

31 January 2022

The Company Announcements Officer
The Australian Securities Exchange
Level 40, 152-158 St Georges Terrace
Perth WA 6000

Quarterly Report for the Period Ended 31 December 2021

Nex Metals Explorations Ltd (Nex or the Company) provides the following update on recent Company activities.

1. Bonanza Grades Intercepted in a New Gold Zone Identified 200m to the east of the Main Leipold Lode

The Company is pleased with the results announced by MCT on 6 December 2021 concerning the findings east of the Main Leipold Lode (the parallel lode which was known of in historical reports)

2. Unconditional Metalicity takeover bid

On Friday 3 December 2021, MCT announced a variation of its Bid offer to make it unconditional. Since the bid was formally made on 24 September 2021, the bid has been extended on multiple occasions, first to 6 December 2021 from 15 November 2021 and then to 15 December 2021 with the most recent being until 10 February 2022.

As at the date of this report Metalicity has disclosed a substantial shareholder notice of only 31.48%.

3. Takeovers Panel applications and Review application.

There were a number of Takeover Panel applications and review applications which are itemised here for Shareholder reference;

1 October 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02429931_PS-6A1053764?access_token=83ff96335c2d45a094df02a206a39ff4

3 November

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02446964-6A1060853?access_token=83ff96335c2d45a094df02a206a39ff4

3 November 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02447039_PS-6A1060893?access_token=83ff96335c2d45a094df02a206a39ff4

15 November 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02452356-6A1062817?access_token=83ff96335c2d45a094df02a206a39ff4

18 November 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02454033-6A1063481?access_token=83ff96335c2d45a094df02a206a39ff4

22 November 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02455368-6A1064041?access_token=83ff96335c2d45a094df02a206a39ff4

24 November 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02456780-6A1064552?access_token=83ff96335c2d45a094df02a206a39ff4

30 November 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02460257_PS-6A1066081?access_token=83ff96335c2d45a094df02a206a39ff4

13 December 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02466042-6A1068361?access_token=83ff96335c2d45a094df02a206a39ff4

23 December 2021

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02471107-6A1070606?access_token=83ff96335c2d45a094df02a206a39ff4

4. **Target Statement**

The Company advises that shareholders should TAKE NO FURTHER ACTION concerning the MCT offer and should await the Replacement Target Statement to be issued by the Company.

As at the date of this report none of the advisers nominated by ASIC either returned contact with our corporate advisers or advised they could not complete the task until February 2022.

The Takeovers Panel has now varied its orders to allow Metalicity to appoint their own Independent Experts (IER) irrespective, but has also allowed a Replacement Target Statement to be issued without the IER.

The Company has lodged this with ASIC for review.

5. Action in the Supreme Court of Western Australia

On 15 November 2021, the Company announced that a writ was issued to KYM Mining Pty Ltd (KYM) (a wholly owned subsidiary of MCT) on the basis that KYM has allegedly breached the Joint Venture Agreement between the Company and KYM. This matter was being tried by way of Supreme Court proceedings with the Statement of Claim (CIV 2220 of 2021) lodged on 16 November 2021.

Subsequent to year end both Companies withdraw any action by consent once Metalicity provided a full and clear account of expenditure as opposed to a simple letter stating they had spent the \$5m.

6. Rights Issue

The Company is progressing the proposed rights issue in accordance with the orders of the Takeovers Panel.

The Company is still seeking to raise approximately \$3,150,000 AUD and is working closely with its corporate strategic and financial advisor **Indian Ocean Capital** and ASIC.

As soon as final input from ASIC is on hand, the Company will immediately dispatch a notice of meeting seeking shareholder approval for the rights issue.

The Company expects the rights issue to be fully underwritten at the time of issuing the notice.

This announcement is authorised by the Managing Director, Kenneth Allen.

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Nex Metals Explorations Ltd
Consolidated Tenement Schedule as at 31 December 2021

NME SCHEDULE - As at 31 December 2021*

Lease	Nex Area	Locality	Status	Holder	Area Ha
KOOKYNIE					
E40/332	Kookynie	Kookynie	Live	Nex Metals Explorations	600
G40/3	Kookynie Central	Champion	Live	Nex Metals Explorations	7.239
L40/9	Kookynie Central	Kookynie	Live	Nex Metals Explorations	1.00
M40/22	Niagara	Leipold	Live	Nex Metals Explorations	121.7
M40/27	Kookynie Central	Champion	Live	Nex Metals Explorations	85.475
M40/61	Kookynie Central	Kookynie	Live	Nex Metals Explorations	832.7
M40/77	Niagara	McTavish Hill	Live	Nex Metals Explorations	119.2
P40/1499	Kookynie	Kookynie	Live	Nex Metals Explorations	8.17
P40/1500	Kookynie	Kookynie	Live	Nex Metals Explorations	6.05
P40/1501	Kookynie	Kookynie	Live	Nex Metals Explorations	21.05
YUNDAMINDERA					
L39/34	Yundamindera	Yundamindera	Live	Nex Metals Explorations	1.00
L39/52	Yundamindera	Yundamindera	Live	Nex Metals Explorations	1
L39/258	Yundamindera	Bore	Live	Nex Metals Explorations	3.18
M39/84	Yundamindera	Yundamindera	Live	Nex Metals Explorations	378
M39/274	Yundamindera	Yundamindera	Live	Nex Metals Explorations	230
M39/406	Yundamindera	Yundamindera	Live	Nex Metals Explorations	124
M39/407	Yundamindera	Yundamindera	Live	Nex Metals Explorations	896
M39/408	Yundamindera	Yundamindera	Live	Nex Metals Explorations	785
M39/409	Yundamindera	Yundamindera	Live	Nex Metals Explorations	966
M39/410	Yundamindera	Yundamindera	Live	Nex Metals Explorations	978.00
M39/839	Yundamindera	Yundamindera	Live	Nex Metals Explorations	7.3
M39/840	Yundamindera	Yundamindera	Live	Nex Metals Explorations	9.7
P39/6126	Yundamindera	Yundamindera	Live	Nex Metals Explorations	10.26
P39/6127	Yundamindera	Yundamindera	Live	Nex Metals Explorations	5.49

- * As announced on 20 May 2021 the above tenements will now be held as to 51% Metalicity Ltd and 49% NME (yet to be verified as at the end of the Quarter).

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Nex Metals Explorations Ltd

ABN

63124706449

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(18)	(102)
(b) development	-	-
(c) production	-	-
(d) staff costs	(77)	(164)
(e) administration and corporate costs	(230)	(330)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	21	34
1.9 Net cash from / (used in) operating activities	(304)	(562)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(7)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 6 months \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(7)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	133	139
3.6	Repayment of borrowings	(6)	(6)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	127	133

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	229	488
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(304)	(562)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	127	133

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 6 months \$A'000
4.5	Effect of movement in exchange rates on cash held	--	-
4.6	Cash and cash equivalents at end of period	52	52

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	52	229
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	52	229

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	750	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		750
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	304
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	304
8.4 Cash and cash equivalents at quarter end (item 4.6)	52
8.5 Unused finance facilities available at quarter end (item 7.5)	750
8.6 Total available funding (item 8.4 + item 8.5)	802
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.64
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: By The Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.