ASX RELEASE: 10 May 2022

INDEPENDENT EXPERT SAYS OFFER FOR NEX IS FAIR AND REASONABLE

Highlights

- The Independent Expert has considered the terms of the Metalicty Offer for Nex Metals Explorations Limited ("**Nex Metals**") as outlined in their report and have concluded that, in the absence of a superior offer, **the Offer is fair and reasonable to Nex shareholders**
- The Independent Experts Report ("**IER**") stated that the Offer was fair, as it was valued as greater than their **valuation estimate for Nex Metals of nil to $0.01** per Nex Metals share (**$0.003 preferred value**)
- The IER stated that the Offer was reasonable as the position of Nex Metals' shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted
- Nex Metals' shareholders should also note that the Independent Technical Specialist did not attribute any value to the Kookynie Tailings Project, as it considers that any value generated would likely be offset by the cost of rehabilitating the project (and in any event, Metalicity disputes whether Nex Metals owns the tailings project as alleged by Nex Metals)
- The IER has been prepared pursuant to orders made by the Takeovers Panel and Nex Metals' directors are personally liable for the cost (up to $50,000)

Metalicity Limited (ASX: MCT) ("**Metalicity**" or "**the Company**") is pleased to release an Independent Expert's Report ("IER") prepared by BDO Corporate Finance in respect of Metalicity's off-market takeover bid for all of the fully paid ordinary shares in Nex Metals ("Offer") pursuant to the bidder's statement dated 24 September 2021 (as varied).

The IER concluded that, in the absence of a superior offer, the Offer is fair and reasonable to Nex Metals shareholders.

Andrew Daley, Metalicty Chairman commented:

"I encourage all Nex Metals shareholders to read the very thorough IER. Other than our bidder's statement, to date it is the only real professional material they have available to assist them in deciding on our Offer and it offers an independent assessment of the value of Nex Metals and its (disputed) tailings project by an external expert.

So far, the Takeovers Panel has declared two attempts by the Nex Metals board to provide a Target's Statement to be defective and misleading. In the absence of proper advice from their board, Nex Metals' shareholders should pay close attention to the IER, which concludes that our Offer is fair and reasonable, and accepting the Offer is more advantageous than not accepting."

Pursuant to the orders made by the Takeovers Panel, the directors of Nex Metals are liable for the costs of the IER (including the independent technical specialist) up to an amount of $50,000.

This Announcement is approved by the Board of Metalicity Limited.

ENQUIRIES

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Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward-looking statements:

(a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

(b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such risks include, without limitation, resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which the Company operates or supplies or sells product to, and governmental regulation and judicial outcomes; and

(c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements.

All forward-looking statements contained in this presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward-looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

NEX METALS EXPLORATIONS LIMITED
Independent Expert's Report

6 May 2022

BDO

Financial Services Guide

6 May 2022

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by Metalicity Limited (‘**Metalicity**’) to provide an independent expert’s report on the off-market takeover offer from Metalicity to acquire all of the fully paid ordinary shares of Nex Metals Explorations Ltd (‘**Nex**’) by way of a scrip bid of 4.81 Metalicity shares for every Nex share on issue. You are being provided with a copy of our report because you are a shareholder of Nex and this Financial Services Guide (‘**FSG**’) is included in the event you are also classified under the Corporations Act 2001 (‘**the Act**’) as a retail client.

Our report and this FSG will be issued without an accompanying transaction document.

Financial Services Guide
This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don’t fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $50,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Metalicity.

The Australian Takeovers Panel has ordered that the directors of Nex are jointly and severally liable for the costs of this report (including the independent technical specialist) up to an amount of $50,000, with the balance to be borne by Metalicity. Our fee will be invoiced to Metalicity under the assumption that Metalicity will seek to recover costs from the directors of Nex.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Metalicity for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700, West Perth WA 6872 or, by telephone or email using the contact details within the following report.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited ('**AFCA**').

AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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6 May 2022

The Directors
Metalicity Limited
Unit B2, 20 Tarlton Crescent
Perth Airport, WA, 6105

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 14 September 2021, Metalicity Limited ('**Metalicity**') announced its proposal to make a conditional off-market, scrip takeover bid to acquire 100% of the fully paid ordinary shares in Nex Metals Explorations Ltd ('**Nex**' or '**the Company**'). Metalicity has offered the shareholders of Nex, 4.81 ordinary shares in Metalicity for every Nex share that they hold ('**the Offer**'). The Offer was initially subject to a number of conditions, including a 90% minimum acceptance condition, however, as of 3 December 2021, the Offer became unconditional.

The Offer was formally made on 24 September 2021, when Metalicity lodged the Offer with the Australian Securities and Investments Commission ('**ASIC**') and made available to Nex shareholders. Initially shareholders of Nex could accept the Offer over the period to 15 November 2021. This has since been extended, and as at the date of our Report, the Offer will remain open for acceptance until 25 May 2022 ('**Offer Period**').

Metalicity and Nex are both public companies, listed on the Australian Securities Exchange ('**ASX**'). If the shareholders of Nex accept the Offer, each share in Metalicity that they will receive will be a share in the combined entity ('**Proposed Merged Entity**'). The level of ownership in Nex held by Metalicity following the end of the Offer Period will depend on the level of acceptances by the shareholders of Nex. This is considered further in Section 13 of our Independent Expert's Report ('**Our Report**').

Further details of the Offer are outlined in Section 4 of our Report. All figures are quoted in Australian dollars unless otherwise stated.

2. Summary and Opinion

2.1 Requirement for the report

There is no statutory requirement under ASX Listing Rules, or the Corporations Act 2001 (Cth) ('**Corporations Act**' or '**the Act**'), for the directors of Nex to commission an Independent Expert's Report ('**IER**') in relation to the Offer. However, following orders from the Australian Takeovers Panel ('**ATP**'), the directors of Metalicity have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an IER ('**our Report**') to express an opinion as to whether or not the Offer is fair and reasonable to the non-associated shareholders of Nex ('**Shareholders**'). Further information regarding the ATP orders is detailed in Section 4 of our Report.

2.2 Approach

Our Report has been prepared having regard to ASIC Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- How the value of a Nex share on a control basis compares to the value of 4.81 shares in the Proposed Merged Entity on a minority interest basis;
- The likelihood of an alternative offer being made to Nex or its Shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of whether to accept the Offer; and
- The position of Shareholders should they choose not to accept the Offer.

2.3 Opinion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Offer is fair and reasonable to Shareholders.

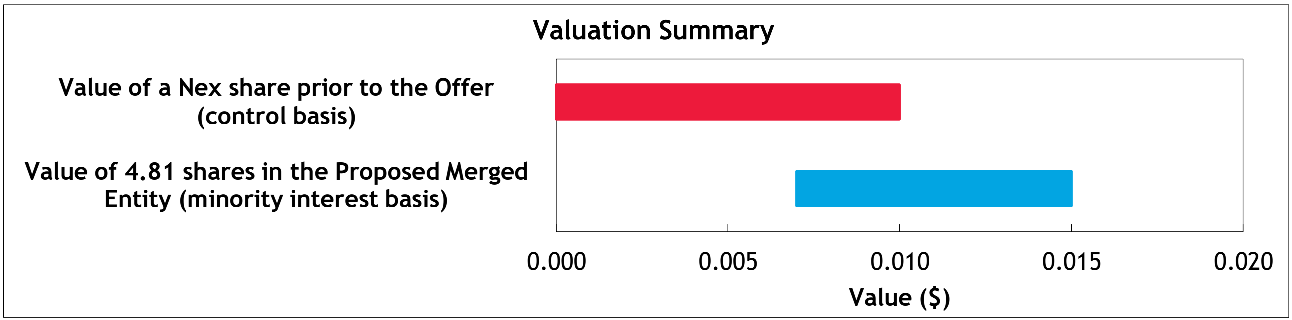
2.4 Fairness

In Section 12 we determined that the value of 4.81 shares in the Proposed Merged Entity compares to the value of a Nex share, as detailed below.

	Low $	Preferred $	High $
Value of a Nex share (controlling basis)	Nil	0.003	0.010
Value of 4.81 shares in the Proposed Merged Entity (minority interest basis)	0.007	0.011	0.015

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, or a superior offer, the Offer is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both

- advantages and disadvantages of the Offer; and
- other considerations, including the consequences of not accepting the Offer.

In our opinion, the position of Shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted. Accordingly, in the absence of any other relevant information and/or an alternative offer, we believe that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.3.1	The Offer is fair	13.4.1	Dilution of Shareholders' interests and exposure to Kookynie and Yundamindra
13.3.2	Creation of an enlarged group with a stronger balance sheet and access to Metalicity's cash reserves	13.4.2	The Offer consideration is at a discount to the Company's recently traded prices
13.3.3	Shareholders are not foregoing the opportunity to receive a control premium in the future	13.4.3	Shareholders forego the opportunity to participate in the Rights Issue
13.3.4	Project finance may be less complex to negotiate and more likely to be obtained upon removal of the JV ownership structure	13.4.4	If Metalicity compulsorily acquires, Shareholders will still receive 4.81 shares in Metalicity per share, but will experience a delay in receiving consideration for their shares
13.3.5	Exposure to Admiral Bay		
13.3.6	Consolidation of ownership of Kookynie and Yundamindra may lead to a reduction in overhead costs		
13.3.7	The Offer is not subject to a minimum acceptance condition		
13.3.8	The Offer consideration offers Shareholders a premium to the last traded price of a Nex share prior to the announcement of the Offer		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Consequences of not accepting the Offer
13.5	Other considerations

3. Scope of the Report

3.1 Purpose of the Report

Metalicity has prepared a Bidder's Statement in accordance with Section 636 of the Corporations Act. Under Section 633 Item 10 of the Act, Nex is required to prepare a Target's Statement in response to the Bidder's Statement.

Section 640 of the Act requires the Target's Statement to include an IER to Shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

Further, the Corporations Act requires the expert to be someone other than an associate of the Bidder or Target.

There are no common directors of Metalicity and Nex, and prior to the announcement of the Offer, Metalicity did not have a voting power in Nex of 30% or more. Accordingly, in the Target's Statement released to the ASX on 1 November 2021, there was no accompanying IER.

However, the ATP subsequently declared that Nex's Target's Statement was misleading and contained material information deficiencies, and ordered that Nex prepare and lodge a replacement Target's Statement with an accompanying IER by 14 January 2022 (and was subsequently extended to 21 January 2022). Under ATP orders, if Nex did not prepare and lodge its Target's Statement by the required date, Metalicity may engage an independent expert to produce a report opining on whether the Offer is fair and reasonable to Shareholders. As a result, the directors of Metalicity have engaged BDO as an independent expert.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Nex share (including a premium for control) and the value of 4.81 shares in the Proposed Merged Entity (on a minority interest basis) (fairness – see Section 12 'Is the Offer Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to making their decision on whether to accept the Offer, after reference to the value derived above (reasonableness – see Section 13 'Is the Offer Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Details of the Offer

4.1 Background to the Offer

On 14 September 2021, Metalicity announced its proposal to make a conditional off-market, scrip takeover bid for 100% of the shares in Nex in which Metalicity did not own.

Metalicity released its Bidder's Statement on 24 September 2021, detailing the offer to acquire all of the ordinary shares in Nex for the consideration of 4.81 shares in Metalicity for each Nex share.

As at the date of the Bidder's Statement, Metalicity had an indirect, relevant interest in 4,073,914 Nex shares, equating to approximately 1.53% of the issued ordinary share capital of Nex. As at 4 May 2022, there has been acceptances for 91,340,106 Nex shares, resulting in Metalicity holding 34.21% of the issued capital of Nex.

As detailed in the Bidder's Statement, the Offer was to be subject to the following key conditions, amongst others:

- A 90% minimum acceptance condition;
- No prescribed occurrences;
- No termination or adverse rights arising from a "change in control" of Nex;
- No material acquisitions, disposals or commitments, and maintenance of the status quo during the bid period;
- No material changes to the quantum or terms of the loans in Nex, the quantum of provisions in Nex or the accrued director fees;
- Mining rights and renewals and all tenements are kept in good standing during the bid period; and
- Other customary conditions, including no material adverse changes occurring to Nex and no adverse action by the applicable regulatory authorities (excluding the ATP or ASIC in relation to the Offer).

