Board will consider establishing a separate risk committee.

***Recommendation 7.2***

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

***Recommendation 7.3***

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks.

***Recommendation 7.4***

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks.

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks.

**Principle 8: Remunerate fairly and responsibly**

***Recommendation 8.1***

There is no separate Remuneration Committee.

Given the current size and composition of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate to set aside time at two Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. The full Board will function in accordance with the Remuneration Committee Charter. Remuneration is currently in accordance with the general principals recommended by the ASX. Non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Corporate Governance Statement**

---

***Recommendation 8.2***

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

***Recommendation 8.3***

The Company does not have an equity-based remuneration scheme.

**Security Trading Policy**

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's trading policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.

**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

**Additional Shareholder Information**

*AS AT 26 October 2021*

**Statement or Quoted Securities**

Shareholding at 26 October 2021

Distribution of shareholders and their holdings as at 26 October 2021

<b>Distribution of Shareholders</b>	<b>Number</b>	
<b>Category (size of holding)</b>	<b>Shareholders</b>	<b>Ordinary Shares</b>
1 – 1,000	28	4,467
1,001 – 5,000	83	282,228
5,001 – 10,000	219	1,824,324
10,001 – 100,000	575	23,646,891
100,001 – and over	278	241,256,858
	1,183	267,014,768

**Twenty Largest Shareholders as at 16 November 2021 — Ordinary Shares**

<b>Rank</b>	<b>Name</b>	<b>Units</b>	<b>% of Units</b>
1	3B PROSPECTING PTY LTD	17,000,000	6.37
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,059,416	3.02
3	BNP PARIBAS NOMS PTY LTD	7,956,777	2.98
4	MRS WENDY ANNE ARNOLD	7,444,186	2.79
5	MR KENNETH M ALLEN	7,128,303	2.67
6	FMR INVESTMENTS PTY LIMITED	6,800,000	2.55
7	GOLDLAW PTY LTD	6,091,775	2.28
8	WESTERN AUSTRALIAN HOLDINGS PTY LTD	6,000,001	2.25
9	<SHASH NIGAM FAMILY A/C> FIRST LIGHT NOMINEES PTY LTD <NIGAM FAMILY A/C>	5,800,001	2.17
10	TERRA FORTUNA SDN BHD	4,924,632	1.84
11	CITICORP NOMINEES PTY LIMITED	3,994,198	1.50
12	MRS VERA OLIVE ALLEN	3,743,570	1.40
13	JASON MADALENA	3,620,758	1.36
14	IERACE PTY LTD <THE IERACE FAMILY A/C>	3,600,000	1.35
15	MRS LEE ALLEN	3,500,000	1.31
16	MRS MARISA MACKOW	3,409,858	1.28
17	MS LEE KIANG ALLEN	3,174,603	1.19
18	MS ANDREA KATHLEEN HUANG LING ALLEN	2,638,500	0.99
19	MR ROBERT RICHTER & MRS ANNE LYELL RICHTER <ROBERT RICHTER S/F NO2 A/C>	2,601,960	0.97
20	MR PETER JOHN MAXWELL & MRS MARGARET RAE MAXWELL	2,400,000	0.90
		<b>109,888,538</b>	<b>41.17</b>

# Nex Metals Explorations Limited

## ABN 63 124 706 449

---

### **Restricted Securities**

There were no restricted securities to be included in the Annual Report.

### **Substantial Shareholders**

In accordance with section 709(1) of the Corporations Act 2001, the Company had been notified of the following substantial shareholder:

- Royce William Allen has a relevant interest in 5,600,000 fully paid ordinary shares (Notice dated 19 December 2007).
- FMR Group has a relevant interest in 6,800,000 fully paid ordinary shares (Notice dated 2 July 2009)

### **Voting Rights**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options have no voting rights until such options are exercised as fully paid ordinary shares.

### **ASX Listing Rule 4.10.19**

In accordance with ASX Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

### **Company Secretary**

The name of the company secretary is Kenneth M Allen.

### **Statement of Unquoted Securities**

a) Options

There are no unlisted options on issue.



**Nex Metals Explorations Limited**  
**ABN 63 124 706 449**

<b>Lease</b>	<b>Nex Area</b>	<b>Locality</b>	<b>Status</b>	<b>Holder</b>	<b>Area Hectares</b>
E40/332	Kookynie	Kookynie	Live	Nex Metals Exploration	600.00
G40/3	Kookynie	Kookynie	Live	Nex Metals Exploration	7.24
L40/09	Kookynie Central	Kookynie	Live	Nex Metals Exploration	1.00
M40/22	Niagra	Leipold	Live	Nex Metals Exploration	121.70
M40/27	Kookynie Central	Champion	Live	Nex Metals Exploration	85.48
M40/61	Kookynie Central	Kookynie	Live	Nex Metals Exploration	832.70
M40/77	Niagra	Mctavish Hill	Live	Nex Metals Exploration	119.20
P40/1499	Kookynie	Kookynie	Live	Nex Metals Exploration	8.17
P40/1500	Kookynie	Kookynie	Live	Nex Metals Exploration	6.05
P40/1501	Kookynie	Kookynie	Live	Nex Metals Exploration	21.05
L39/34	Yundamindera	Yundamindera	Live	Nex Metals Exploration	1.00
L39/52	Yundamindera	Yundamindera	Live	Nex Metals Exploration	1.00
L39/258	Yundamindera	Bore	Live	Nex Metals Exploration	3.18
M39/84	Yundamindera	Yundamindera	Live	Nex Metals Exploration	378.40
M39/274	Yundamindera	Yundamindera	Live	Nex Metals Exploration	230.00
M39/406	Yundamindera	Yundamindera	Live	Nex Metals Exploration	124.00
M39/407	Yundamindera	Yundamindera	Live	Nex Metals Exploration	896.00
M39/408	Yundamindera	Yundamindera	Live	Nex Metals Exploration	785.00
M39/409	Yundamindera	Yundamindera	Live	Nex Metals Exploration	966.00
M39/410	Yundamindera	Yundamindera	Live	Nex Metals Exploration	978.00
M39/839	Yundamindera	Yundamindera	Live	Nex Metals Exploration	7.30
M39/840	Yundamindera	Yundamindera	Live	Nex Metals Exploration	9.70
P39/6126	Yundamindera	Yundamindra	Live	Nex Metals Exploration	10.26
P39/6127	Yundamindera	Yundamindra	Live	Nex Metals Exploration	5.49