On 29 September 2021, Nex announced a 1-for-3 non-renounceable rights issue to raise up to $3.115 million, via the issue of up to 89,007,875 shares at an issue price of $0.035 per share ('**Rights Issue**'). Subsequently, on 1 October 2021, Metalicity submitted an application to the ATP which alleged that the Rights Issue frustrated the Offer and impeded the potential acquisition of control of Nex, without Shareholders having the opportunity to choose between the Rights Issue and the Offer.

On 3 November 2021 the ATP made a declaration of unacceptable circumstances in relation to the Rights Issue. As a result, the ATP made orders that if the Company proceeds with the Rights Issue, or announces another rights issue, such issue must be subject to Shareholder approval.

Nex released its Target's Statement on 1 November 2021, including a recommendation from the Company's directors that, in the absence of a higher offer, Shareholders reject the Offer due to a lack of information. Following the release of the Target's Statement, Metalicity submitted a second application to the ATP, seeking orders restraining the dispatch of the Target's Statement and removal of the Target's Statement from the ASX on the grounds that it contained statements that were misleading and deceptive, and did not contain sufficient information.

On 30 November 2021, the ATP declared that there were material deficiencies in the Target's Statement in contravention of Section 638 and Section 670A of the Corporations Act. Ultimately, the ATP made orders that, amongst other orders, Nex must prepare a replacement Target's Statement accompanied by an IER opining on whether the Offer is fair and reasonable to Shareholders. The ATP made additional orders on 17 December 2021, including that if the replacement Target's Statement is not lodged by 14 January 2022 (subsequently extended to 21 January 2022), Metalicity may engage an expert to produce an IER opining on whether the Offer is fair and reasonable to Shareholders, with costs to be borne by Nex's directors jointly and severally up to an amount of $50,000.

Metalicity released an announcement on 3 December 2021, detailing that the Offer would be wholly unconditional. Metalicity stated that all conditions, including the 90% minimum acceptance condition had been removed, and that all acceptances of the Offer up to the date of the announcement were binding. As at the date of our Report, the Offer remains wholly unconditional.

On 17 March 2022, Nex released its replacement Target's Statement, recommending that, in the absence of a higher offer, Shareholders reject the Offer. On 21 March 2022, the ATP announced that it had received an application from Metalicity submitting that the replacement Target's Statement contains statements that are misleading and deceptive, and does not contain all the information that holders of bid securities and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer. As such, Metalicity sought orders prohibiting the distribution of the replacement Target's Statement.

On 28 April 2022, the ATP made a declaration of unacceptable circumstances and orders in relation to Nex's replacement Target's Statement dated 17 March 2022. The ATP declared that the replacement Target's Statement contained information deficiencies and constitutes, or is likely to constitute, a contravention of section 638(1) or section 670A(1) of the Corporations Act, or both, and that it did not disclose a sufficient basis upon which Nex's directors recommend that Shareholders reject the bid. As such, the ATP made orders requiring the preparation of a supplementary or replacement Target's Statement in a form that ASIC does not object to.

Further information on the Offer is available in the Bidder's Statement.

4.2 Metalicity's intentions if the Offer is accepted

The intentions of Metalicity have been disclosed in the Bidder's Statement. See Section 6 of the Bidder's Statement for further details.

4.3 Offer subscription

On 4 January 2022, Metalicity announced it had issued the first tranche of shares in Metalicity to Nex Shareholders that had accepted the Offer ('**Consideration Shares**'). Metalicity issued 282,847,335 Consideration Shares, and as a result, increased its interest in Nex to 23.5%, becoming the single largest shareholder in Nex.

Subsequently, on 14 January 2022, Metalicity announced it had issued its second tranche of Consideration Shares, being an additional 73,391,835 Consideration Shares to increase its interest in Nex to approximately 29.3%.

On 14 February 2022, Metalicity announced it had issued its third tranche of Consideration Shares, being an additional 37,440,057 Consideration Shares to increase its interest in Nex to approximately 32.2%.

Nex released a Form 604 on 2 March 2022, notifying the ASX that Metalicity's voting power in Nex had increased to 32.76%. On 4 May 2022, Metalicity released a Form 604 outlining a further increase in interest to 34.21%.

4.4 Substantial shareholders following the Offer

Set out in the table below is a summary of the substantial shareholders of Metalicity following the Offer (assuming 100% acceptance and excluding adjustments for the rights issue):

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
3B Prospecting Pty Ltd	81,770,000	2.38%
Hishenk Pty Ltd	40,000,000	1.17%
Arnold Anne Wendy	35,806,535	1.04%
Kenneth Malcolm Allen	34,287,137	1.00%
Subtotal	**191,863,672**	**5.59%**
Others	3,237,572,230	94.41%
Total ordinary shares on Issue	**3,429,435,902**	**100.00%**

Source: BDO analysis

5. Profile of Nex

5.1 History

Nex is an ASX-listed mineral exploration company with gold projects located in Western Australia (‘**WA**’). The Company’s flagship asset is the Kookynie Gold Project, located approximately 180 kilometres (‘**kms**’) north of Kalgoorlie, WA, and is operated under a joint-venture agreement with Metalicity (‘**Kookynie**’). The Company also holds an interest in the Yundamindra Gold Project under a joint-venture agreement with Metalicity (‘**Yundamindra**’). The Company’s head office is located in Perth, WA.

The Company’s board of directors are:

- Mr. Thomas Percy QC – Chairman;
- Mr. Kenneth Allen – Managing Director and Company Secretary;
- Dr. Chua Hock Hoo – Non-Executive Director; and
- Mr. Raja Mohd Azmi Bin Raja Razali – Alternative representing Chua Hock Hoo.

5.2 Projects

Kookynie JV

The Kookynie joint-venture (‘**JV**’) is a gold project located approximately 180kms north of Kalgoorlie and 60kms south-east of Leonora in the Eastern Goldfields region of WA. Kookynie covered approximately 70 square kilometres (‘**km²**’) and comprised the McTavish, Leipold, Champion, Altona, Admiral, Butterfly, Orient Well, Orion and Cosmopolitan deposits.

Nex acquired 100% of Kookynie in June 2009 from FMR Investments Pty Ltd for consideration of 7.8 million shares in Nex and a cash payment of $0.15 million. The acquisition included the surrounding infrastructure, permits and statutory approvals, in particular, a one million tonne per annum gold treatment plant, permits and tenement plans for a 40 person camp, haul roads, bore field and a tailings storage facility. Following the acquisition, Nex completed a diamond drilling campaign at Kookynie with the intention of converting the resource that was not prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (‘**JORC Code 2012**’) to a JORC Code 2012 compliant mineral resource estimates (‘**MRE**’), and progressing to commence low-cost gold production from the Orient Well deposit.

In May 2010, environmental and pre-construction approval was obtained for production at Orient Well. The Company continued planning and permitting whilst simultaneously conducting exploration drilling at other areas within Kookynie. Through 2011, Nex primarily undertook exploration activities at the Butterfly open pit, where, following successful exploration results, the Company announced the intention to commence development at Butterfly, shifting from its initial development plans at Orient Well. Across 2011, the Company also progressed exploration at the McTavish and Champion deposits.

In January 2012, following the receipt of relevant approvals, Nex announced the commencement of mining at the Butterfly open pit. However, in July 2012, the Company announced the suspension of mining activities at Butterfly as a result of constraints and operational issues on site and at the mill.

Whilst activities at Butterfly were suspended, in July 2013, Nex received an offer for the sale of the majority of the tenements at the northern part of Kookynie, being the Orient Well and Butterfly locations. A & C Mining Investments Pty Ltd made an offer of $4.00 million to acquire the tenements, as well as the provision of $2.00 million of funding for an iron ore project that Nex may acquire. On 14 November 2013, the Company announced the effective settlement of the sale.

Over the period to 2019, the Company continued to review its Yundamindra project, as well as a tailings project at Kookynie, aimed at generating value on lost gold from the processing of tailings. Nex continued to manage Kookynie and undertake research and development works, primarily at the Cosmopolitan, Champion, McTavish and Leipold deposits.

On 6 May 2019, Nex announced it had entered into a farm-in agreement with Metalicity for Kookynie and Yundamindra. In order to earn a 51% interest in both projects, Metalicity would issue shares to the value of $100,000 to Nex across two tranches, spend a minimum of $500,000 to drill test the projects within 12 months from the date of the agreement, and spend a total of $5.00 million on the projects within five years. Following the completion of the required spend in May 2021, Metalicity announced the intention to continue drilling in order to complete a maiden JORC Code 2012 compliant MRE for the Leipold, McTavish and Champion prospects to illustrate the pathway forward for Metalicity.

Further information on Kookynie can be found in the independent technical assessment and valuation report prepared by Valuation & Resource Management Pty Ltd ('**VRM**') ('**Technical Specialist Report**') in Appendix 4 of our Report.

Yundamindra JV

The Yundamindra JV is a gold project located approximately 65kms east of Kookynie in the Eastern Goldfields region of WA. Yundamindra comprises 16 granted mining leases covering 78.2km^2, and was acquired from Saracen Gold Mines Pty Ltd ('**Saracen**') through the execution of an agreement to earn up to a 70% interest by spending $1.5 million on the tenements within three years.

Following the execution of the agreement, after earning the right to 70% ownership of Yundamindra, in July 2013, Saracen advised the Company of its intention to transfer the remaining 30% to Nex at no cost.

Over the period through to 2015, the Company continued to undertake fieldwork and metallurgical testing at Yundamindra with the intention of determining the suitability of a JORC Code 2012 compliant MRE. Additionally, the Company announced that it was engaging in talks with interested parties regarding a potential sale, JV agreement, tribute or other commercial arrangement at Yundamindra.

Nex announced it would commence reverse circulation drilling in the June 2018 quarter to confirm reported historical intersections of gold, and to provide validation of previous drilling databases. Prior to the commencement of drilling, in May 2018 Nex received applications for forfeiture on the Company's Yundamindra tenements by MCA Nominees Pty Ltd ('**MCA**'). MCA holds the tenements immediately north of Nex's Yundamindra tenements. Nex stated that it believed there was no basis for the claims and would defend the matter in the normal course. Nex also announced that, as the tenements were under application for forfeiture, expenditure commitments were not required to be met on the tenements.

Following the execution of the farm-in agreement in May 2019, Metalicity announced that it had commenced mapping at Yundamindra with an external consultant to assist in confirming geological interpretations ahead of its intended drilling program. This work was undertaken in order to ensure that the most effective drilling programs were implemented.

As at the date of our Report, Yundamindra remains fully plainted and no work is currently being undertaken on the tenements. Further information on Yundamindra can be found in the Technical Specialist Report in Appendix 4 of our Report.

Kookynie Tailings Project

In the December quarter of 2016, Nex signed a collaboration agreement with CSIRO – Gold Processing team, for the development and commissioning of a mobile processing plant at the Cosmopolitan tailings facility at Kookynie. The tailings project is a pilot program focussed on generating value on lost gold through the re-processing of gold tailings.

During 2017 and 2018, the Company developed costing models and drilled a total of 81 aircore holes over the tailings stockpiles at Cosmopolitan. Nex also announced it had received approval from the Department of Mines and Petroleum to commence processing.

Following a period of no activity at the tailings project, in July 2020, Nex announced the re-commencement of operations following the appointment of a processing consultant. Two 10,000 tonne parcels of tailings were approved for the processing trial, with processing equipment being commissioned and fully operational by December 2020. In February 2021, the Company announced that the tailings were being processed at a consistent rate, with a number of minor breakdowns being experienced. As assay results were being delayed, and as the Company required more definition on recoverability to assist with future decision making, the tailings project was placed on care and maintenance.

In Nex's replacement Target's Statement released on 17 March 2022, Nex stated that the tailings project remained on hold due to the current restraint on raising capital. Following the completion of the processing trial, Nex will decide whether the tailings project will be operated as a standalone project, or under an alternative arrangement. Further information on the tailings project can be found in the Technical Specialist Report in Appendix 4 of our Report.

5.3 Recent Corporate Events

JV Agreement

On 15 November 2021, Nex announced it had issued a writ to KYM Mining Pty Ltd ('**KYM**') (a wholly owned subsidiary of Metalicity), on the basis that KYM had allegedly breached the JV agreement between KYM and Nex. A writ of summons and statement of claim was filed to the Supreme Court of WA on 16 November 2021, with Nex seeking the following:

- A declaration that KYM had not provided notice to Nex verifying the amount of the Stage 1 project expenditure that KYM had incurred; and
- A declaration that KYM by reason of the failure to comply with the requirements of the JV agreement, as a result of the above, KYM had not acquired the right to a transfer of a 51% in the tenements held by Nex.

Nex subsequently announced that Metalicity had provided a full and clear account of their expenditure, and as such, both companies withdrew any legal action by consent.

Suspension from quotation

On 1 November 2021, Nex announced that it would be suspended from official quotation on the ASX under Listing Rule 17.5 for not lodging its annual financial report for the year ended 30 June 2021, by the due date. Nex was restated on 30 November 2021 following the lodgement of its financial report.

5.4 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-21 $	Audited as at 30-Jun-21 $	Audited as at 30-Jun-20 $
CURRENT ASSETS			
Cash and cash equivalents	52,714	490,926	570,377
Receivables	3,204	3,204	22,683
Other assets	22,034	3,877	4,506
TOTAL CURRENT ASSETS	**77,952**	**498,007**	**597,566**
NON-CURRENT ASSETS			
Plant and equipment	67,437	67,852	20,356
Capitalised exploration and evaluation expenditure	1,010,379	913,296	269,664
TOTAL NON-CURRENT ASSETS	**1,077,816**	**981,148**	**290,020**
TOTAL ASSETS	**1,155,768**	**1,479,155**	**887,586**
CURRENT LIABILITIES			
Payables	2,776,505	2,636,427	3,035,390
Borrowings	475,087	343,780	2,086,420
Provisions	271,816	264,810	264,952
TOTAL CURRENT LIABILITIES	**3,523,408**	**3,245,017**	**5,386,762**
TOTAL LIABILITIES	**3,523,408**	**3,245,017**	**5,386,762**
NET ASSETS	**(2,367,640)**	**(1,765,862)**	**(4,499,176)**
EQUITY			
Issued capital	24,058,753	24,058,753	19,877,247
Option reserve	2,260,245	2,260,245	2,260,245
Accumulated losses	(28,686,638)	(28,084,860)	(26,636,668)
TOTAL EQUITY	**(2,367,640)**	**(1,765,862)**	**(4,499,176)**

Source: Nex's audited financial statements for the years ended 30 June 2020 and 30 June 2021, and reviewed financial statements for the half-year ended 31 December 2021.

We note that the Company's auditor included an emphasis of matter regarding the material uncertainty around the ability of Nex to continue as a going concern, in its reports for the years ended 30 June 2020 and 30 June 2021, and the half-year ended 31 December 2021.

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents decreased from $0.49 million as at 30 June 2021 to $0.05 million as at 31 December 2021. The decrease was primarily the result of payments for administration and corporate costs of $0.33 million, staff costs of $0.16 million, and payments for exploration and evaluation of $0.10 million. These cash outlays were partially offset by proceeds from borrowings during the period of $0.14 million.
- Capitalised exploration and evaluation expenditure of $1.01 million as at 31 December 2021 relates to capitalised exploration costs at Kookynie.
- Payables of $2.78 million as at 31 December 2021 primarily comprises accrued director fees of $2.11 million payable to the current directors of Nex. The remainder of the balance comprises share application monies of $0.33 million which will be transferred to equity when the shares are issued, and trade payables and accruals of $0.33 million. Management of Nex has advised that no decision has been made as to how or when the balance of directors' fees payable will be settled.

- Borrowings decreased from $2.09 million as at 30 June 2020 to $0.34 million as at 30 June 2021 which was the result of the repayment of the $1.50 million convertible note issued on 7 September 2020. Borrowings increased to $0.48 million as at 31 December 2021, and comprises a loan from Allens Business Group Pty Ltd ('**Allens Business Group**'), an entity controlled by Mr. Kenneth Allen, of $0.44 million, and unsecured and interest free loans from unrelated parties of $0.04 million. It has been agreed that Allens Business Group would not seek cash payments for the unpaid balances until the Company is in a financial position to pay.
- Provisions of $0.27 million as at 31 December 2021 relate to employee entitlements.

5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-21 $	Audited for the year ended 30-Jun-21 $	Audited for the year ended 30-Jun-20 $
Other income	5,327	64,276	523,765
Occupancy expenses	(29,404)	(69,768)	(64,348)
Administration expenses	(227,319)	(188,641)	(60,244)
Legal expenses	-	(333,121)	(6,700)
Business development expenses	-	(33,000)	-
Consultants expenses	(65,044)	(151,203)	(44,927)
Depreciation expenses	(7,856)	(12,322)	(7,822)
Employment and contractor expenses	(251,229)	(587,400)	(500,311)
Borrowing and finance costs	(2,851)	(2,958)	(145,919)
Travel expenses	(23,402)	(20,113)	(22,305)
Exploration and evaluation expenses	-	(113,942)	(82,448)
Recovery of/ (provision for) doubtful debts	-	-	230,460
(Loss) before income tax benefit	**(601,778)**	**(1,448,192)**	**(180,799)**
Income tax benefit	-	-	-
(Loss) for the year	**(601,778)**	**(1,448,192)**	**(180,799)**
Other comprehensive income	-	-	-
Total comprehensive (loss) for the year	**(601,778)**	**(1,448,192)**	**(180,799)**

Source: Nex's audited financial statements for the years ended 30 June 2020 and 30 June 2021, and reviewed financial statements for the half year ended 31 December 2021.

As noted above, the Company's auditor included an emphasis of matter regarding the material uncertainty around the ability of Nex to continue as a going concern, in its reports for the years ended 30 June 2020 and 30 June 2021, and the half year ended 31 December 2021.

Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Other income of $0.52 million for the year ended 30 June 2020 primarily comprised reimbursements of expenses of $0.32 million and a gain on the disposal of exploration tenements of $0.12 million. Other income of $0.06 million for the year ended 30 June 2021 relates to income generated from the Australian government cash flow boost of $0.04 million, and the JobKeeper subsidy of $0.03 million, for which one individual employed by Nex qualified for over the year.
- Exploration and evaluation expenses of $0.11 million for the year ended 30 June 2021 relate to the write-off of previously capitalised exploration and evaluation expenditure.

5.6 Capital Structure

The share structure of Nex prior to the Offer is outlined below:

	Number
Total ordinary shares on issue	267,014,768
Top 20 shareholders	109,888,538
Top 20 shareholders - % of shares on issue	41.15%

Source: Nex share registry information, 26 October 2021

The range of shares held in Nex prior to the Offer is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	28	4,467	0.00%
1,001 - 5,000	83	282,228	0.11%
5,001 - 10,000	219	1,824,324	0.68%
10,001 - 100,000	575	23,646,891	8.86%
100,001 - and over	278	241,256,858	90.35%
TOTAL	**1,183**	**267,014,768**	**100.00%**

Source: Nex share registry information, 26 October 2021

The ordinary shares held by the most significant shareholders prior to the Offer are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
3B Prospecting Pty Ltd	17,000,000	6.37%
HSBC Custody Nominees (Australia) Limited	8,059,416	3.02%
BNP Paribas Noms Pty Ltd	7,956,777	2.98%
Mrs Wendy Anne Arnold	7,444,186	2.79%
Subtotal	**40,460,379**	**15.15%**
Others	226,554,389	84.85%
Total ordinary shares on Issue	**267,014,768**	**100.00%**

Source: Nex share registry information, 26 October 2021

Prior to the announcement of the Offer and as at the date of our Report, there are no unquoted derivative securities on issue for Nex.

As at the date of our Report, Metalicity holds 91,340,106 shares in Nex, equating to an interest of 34.21%.

6. Profile of Metalicity

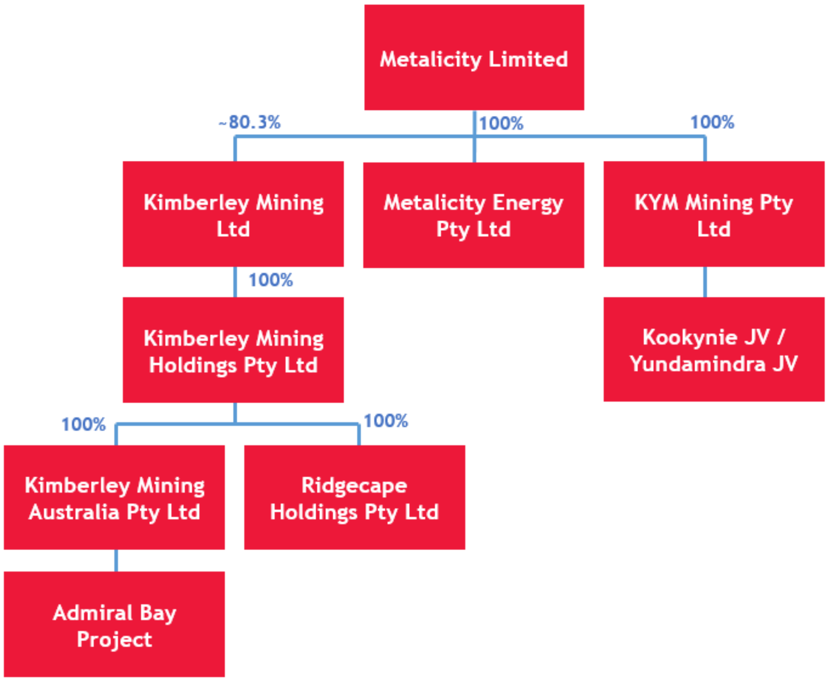
6.1 History

Metalicity is an ASX-listed mineral exploration company, with gold and base metal projects located in WA. Metalicity is primarily focussed on the development of Kookynie, whilst also having an interest in Yundamindra, and the Admiral Bay zinc project (‘**Admiral Bay**’) located in the Kimberley region of WA. Metalicity’s head office is located in Perth, WA.

Metalicity’s board of directors are:

- Mr. Andrew Daley – Non-Executive Chairman;
- Mr. Justin Barton – Chief Executive Officer and Managing Director; and
- Mr. Jason Livingstone – Executive and Technical Director.

The corporate structure of Metalicity including its subsidiaries is outlined below:



Source: Metalicity management

6.2 Projects

Kookynie and Yundamindra JVs

As outlined above, Metalicity earned a 51% JV interest in Kookynie and Yundamindra in May 2021, following the completion of a required spend of $5 million at the projects.

Metalicity commenced exploration work at Kookynie in June 2019 following the execution of the farm-in agreement. A number of reverse circulation and diamond drilling campaigns confirmed zones of known mineralisation, which were undertaken as part of Metalicity’s preparation for a maiden JORC Code 2012 compliant MRE. In March 2020, following the completion of 19 drill holes for 1,956 meters (‘**m**’), Metalicity announced a JORC Code 2012 compliant exploration target of between 294,000 ounces (‘**oz**’) and

967,000oz of gold, being inclusive of historically stated estimates and previously excluded areas of underground development. Metalicity's development strategy aimed at progressing this exploration target to a JORC Code 2012 compliant MRE at Kookynie to allow further studies to illustrate financial metrics around the project, allowing Metalicity to make an investment decision.

On 1 March 2022, following a number of drilling campaigns, Metalicity announced a JORC Code 2012 compliant MRE of 1,580kt of gold at 1.6g/t, for 81,000oz, for the Champion, Leopold and McTavish prospects at Kookynie. Metalicity stated that it intends to undertake additional drilling at Kookynie in order to expand the project MRE.

No exploration activity has been undertaken at Yundamindra since the acquisition as the tenements remain fully plainted.

For further information regarding Kookynie and Yundamindra, please refer to Section 5 of our Report and the Technical Specialist Report in Appendix 4 of our Report.

Admiral Bay Project

Admiral Bay is a zinc project located in the Canning Basin, approximately 140kms south of Broome in the Kimberley region of WA. Admiral Bay comprises two mining licences and one granted exploration licence covering an area of approximately 3,700km^2. Metalicity announced that it had signed an option agreement with Kagara Limited ('**Kagara**') to acquire 100% of Admiral Bay in October 2014, for which Metalicity would pay Kagara a combination of cash and shares, being $30,000 in cash for an exclusive three month due diligence period, $1.00 million in cash and convertible notes, and up to $6.00 million in milestone payments.

In September 2015, Metalicity announced the completion of the acquisition, before commissioning SRK Consulting Pty Ltd to undertake a scoping study to enhance the understanding of the mineralisation, with the intention of re-estimating a JORC Code 2012 compliant mineral resource for Admiral Bay. The MRE was completed in February 2016, for which Metalicity announced a resource upgrade of 15%, prior to announcing a further upgrade of 30% in July 2016.

Metalicity subsequently announced it would complete a Pre-Feasibility Study ('**PFS**') to confirm the viability of lower cost mining operations at Admiral Bay. The PFS would be undertaken in multiple stages, with the first stage involving metallurgical, geotechnical, hydrogeological and geothermal studies, and stage two involving directional drilling of approximately 16 holes into the high-grade zone with the aim of converting a relevant portion of the high-grade zone into the indicated resource category. The PFS results for stage one confirmed the potential of Admiral Bay to support a capital efficient, long life and low cost zinc operation. Stage two was announced to be undertaken once a JV partner had been secured.

In March 2018, Metalicity announced that it had resolved to pursue the listing of Admiral Bay on the TSX Venture Exchange, due to the reported interest in the project from Canadian investment banks and fund managers. In September 2018, Metalicity completed the sale of Admiral Bay to its 80.3% owned Canadian subsidiary, Kimberley Mining Limited (**'KML')** for the consideration of up to $34.6 million in cash and equity, subject to the successful completion of the initial public offering ('**IPO**') of KML, amongst other conditions.

Metalicity announced in February 2019 that KML was ready to proceed with the IPO once market conditions permitted, as capital markets were providing difficult conditions for listing. In the September 2019 quarter, Metalicity announced the reduction of expenditure commitments on non-core tenements at Admiral Bay, as the companies would continue to evaluate options for the tenements moving forward amidst difficult market conditions. Metalicity announced in November 2019 that the IPO would no longer be proceeding, with Admiral Bay being placed under care and maintenance.

In the year ended 30 June 2021, the directors of Metalicity decided to impair the carrying value of Admiral Bay to nil, following an extensive process to divest the project which resulted in no offers. Further information on Admiral Bay can be found in the Technical Specialist Report in Appendix 4 of our Report.

6.3 Recent Corporate Events

Non-Payment Notices

On 29 March 2022, Metalicity announced it had issued Nex with non-payment notices for unpaid cash calls totalling $1.28 million in relation to its share of approved expenditure at Kookynie and Yundamindra. Nex subsequently announced that the expenditure incurred by Metalicity was not authorised by Nex under the terms of the JV agreement, and as such the expenditure was considered by Nex, to be at Metalicity's expense.

Governance Reform

On 16 February 2022, Metalicity announced that it intended to use its ~32% interest in Nex to vote against the re-election of any current Nex directors, stating its intention to push for significant corporate governance reform. On 24 March 2022, Nex released a Notice of General Meeting to the ASX to be held on 31 March 2022, comprising resolutions to remove the existing directors of Nex, and appoint those nominated by Metalicity. At the General Meeting, Nex Shareholders voted against the appointment of directors nominated by Metalicity.

Share Capital

On 22 June 2021, Metalicity announced it had completed a placement of 300,000,000 fully paid ordinary shares to new and existing professional and sophisticated investors, at an issue price of $0.01 per share, for total proceeds of $3,000,000. Metalicity stated that the proceeds from the placement would be used to advance the Kookynie Project, to continue to progress towards a JORC Code 2012 compliant MRE, together with providing working capital and funding for potential new opportunities.

Over the period from 1 July 2021 to the date of our Report, Metalicity has issued 20,317,835 shares upon the exercise of listed options with an exercise price of $0.004 per share, for total proceeds of $81,271.

On 3 May 2022, Metalicity announced it would be undertaking a fully underwritten 2-for-7 non-renounceable rights issue to raise approximately $3.65 million via the issue of up to 730,150,288 shares at an issue price of $0.005. Participants in the rights issue will also receive a free attaching option for every three shares subscribed for, exercisable at $0.010 over a two-year period following the rights issue.

Changes to Metalicity's share capital as a result of the Offer are addressed in Section 4 of our Report.

6.4 Historical Statement of Financial Position

Historical Statement of Financial Position	Reviewed as at 31-Dec-21 $	Audited as at 30-Jun-21 $	Audited as at 30-Jun-20 $
CURRENT ASSETS			
Cash and cash equivalents	2,000,857	4,048,592	1,108,285
Trade and other receivables	149,636	216,638	121,200
Other assets	3,135,218	157,190	270,804
Assets held for sale	-	-	1,420,616
TOTAL CURRENT ASSETS	**5,285,711**	**4,422,420**	**2,920,905**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6,615,479	5,400,759	1,160,907
Right of use asset	17,398	27,402	-
Plant & equipment	21,086	26,584	1,127
TOTAL NON-CURRENT ASSETS	**6,653,963**	**5,454,745**	**1,162,034**
TOTAL ASSETS	**11,939,674**	**9,877,165**	**4,082,939**
CURRENT LIABILITIES			
Trade and other payables	1,061,487	991,699	730,255
Provisions	67,524	56,335	38,299
Shares to be issued	-	-	35,654
Lease liability	17,479	20,404	-
TOTAL CURRENT LIABILITIES	**1,146,490**	**1,068,438**	**804,208**
NON-CURRENT LIABILITIES			
Lease liability	-	7,212	-
TOTAL NON-CURRENT LIABILITIES	**-**	**7,212**	**-**
TOTAL LIABILITIES	**1,146,490**	**1,075,650**	**804,208**
NET ASSETS	**10,793,184**	**8,801,515**	**3,278,731**
EQUITY			
Issued capital	59,011,603	56,023,942	48,568,493
Other reserves	5,651,367	5,485,343	4,240,556
Accumulated losses	(53,771,103)	(52,623,591)	(49,748,188)
Non-controlling interest	(98,683)	(84,179)	217,870
TOTAL EQUITY	**10,793,184**	**8,801,515**	**3,278,731**

Source: Metalicity's audited financial statements for the years ended 30 June 2020 and 30 June 2021, and reviewed financial statements for the half-year ended 31 December 2021.

We note that Metalicity's auditor included an emphasis of matter relating to a material uncertainty to continue as a going concern, in its report for the half-year ended 31 December 2021. Metalicity's auditor did not include an emphasis of matter relating to a material uncertainty to continue as a going concern, in its reports for the years ended 30 June 2020 and 30 June 2021.

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents decreased from $4.05 million as at 30 June 2021 to $2.00 million as at 31 December 2021. The decrease of approximately $2.05 million was primarily the result of payments for exploration and evaluation of $1.47 million, and administration and corporate costs of $0.38 million.

- Assets held for sale of $1.42 million as at 30 June 2020 comprised the carrying value of Admiral Bay. During the year ended 30 June 2021, the directors of Metalicity decided to impair the carrying value of Admiral Bay to nil, following a process to divest the project which resulted in no offers.
- Exploration and evaluation expenditure of $6.62 million as at 31 December 2021 relates to the capitalised exploration expenditure at Kookynie and Yundamindra.
- Non-controlling interest relates to the 19.7% interest in KML (and its wholly owned subsidiaries) that Metalicity does not own.

6.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-21 $	Audited for the year ended 30-Jun-21 $	Audited for the year ended 30-Jun-20 $
Continuing operations			
Other income	134,620	635,052	570,882
Expenses	(1,227,088)	(2,222,591)	(1,911,639)
Loss from continuing operations before income tax	**(1,092,468)**	**(1,587,539)**	**(1,340,757)**
Income tax expense	-	-	-
Loss from continuing operations	**(1,092,468)**	**(1,587,539)**	**(1,340,757)**
Discontinued operations			
Net loss from discontinued operations	(68,462)	(1,583,356)	-
Net loss	**(1,160,930)**	**(3,170,895)**	**(1,340,757)**
Other comprehensive income			
Foreign currency translation	(1,086)	49,098	(13,076)
Other comprehensive loss for the period, net of tax	**(1,086)**	**49,098**	**(13,076)**
Total comprehensive (loss) for the period	**(1,162,016)**	**(3,121,797)**	**(1,353,833)**

Source: Metalicity's audited financial statements for the years ended 30 June 2020 and 30 June 2021, and reviewed financial statements for the half-year ended 31 December 2021.

As noted above, Metalicity's auditor included an emphasis of matter relating to a material uncertainty to continue as a going concern, in its report for the half-year ended 31 December 2021.

Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Other income of $0.13 million for the period ended 31 December 2021 primarily comprises a JV management fee of $0.08 million, and a gain on financial assets at fair value of $0.06 million. Metalicity did not receive any income from government subsidies over the half-year ended 31 December 2021.
- Expenses over the assessed period are summarised in the table below:

Expenses	Half year ended 31-Dec-21 $	Year ended 30-Jun-21 $	Year ended 30-Jun-20 $
Employee benefits	(148,293)	(574,511)	(396,768)
Legal fees	(284,739)	(323,467)	(166,086)
Share based payments	(166,024)	(194,897)	(64,939)
Accounting, audit, ASX and share registry fees	(103,969)	(349,681)	(113,206)
Project work & generation - cash	-	(119,069)	(91,179)
Consulting and secretarial fees	(190,330)	(179,356)	(124,129)
Other	(333,733)	(481,610)	(955,332)
Total expenses	**(1,227,088)**	**(2,222,591)**	**(1,911,639)**

- Metalicity incurred a net loss from discontinued operations of $1.58 million and $0.07 million for the year ended 30 June 2021 and the half year ended 31 December 2021, respectively, in relation to Admiral Bay. During the year ended 30 June 2021, Metalicity wrote off the carrying value of Admiral Bay of $1.39 million as well as capitalised exploration expenditure of $0.11 million. The remainder of the balance relates to a loss on foreign currency translation.

6.6 Capital Structure

The share structure of Metalicity prior to the Offer is outlined below:

	Number
Total ordinary shares on issue	2,143,771,532
Top 20 shareholders	425,253,668
Top 20 shareholders - % of shares on issue	19.84%

Source: Metalicity share registry information, 17 September 2021

The range of shares held in Metalicity prior to the Offer is as follows:

Range of Shares Held	No. of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	293,727	0.01%
1,001 - 5,000	783,400	0.04%
5,001 - 10,000	881,847	0.04%
10,001 - 100,000	99,480,252	4.64%
100,001 - and over	2,042,332,306	95.27%
TOTAL	**2,143,771,532**	**100.00%**

Source: Metalicity share registry information, 17 September 2021

The ordinary shares held by the most significant shareholders prior to the Offer are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
BNP Paribas Nominees Pty Ltd Six Sis Ltd	52,351,330	2.44%
Citicorp Nominees Pty Ltd	43,003,460	2.01%
Hishenk Pty Ltd	40,000,000	1.87%
E C Dawson Super Pty Ltd <The Dawson Super Fund A/C>	30,000,000	1.40%
Subtotal	**165,354,790**	**7.71%**
Others	1,978,416,742	92.29%
Total ordinary shares on issue	**2,143,771,532**	**100.00%**

Source: Metalicity share registry information, 17 September 2021

The derivative securities on issue prior to the Offer are outlined below:

Current derivatives on issue	Number
Quoted options exercisable at $0.004, expiring on 22 May 2022	225,675,889
Unlisted options exercisable at $0.025, expiring on 14 Jan 2022	2,000,000
Unlisted options exercisable at $0.035, expiring on 14 Jan 2022	2,000,000
Unlisted options exercisable at $0.020, expiring on 31 May 2022	10,785,715
Unlisted options exercisable at $0.030, expiring on 14 August 2022	25,000,000
Performance rights, vesting at $0.040, expiring on 18 December 2022	29,679,144
Performance rights, vesting at $0.060, expiring on 18 December 2022	36,754,966
Performance rights, vesting at $0.050, expiring on 30 January 2023	15,650,000
Unlisted options exercisable at $0.080, expiring on 14 February 2023	25,709,467
Unlisted options exercisable at $0.003, expiring on 13 October 2023	35,000,000
Unlisted options exercisable at $0.015, expiring on 22 June 2024	21,000,000
Number	**429,255,181**

Source: Metalicity share registry information, 17 September 2021

7. Economic analysis

Metalicity and Nex are exposed to the risks and opportunities of the Australian market due to the geographic locations of their mineral assets, and their respective listings on the ASX. Accordingly, we have presented an economic analysis on Australia.

Overview

In its February 2022 Statement of Monetary Policy, the Reserve Bank of Australia ('**RBA**') stated that it expected the Australian Gross Domestic Product (**'GDP'**) to have grown by around 5% over 2021, with the economy showing resilience and a strong recovery from the lockdowns associated with COVID-19 in the second half of 2021.

COVID-19 led to the largest contraction in global economic activity since the 1930s. Labour markets were disrupted, and inflation initially declined. The easing of containment measures in some nations led to a new surge in infections, postponing a more complete economic recovery. The global economic downturn was concentrated in the services (mainly travel and hospitality) sector, with the manufacturing sector staging a recovery, initially in China, but then in other industrial nations.

The pandemic has had a significant impact on the Australian economy and financial system, along with causing increased volatility in financial markets. Equity prices experienced sharp declines and the yield on government bonds reached historic lows in March 2020, however both have risen since. Measures taken by the Australian Government and the RBA have improved stability in equity and bond markets over the back end of 2020 and through the course of 2021.

Globally, financial market conditions have rebounded from the period of dislocation in March 2020, with the improvement of financial conditions driven by the successful development of COVID vaccines, historically low interest rates and increasing housing prices. However, the war in Ukraine is a major new source of uncertainty. In many parts of the world, inflation has increased sharply due to ongoing supply-side problems, Russia's invasion of Ukraine and strong demand as economies recover from the pandemic. In response, bond yields have risen and expectations of future policy interest rates have increased. Financial conditions in Australia continue to remain highly accommodative, with most lending rates at record lows.

Amidst the spread of the Omicron variant, economic conditions varied considerably around the country and across industries, with the effect of Omicron on spending being relatively small. The RBA expects the Omicron variant to have significantly reduced hours worked in that start of 2022, however this has not had a large effect on employment. Outbreaks of the Omicron variant are anticipated to have less significant impacts on activity as the Omicron variant is more transmissible but less severe than earlier strains. The Australian Government responded initially with the introduction of rapid antigen tests and tightening of restrictions on activity, however the recent peak of daily COVID-19 case numbers since January 2022 have brought a substantial ease of associated restrictions on activity in most states and territories. Overall, the RBA's central forecast is for GDP to grow by approximately 4.25% over 2022 and 2% over 2023, however, any forecasts of the Australian economy are marred with uncertainty, caused by COVID.

Government and RBA Policies

The Australian Government introduced a range of stimulus measures in response to the economic impact of COVID-19, totalling $507 billion since the beginning of the pandemic.

Support from public policy has cushioned the effects of the health-related activity restrictions on incomes and has shaped the recovery of the economy. In aggregate, household disposable income has increased throughout the pandemic, despite the large contraction in economic activity and even as many people lost their jobs or worked fewer hours. The largest contributor to this support was the $101 billion JobKeeper program, which is estimated to have supported more than 25% of all workers nationwide.

In mid-March 2020, the RBA introduced a comprehensive package of policy measures to support the Australian economy. Most notably, the RBA announced it would focus on lowering the cash rate and the yield on 3-year Australian Government bonds to 0.25%. In November 2020, the RBA further lowered the cash rate to 0.10% and has maintained this rate since. Since March 2020, the RBA has purchased $350 billion worth of government bonds in the secondary market and continued to do so until 10 February 2022, with these holdings providing significant support to the economy.

In November 2021, the RBA made the decision to discontinue the 0.10% target for the yield on 3-year government bonds, reflecting the improvement in the economy and the earlier than expected progress towards the inflation target. The RBA explained that given that other market interest rates have moved in response to the expectations of higher inflation and lower unemployment, the effectiveness of the yield target in maintaining the structure of interest rates in Australia had diminished.

In addition, the RBA established a term funding facility (**'TFF'**) for authorised deposit-taking institutions, unlocking access to additional funding for small and medium-sized businesses. The TFF closed to new drawdowns on 30 June 2021, at which time $188 billion of funding was outstanding, however the TFF will continue to support low-cost fixed-rate borrowing costs until mid-2024.

On 3 May 2022, the RBA made the decision to increase the cash rate by 25 basis points to 35 basis points in response to the resilience of the economy most evident in the labour market and the earlier than expected exceeding of the inflation target. The RBA also decided to increase the interest rate on Exchange Settlement balances from 0% to 0.25% with the aim to begin the process of normalising monetary conditions by withdrawing some of the extraordinary monetary support implemented during the pandemic.

Nex qualified for the Australian Government cash flow boost for the years ended 30 June 2020 and 30 June 2021, and the JobKeeper subsidy for the year ended 30 June 2021. Metalicity also received Government stimulus income for the year ended 30 June 2021.

Economic Indicators

Over the year to March 2022, Consumer Price Index (**'CPI'**) inflation was 5.1%, substantially higher than the RBA expected, but lower than in many other countries. However, underlying inflation was lower at 3.7%. Measures of underlying inflation attempt to remove the effect of irregular or temporary price changes in the CPI, which may be unrelated to broad conditions in the economy. The disparity between the CPI and underlying inflation is largely due to higher petrol prices, higher home-building costs and disruptions to global supply chains. A further rise in inflation is expected in the near term, however is predicted to stabilise towards the target range of 2% to 3%. According to the RBA's central forecast for 2022, headline inflation is expected to be around 6% and underlying inflation of around 4.35%, exceeding predictions outlined in RBA's baseline scenario where underlying inflation was expected to be around 3.25% in 2022, before gradually decreasing to 2.75% over 2023 as supply-side problems are resolved and consumption patterns normalise.

Wages growth has increased to attract and retain employees, but only to the relatively low rates witnessed prior to the pandemic. Growth in the Wage Price Index is forecast to increase to be around 2.5% over 2022, and 3.0% over 2023 as the unemployment rate declines. The main uncertainties relate to the persistence of the current disruptions to global supply chains and the access to foreign labour as international travel restrictions continue.

From late September 2021, Australian Government bond yields have risen alongside increases in sovereign bond yields globally, to be around the levels reached in early 2021. This reflected rising inflation expectations both domestically and offshore, and expectations that central banks would reduce stimulus earlier than previously expected. Concerns over the Omicron variant initially resulted in declining yields towards the end of 2021, however, bond yields have resumed their upward trajectory over the start of 2022 as inflationary expectations rose.

The COVID outbreak has severely affected the labour market. The measured unemployment rate increased by more than 2% over the course of a few months, reaching 7.4% in June 2020, the highest rate in more than two decades. However, since June 2020, the unemployment rate has declined to 4.0% as of May 2022, lower than the pre-pandemic levels of 5.2%. The Delta and Omicron outbreaks caused hours worked in Australia to fall, however recovery is well-underway as underemployment drops to its lowest rate in 13 years. The RBA expects the unemployment rate to trend lower over the next couple of years and forecasted to decline to around 3.5% by early 2023 and remain around this level thereafter. The country's participation rate is expected to recover quickly to historically high levels, in contrast to the experience of other advanced economies.

Against the United States dollar, the Australian dollar depreciated significantly during the height of the market turmoil in March 2020. It recovered quickly over the remainder of 2020 and into the start of 2021, in line with the currencies of a range of other developed economies against the backdrop of a depreciation of the United States dollar, as well as an increase in the demand for Australian commodity exports. Although it was in a depreciating trend against the United States dollar from mid-May 2021, the Australian dollar reversed the trend from February 2022 onwards as global commodity prices rose following the invasion of Ukraine by Russia.

Outlook

The recent rollout of vaccinations and ongoing government policy stimulus has laid the groundwork for a sustained economic recovery. Whilst economic activity in Australia contracted sharply in the September 2021 quarter due to the Delta outbreak and was further impacted by the Omicron variant in the December 2021 quarter, these setbacks have delayed but not derailed the economic recovery. The RBA forecasts Australian GDP to grow by 4.25% over 2022 and 2% over 2023 as vaccination rates stabilise and restrictions are eased. Further outbreaks of the virus and associated restrictions on activity in hand with the declining consumer purchasing power from higher inflation are the key risks to the outlook. Outlined in the May 2022 decision, the RBA concluded that households and businesses are generally in good financial positions, an upswing in business investment is underway and a large pipeline of construction work is to be completed. The RBA will continue to ensure inflation returns to target over time and will implement a further lift in interest rates over the period ahead that will reflect the evolving balance of risks in the economy.

Source: www.rba.gov.au *Statement by Philip Lowe, Governor: Monetary Policy Decision dated 3 May 2022 and prior periods,* www.rba.gov.au *Statement on Monetary Policy February 2022,* www.abs.gov.au *Consumer Price Index, Australia September 2021 and prior periods,* Australian Government *2020-21 Budget Overview.*

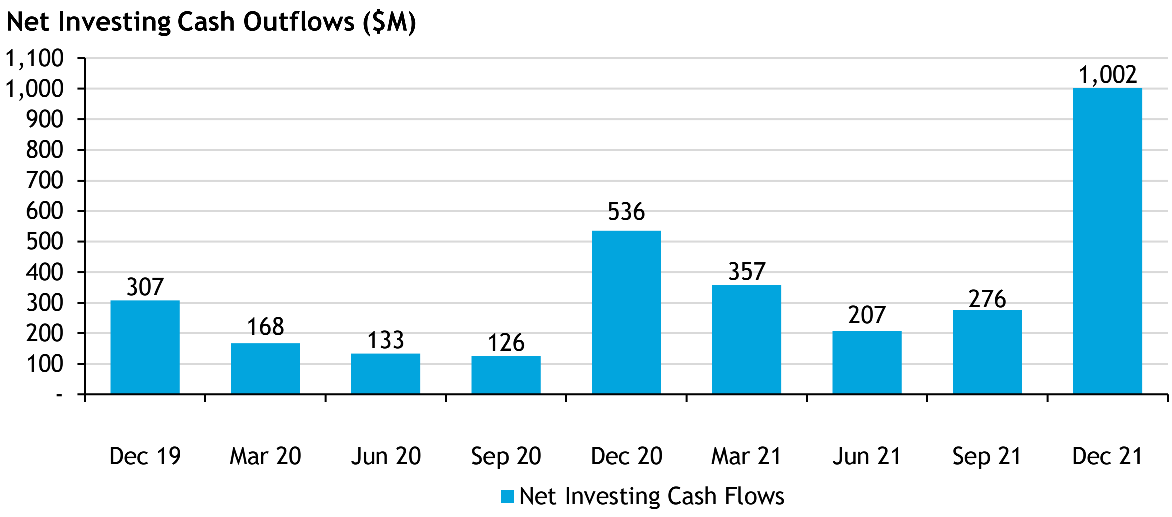
8. Industry analysis

Metalicity and Nex both primarily operate in the gold industry. As such, we have presented an industry analysis on the Australian exploration sector, as well as an industry analysis on the gold and gold ore mining industry.

8.1 Exploration Sector

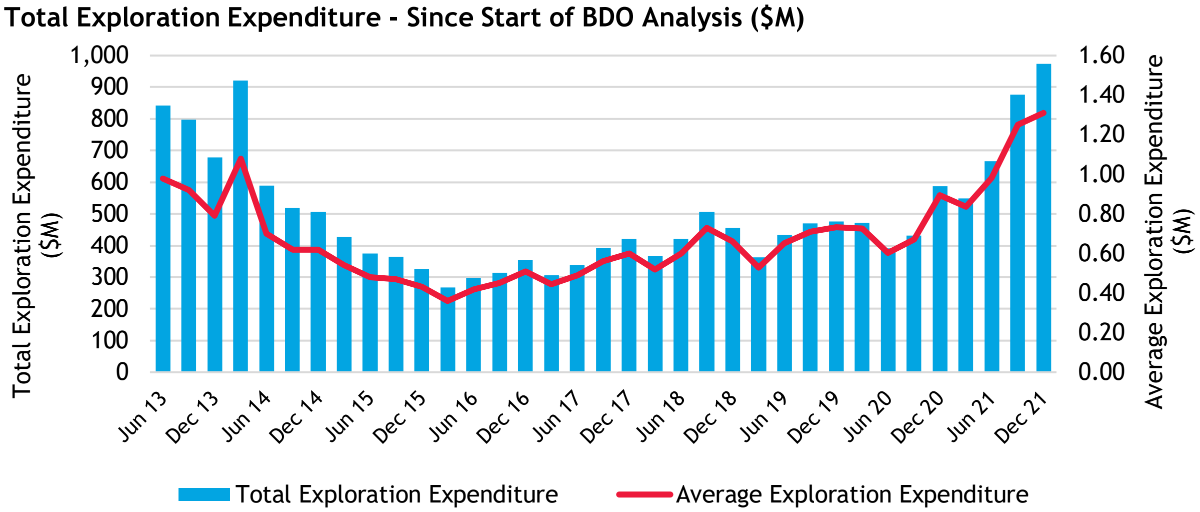
BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company's cash flows, their financing facilities available and management's expectation of future funding requirements. BDO's report for the December quarter of 2021 identified positive signs for the exploration sector, with increases recorded across financing cash inflows, IPO activity, exploration expenditure and most notably, investment spending.

Net investing cash outflows increased by 263% from the September 2021 quarter to $1.00 billion, reflecting an influx in investment activity within the sector. Larger investment outflows were observed to be undertaken primarily by lithium exploration and development companies in relation to project development, new asset acquisitions and investment into supporting infrastructure and plant and equipment.



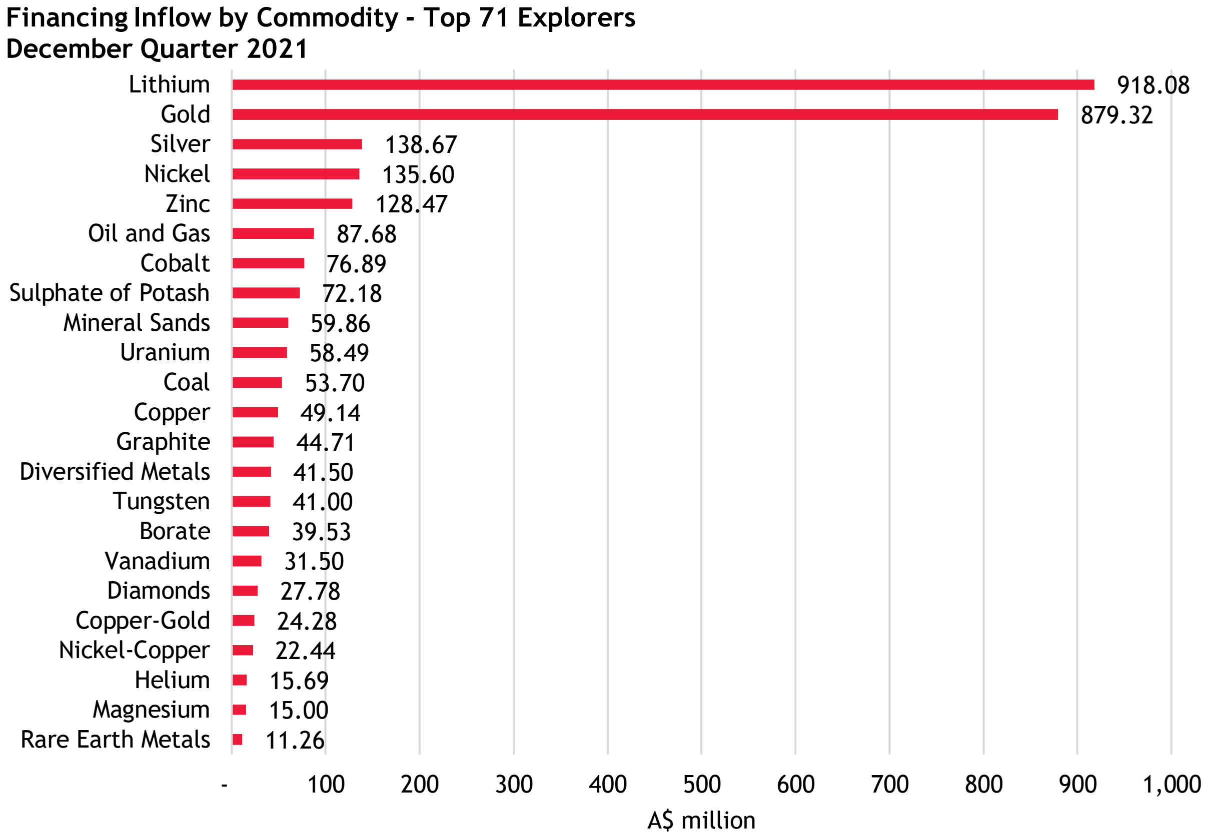
Exploration expenditure increased 11% over the December 2021 quarter, with total exploration spending hitting an eight-year high of $973 million. The increase in exploration expenditure was considered to be a function of both the increased level of exploration activity within the sector as well as the rising costs for drilling, labour mobilisation and equipment hire.

The graph below outlines the change in exploration expenditure since the commencement of BDO's exploration analysis in June 2013.



Despite the increase in investment and exploration expenditure, cash balances across the sector remained strong with 88% of exploration companies having reported a cash balance of over $1 million as at 31 December 2021. Strong cash balances were supported by the sector's ability to raise $3.75 billion over the December 2021 quarter, which represented a 47% increase in financing cash inflows from the $2.55 billion raised in the prior September quarter.

A total of 71 companies raised $10 million or more within the December 2021 quarter and made up 79% of the total funds raised. Of these 71 companies, lithium explorers raised the largest amount of funds, followed closely by gold explorers. The $879 million raised by gold companies comprised of large equity raisings for project development as well as substantial IPOs and fund raisings for exploration activities.



Battery mineral companies continued to be a prominent group in the December 2021 quarter, particularly with respect to the uptick in investment and financing. The rise of battery minerals is clearly linked to the global trends of rising electric vehicle adoption and lower carbon emission targets. This ties largely into the central theme of Environmental, Social and Governance, which is at the forefront of the minds of explorers and investors alike.

Source: BDO Explorer Quarterly Cash Update: December 2021.

8.2 Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

Gold supply (tonnes)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mine production	2,957	3,167	3,262	3,366	3,515	3,578	3,653	3,599	3,475	3,561
Net producer hedging	(45)	(28)	105	13	38	(26)	(12)	6	(46)	(44)
Recycled gold	1,637	1,197	1,132	1,070	1,233	1,111	1,132	1,273	1,292	1,150
Total supply	**4,549**	**4,336**	**4,499**	**4,449**	**4,786**	**4,663**	**4,773**	**4,878**	**4,721**	**4,667**

Source: World Gold Council Quarter 4 2021 Statistics, 28 January 2022

Historically, the price of gold is negatively correlated with the prices of other asset classes during times of uncertainty and financial crises. Growing uncertainty on the back of the COVID-19 outbreak has caused the price of gold to rally, as investors demand the high liquidity that gold provides. The recent increase in the price of gold has positively impacted the gold industry and will continue to do so if economic uncertainty prevails.

The global gold price is denominated in US dollars and therefore, the exchange rate directly affects the returns received by domestic industry operators. A weaker Australian dollar benefits the domestic industry by boosting Australian dollar denominated returns on gold sales, likely resulting in higher volumes.

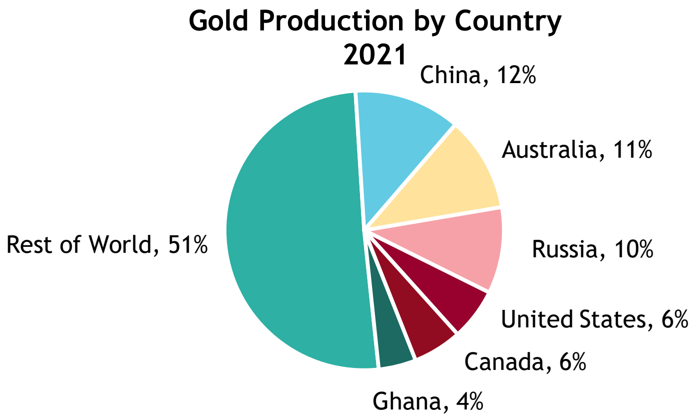
The World Gold Council expects that the interplay between financial uncertainty, lower interest rates, weakening global economic growth and gold price volatility will continue to drive gold demand in the near term.

Gold ore mining trends

Gold ore mining is a capital intensive and high-cost process, which is becoming increasingly difficult and more expensive as the quality of ore reserves diminishes. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

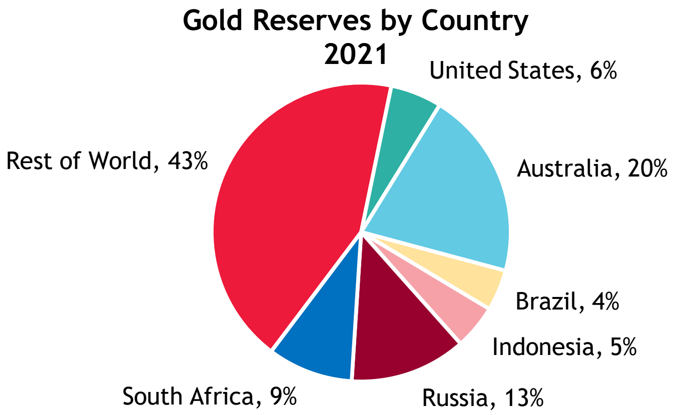
The gold industry is geographically diverse as China and Australia lead global gold production, closely followed by Russia. According to the United States Geological Survey (**'USGS'**), total estimated global gold ore mined for 2021 was approximately 3,000 metric tonnes. The chart below illustrates the estimated global gold mine production by country for 2021.

According to the World Gold Council, global gold production increased by approximately 2.5% in 2021 in the recovery from the COVID-19 crisis, however, this growth was offset by an 11% decline in recycled gold. The World Gold Council expects total production to remain largely unchanged in 2022, with expected growth in mine supply due to fewer COVID-19 disruptions, and ramp-ups at various mines, being offset once again by a fall in recycling.



Source: 2022 USGS and BDO analysis

Despite China leading global gold production in 2021, Australia, Russia and South Africa hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively, these three countries account for approximately 42% of global gold reserves.

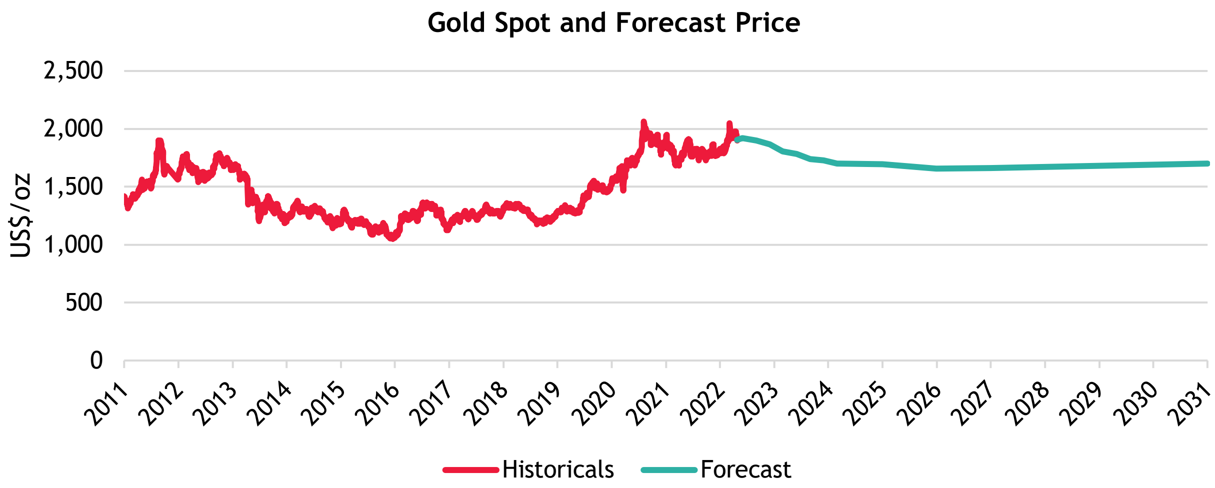


Source: 2022 USGS and BDO analysis

According to the 2022 USGS, Australia's gold reserves amount to 11,000 tonnes, representing 20% of global reserves and the largest percentage held by any one country. IBISWorld estimates domestic industry revenue will fall by an annualised 2.3% over the five-year period through to 2025-26, dropping to approximately $23.6 billion. This is largely expected to be the result of stabilising economic conditions and rising operating costs.

Gold prices

The gold spot price since 2011 and forecast prices through to 2031 are depicted in the graph below.



Source: Bloomberg and Consensus Economics

The price of gold reached US$1,900 on 5 September 2011, largely due to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw investors opt for the stability offered by gold. The price of gold fluctuated around US$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Over the succeeding years through March 2020, the gold price fluctuated primarily between US$1,100 and US$1,400.

Gold prices fluctuated significantly throughout 2020. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US$1,471, before rallying in late July and early August to exceed US$2,000. The COVID-19 crisis remains the primary driver of the gold price, as central banks continue to inject trillions of dollars into financial markets and investors further prioritise safe haven assets. Additionally, the availability of cheap money through low global interest rates is further spurring investment in gold.

Gold prices reached a record high of approximately US$2,064 on 6 August 2020, before declining slightly below the US$2,000 mark through to November 2020. Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US$1,900 after remaining in the US$1,800s through most of December 2020. During March 2021, the price of gold fell below US$1,700 for the first time in eight months as rising US treasury yields threatened gold's appeal as an inflation hedge by increasing the opportunity cost of holding the precious metal. Demand was also weakened by increased consumer confidence in the gradual reopening of global economies as COVID-19 vaccination rates rose.

Concerns regarding the spread of the Delta variant increased the safe haven appeal, and subsequently, the price of gold, which climbed back above the US$1,800 mark in early July 2021. The price of gold slipped by over 4% in early August, reaching a four-month low as the Federal Reserve signalled policy tightening sooner than anticipated. The price of gold steadily declined to approximately US$1,700 by the end of September 2021. Weakness in demand over September and October was driven by a rise in US treasury yields and a stronger US dollar. Following the Federal Reserve's announcement to reduce purchases of Government bonds, gold prices significantly strengthened over the course of November 2021 to surpass US$1,850. The US CPI revealed an inflation rate of 7.5% over the 12 months to January 2022, its highest level in four decades, which fuelled ongoing concerns surrounding high inflation leading to an increase in the price of gold.

The gold price fluctuated largely over December 2021 to close the year at US$1,829. Gold prices remained consistent around this mark through January 2022, however, on the back of conflict between Russia and Ukraine, and high inflation rates in the US, gold prices increased to above US$2,000 in March 2022, and sit just below US$2,000 as at May 2022. According to Consensus Economics forecasts, the price of gold is forecast to decline over the medium term but remain high in comparison to historical levels.

Source: Bloomberg, Consensus Economics, IBISWorld and Reuters

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**')
- Discounted cash flow ('**DCF**')
- Quoted market price basis ('**QMP**')
- Net asset value ('**NAV**')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1 Valuation of a Nex Share prior to the Offer

In assessing the value of a Nex share prior to the Offer, we have chosen to employ the following methodologies:

- NAV on a going concern basis as our primary valuation methodology; and
- QMP as our secondary valuation methodology.

We have chosen these methodologies for the following reasons:

- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. Nex's mineral assets do not currently generate any income, nor are there any historical profits that could be used to represent future earnings. Furthermore, the FME methodology is not considered appropriate for valuing finite life assets such as mining assets, therefore, we do not consider the application of the FME approach to be appropriate;
- Nex has no foreseeable future net cash inflows on which we would have sufficient reasonable grounds to rely, in accordance with Regulatory Guide 170 'Prospective Financial Information' ('**RG 170**') and Information Sheet 214: Mining and Resources: Forward-looking Statements ('**IS 214**'), therefore we do not consider the application of the DCF approach to be appropriate;
- We have adopted the NAV approach as our primary valuation method. The core value of Nex lies in the mineral assets that it holds. Nex's mineral assets are currently not producing assets and no revenue or cash flows are currently being generated by these assets. Therefore, we consider that the NAV approach is an appropriate methodology to use in assessing the value of a Nex share prior to the Offer; and
- The QMP basis is a relevant methodology to consider because Nex shares are listed on the ASX, therefore reflecting the value that a Shareholder will receive for a share sold on the market. This means there is a regulated and observable market where Nex shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the company's activities.

Technical Expert

In performing our valuation of Nex's mineral assets, we have relied on the Technical Specialist Report prepared by VRM, which includes an assessment of the market value of Nex's mineral assets.

We instructed VRM to provide an independent market valuation of Nex's mineral assets. VRM considered a number of different valuation methods when valuing these assets. VRM's Technical Specialist Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) (**'VALMIN Code'**) and the JORC Code.

We are satisfied with the valuation methodologies adopted by VRM, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by VRM are referred to in the respective sections of our Report and in further detail in the Technical Specialist Report attached as Appendix 4.

We note that although we are assessing the value of a Nex share prior to the Offer, there have been material developments made in relation to the Company's project subsequent to the announcement of the takeover bid on 14 September 2021. These developments are unrelated to, and were not affected by the announcement of the takeover bid. As such, we have instructed VRM to assess the market value of Nex's mineral assets as at a more recent date, such to capture the value of the maiden JORC Code 2012 compliant MRE at Kookynie.

9.2 Valuation of 4.81 shares in the Proposed Merged Entity

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders will hold minority interests in that combined entity. Following completion of the Offer (assuming a 100% acceptance level), Nex is to become wholly owned subsidiary of Metalicity. As outlined in Section 4 of our Report, assuming 100% acceptance of the Offer, the largest shareholder in Metalicity will hold an interest of 2.38%.

Therefore, we have considered the value of 4.81 shares in the Proposed Merged Entity on a minority interest basis to provide a comparison to the value of a Nex share prior to the Offer.

Our valuation of 4.81 shares in the Proposed Merged Entity includes:

- The value of Metalicity;
- The value of Nex;
- The adjusted number of shares on issue following the completion of the Offer (assuming 100% acceptances); and
- A minority interest discount.

In our assessment of the value of 4.81 shares in the Proposed Merged Entity following the completion of the Offer, we have chosen to employ the Sum-of-Parts valuation approach as our primary approach.

Pursuant to RG 111.65, we note that the expert should consider more than one methodology to reduce the risk of the expert's opinion being distorted by its choice of methodology.

As such, we have chosen the QMP methodology following the announcement of the Offer as our secondary approach, as this represents the value, on a minority basis, that a Shareholder can receive for a share in the combined entity if sold on the market.

We consider the QMP approach to be an appropriate cross check because the value of Metalicity shares following the announcement of the Offer effectively represents the value of a share in the Proposed Merged Entity, assuming the Offer is completed. We consider the QMP methodology to be relevant given Metalicity shares are listed on the ASX, which represents a regulated and observable market where the shares can be traded. However, in order for the QMP methodology to be considered appropriate, the company's shares should be liquid and the market should be fully informed as to its activities. RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on

a. the depth of the market for those securities;

b. the volatility of the market price; and

c. whether or not the market value is likely to represent the value if the 'takeover bid' is successful.

We have considered these factors in Section 11.2 of our Report.

10. Valuation of Nex prior to the Offer

10.1 Net Asset Valuation of Nex

The value of Nex assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Ref	Reviewed as at 31-Dec-21 $	Low Value $	Preferred Value $	High Value $
CURRENT ASSETS					
Cash and cash equivalents	a)	52,714	10,000	10,000	10,000
Receivables		3,204	3,204	3,204	3,204
Other assets		22,034	22,034	22,034	22,034
TOTAL CURRENT ASSETS		**77,952**	**35,238**	**35,238**	**35,238**
NON-CURRENT ASSETS					
Plant and equipment		67,437	67,437	67,437	67,437
Capitalised exploration and evaluation expenditure	b)	1,010,379	2,600,000	4,500,000	6,300,000
TOTAL NON-CURRENT ASSETS		**1,077,816**	**2,667,437**	**4,567,437**	**6,367,437**
TOTAL ASSETS		**1,155,768**	**2,702,675**	**4,602,675**	**6,402,675**
CURRENT LIABILITIES					
Payables		2,776,505	2,776,505	2,776,505	2,776,505
Borrowings	c)	475,087	641,087	641,087	641,087
Provisions		271,816	271,816	271,816	271,816
TOTAL CURRENT LIABILITIES		**3,523,408**	**3,689,408**	**3,689,408**	**3,689,408**
TOTAL LIABILITIES		**3,523,408**	**3,689,408**	**3,689,408**	**3,689,408**
NET ASSETS		**(2,367,640)**	**(986,733)**	**913,267**	**2,713,267**
Shares on issue	d)		267,014,768	267,014,768	267,014,768
Value per share			**nil**	**$0.003**	**$0.010**

Source: Nex's reviewed financial statements for the half-year ended 31 December 2021, quarterly cash flow report of Nex for the March 2022 quarter, VRM Valuation 2022 and BDO analysis

We have not undertaken a review of Nex's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the above financial information has not been prepared on a reasonable basis.

The table above indicates the net asset value of a Nex share is between nil and $0.010, with a preferred value of $0.003. We note that because the NAV method provides a value on a control basis, no further control premium adjustment is necessary. The following adjustments were made to the net assets of Nex as at 31 December 2021 in arriving at our valuation.

Note a) Cash and cash equivalents

We have adjusted cash and cash equivalents as at 31 December 2021 to reflect the movements over the March 2022 quarter relating to administration and corporate costs, exploration and evaluation, and staff costs. This was partially offset by proceeds from borrowings of $166,000 over the March 2022 quarter. The cash balance reconciles to the quarterly cash flow report that was released by the Company on 29 April 2022.

Note b) Capitalised exploration and evaluation expenditure

We instructed VRM to provide an independent market valuation of the mineral assets held by Nex. VRM considered a number of different valuation methods when valuing the exploration assets of Nex. VRM applied the comparable transaction method as the preferred valuation method for valuing the Resources of the Kookynie project, supported by a yardstick valuation. The exploration target and exploration potential of Kookynie was valued using the Kilburn method, supported by a yardstick and PEM valuation, respectively.

For Yundamindra, VRM applied the Kilburn method as its preferred valuation method, supported by a PEM valuation. We consider these methods to be appropriate for valuing Nex's mineral assets.

VRM has not attributed any value to the Kookynie Tailings Project, as it considers that any value generated would likely be offset by the cost of rehabilitating the project. Full details of VRM's valuation are provided in Appendix 4 to our Report.

The range of values for 100% of Kookynie and Yundamindra, as calculated by VRM is set out below:

Kookynie Project (100%)	Resource Valuation		Exploration Target		Exploration Potential		VRM Adopted Valuation
	Comparable Transactions	Yardstick Valuation	Kilburn Valuation	Yardstick Valuation	Kilburn Valuation	PEM Valuation	
Low Valuation ($m)	**1.7**	1.3	**1.4**	1.4	**0.9**	2.0	**4.0**
Preferred Valuation ($m)	**2.1**	1.9	**2.5**	2.1	**1.9**	2.3	**6.5**
High Valuation ($m)	**2.5**	2.6	**3.6**	2.8	**2.9**	2.6	**9.0**

Source: VRM Valuation, 2022

Yundamindra Project (100%)	Exploration Potential		VRM Adopted Valuation
	Kilburn Valuation	PEM Valuation	
Low Valuation ($m)	**1.4**	1.1	**1.4**
Preferred Valuation ($m)	**2.6**	1.3	**2.6**
High Valuation ($m)	**3.8**	1.5	**3.8**

Source: VRM Valuation, 2022

The tables above indicate a range of values between $4.0 million and $9.0 million for Kookynie, and between $1.4 million and $3.8 million for Yundamindra, for a total collective value of between $5.4 million and $12.8 million for both projects. Prior to the Offer, Nex holds a 49% interest in Kookynie and Yundamindra, and as such, we conclude the value of the mineral assets held by the Company to be between $2.6 million and $6.3 million, with a preferred value of $4.5 million, as outlined in the table below.

	Low Value $m	Preferred Value $m	High Value $m
Value of Kookynie and Yundamindra	**5.4**	**9.1**	**12.8**
Nex's ownership in the JV's	49%	49%	49%
Value held by Nex	**2.6**	**4.5**	**6.3**

Source: VRM Valuation, 2022, BDO analysis

Note c) Borrowings

We have adjusted the balance of borrowings as at 31 December 2021 to reflect borrowings of $166,000 drawn down during the March 2022 quarter.

Note d) Shares on issue

Our valuation is assessed on an undiluted basis. As detailed in Section 5.6, the Company has 267,014,768 shares on issue prior to the Offer. Prior to the announcement of the Offer and as at the date of our Report, there are no derivative securities on issue for Nex.

10.2 Quoted Market Prices for Nex Securities

To provide a comparison to the valuation of Nex in Section 10.1, we have also assessed the quoted market price for a Nex share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

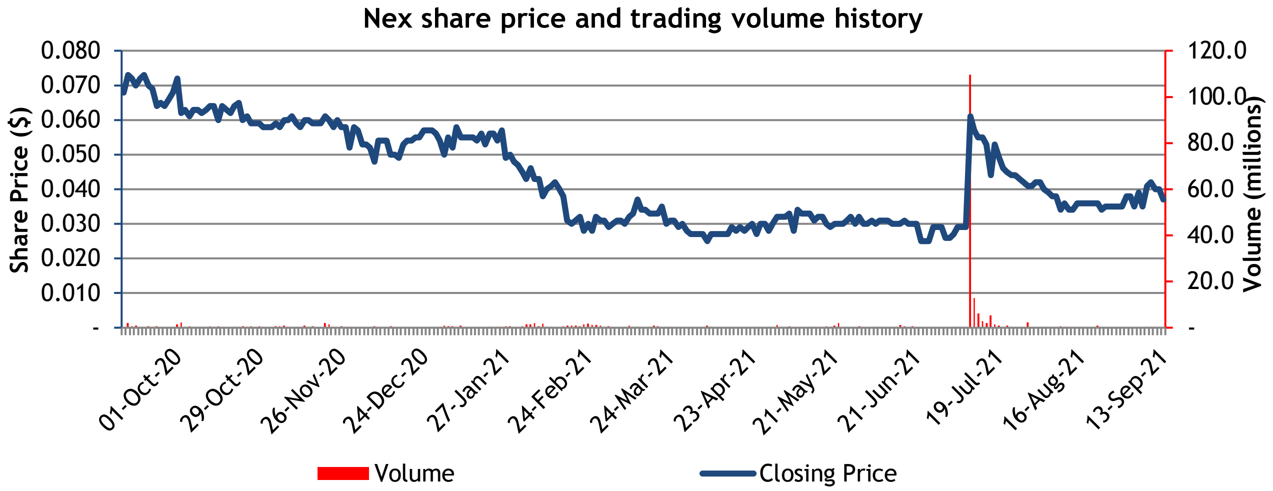
Under the Offer, Metalicity seeks to obtain 100% of Nex and therefore should pay a premium for control.

Therefore, our calculation of the quoted market price of a Nex share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Nex share is based on the pricing prior to the announcement of the Offer. This is because the value of a Nex share after the announcement may include the effects of any change in value as a result of the Offer.

Information on the Offer was announced to the market on 14 September 2021. Therefore, the following chart provides a summary of the share price movement over the 12 months to 13 September 2021 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Nex shares from 14 September 2020 to 13 September 2021 ranged from a low of $0.025 on 8 April 2021, 22 June 2021, 23 June 2021 and 24 June 2021, to a high of $0.081 on 15 September 2020. The highest single trading day over the assessed period was 8 July 2021, where 109,612,892 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
07/09/2021	MCT: Drilling Recommences to follow up Bonanza Gold	0.041	▲	17.1%	0.040	▼	2.4%
02/08/2021	June Quarterly Activities and Cashflow Report	0.042	►	0.0%	0.038	▼	9.5%
15/07/2021	Champion delivers consistent grades at significant widths	0.044	▼	17.0%	0.046	▲	4.5%
08/07/2021	Bonanza Gold Intersections at Kookynie	0.061	▲	110.3%	0.055	▼	9.8%
02/07/2021	Strong Assays at Leipold Prospect Extends Mineralisation	0.027	▲	3.8%	0.029	▲	7.4%
24/05/2021	McTavish Assays Returns Results Up To 52.8 g/t	0.030	►	0.0%	0.032	▲	6.7%
03/05/2021	Further Impressive Drill results - Leipold / March Quarterly Activities and Cashflow Report	0.032	▲	6.7%	0.033	▲	3.1%
01/04/2021	Half Year Accounts	0.027	►	0.0%	0.025	▼	7.4%
18/03/2021	Further Impressive Drill Results - Altona, Kookynie Gold Project	0.033	►	0.0%	0.030	▼	9.1%
26/02/2021	Processing Update and Results of Meeting	0.032	▲	14.3%	0.029	▼	9.4%
17/02/2021	Further Drilling Results - Kookynie Gold Project	0.031	▼	18.4%	0.032	▲	3.2%
04/02/2021	Visible Gold at Recommenced Drilling Cosmopolitan Prospect	0.046	▲	7.0%	0.038	▼	17.4%
29/01/2021	Notice of Annual General Meeting / Proxy Form	0.048	▼	4.0%	0.043	▼	10.4%
09/12/2020	Further Drilling at Kookynie Gold Project	0.054	▲	12.5%	0.050	▼	7.4%
22/10/2020	Further Impressive Drill Results Kookynie Gold Project	0.065	▲	1.6%	0.059	▼	9.2%

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
02/10/2020	Security Purchase Plan / Cleansing Notice	0.062	▼	13.9%	0.063	▲	1.6%
01/10/2020	Further Spectacular Drill Results Kookynie Gold Project	0.072	▲	5.9%	0.061	▼	15.3%
29/09/2020	Annual Report to shareholders	0.066	▲	3.1%	0.062	▼	6.1%
15/09/2020	Up to 100g/t Intercept at Kookynie Gold Project Drilling	0.073	▲	7.4%	0.072	▼	1.4%

Source: BDO analysis, Bloomberg and ASX announcements

On 7 September 2021, Nex published an announcement from Metalicity, detailing the recommencement of drilling at the McTavish, Leipold and Champion prospects at Kookynie. On the date of the announcement, the share price increased 17.1%, to close at $0.041, before decreasing 2.4% over the subsequent three-day trading period to close at $0.040.

On 15 July 2021, Nex released the results from its drilling campaign at the Champion prospect, highlighting consistent grades of gold close to the surface. On the date of the announcement, the share price decreased 17.0%, to close at $0.044, before increasing 4.5% over the subsequent three-day trading period to close at $0.046.

On 8 July 2021, Nex released the final results from recent drilling at the McTavish prospect. On the date of the announcement, the share price increased 110.3%, to close at $0.061, before decreasing 9.8% over the subsequent three-day trading period to close at $0.055.

On 26 February 2021, Nex provided an update to Shareholders with respect to the tailings processing trial at the Kookynie tailings research project, and released the results of the Company's annual general meeting. On the date of the announcement, the share price increased 14.3%, to close at $0.032, before decreasing 9.4% over the subsequent three-day trading period to close at $0.029.

On 17 February 2021, Nex announced the return of all pending assays from its 2020 drilling program at Kookynie, which confirmed the regional prospectivity of the project. On the date of the announcement, the share price decreased 18.4%, to close at $0.031, before increasing 3.2% over the subsequent three-day trading period to close at $0.032.

On 4 February 2021, Nex announced the recommencement of drilling at Kookynie, and outlined the intersection of visible gold at the Cosmopolitan prospect. On the date of the announcement, the share price increased 7.0%, to close at $0.046, before decreasing 17.4% over the subsequent three-day trading period to close at $0.038.

On 9 December 2020, Nex released an update on its drilling program at Kookynie, outlining the completion of 86 drill holes for 7,464m, with assays pending for all holes. On the date of the announcement, the share price increased 12.5%, to close at $0.054, before decreasing 7.4% over the subsequent three-day trading period to close at $0.050.

On 2 October 2020, Nex announced a share purchase plan to raise up to $4.265 million, via the issue of up to 72,266,409 shares at an issue price of $0.05902. On the date of the announcement, the share price decreased 13.9%, to close at $0.062, before increasing 1.6% over the subsequent three-day trading period to close at $0.063.

On 1 October 2020, Nex announced the return of assays from a drilling program at Kookynie, confirming high-grade gold mineralisation at the project. On the date of the announcement, the share price increased 5.9%, to close at $0.072, before decreasing 15.3% over the subsequent three-day trading period to close at $0.061.

To provide further analysis of the market prices for a Nex share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 13 September 2021.

Share Price per unit	13-Sep-21	10 Days	30 Days	60 Days	90 Days
Closing price	$0.037				
Volume weighted average price (VWAP)		$0.039	$0.037	$0.059	$0.057

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Offer, to avoid the influence of any increase in price of Nex shares that has occurred since the Offer was announced.

An analysis of the volume of trading in Nex shares for the twelve months to 13 September 2021 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.037	$0.039	215,218	0.08%
10 Days	$0.034	$0.043	1,436,635	0.54%
30 Days	$0.032	$0.043	5,442,891	2.04%
60 Days	$0.025	$0.079	151,948,874	56.90%
90 Days	$0.025	$0.079	162,501,583	60.86%
180 Days	$0.025	$0.079	201,301,730	75.39%
1 Year	$0.025	$0.081	231,181,786	86.58%

Source: Bloomberg, BDO analysis

These liquidity metrics would ordinarily be considered to represent a moderate level of liquidity, however, we note that 41% of the Company's current issued capital, were traded on a single day (8 July 2021), following the announcement of drilling results from Kookynie. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Nex, despite 75.39% of the Company's issued capital being traded in the 180 trading days prior to the announcement of the Offer, we note that 109,612,892 shares were traded on 8 July 2021 following the announcement of drilling results from Kookynie, equating to approximately 54.5% of the shares traded over the 180 day trading period and approximately 41% of the Company's current issued capital. Therefore, excluding the exceptional trading day, we consider the Nex shares to display a low level of liquidity.

Additionally, we note that as the quoted market price of Nex has been assessed prior to the announcement of the Offer, it excludes any movements of the Company's share price due to the announcement of the maiden JORC Code 2012 compliant MRE at Kookynie.

Our assessment is that a range of values for Nex shares based on market pricing, disregarding post announcement pricing, is between $0.035 and $0.045.

10.2.1. Quoted Market Price including control premium

The quoted market price per share reflects the value to minority shareholders. In order to value a Nex share on a control basis, we have added a control premium that is based on our analysis set out in Appendix 3.

Applying a control premium to Nex's quoted market share price results in the following quoted market price value including a premium for control:

QMP including control premium	Ref	Low	High
Value per share (minority basis)	10.2	0.035	0.045
Control premium	Appendix 3	20%	30%
Value per share (controlling interest)		**0.042**	**0.059**

Source: BDO analysis

Therefore, our valuation of a Nex share based on the quoted market price method and including a premium for control is between $0.042 and $0.059, with a preferred value of $0.051.

10.3 Assessment of Nex Value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net Assets Value (Section 10.1)	Nil	0.003	0.010
QMP (Section 10.2)	0.042	0.051	0.059

Source: BDO analysis

We consider the net asset valuation approach to be the most appropriate methodology to value Nex as the core value of the Company lies in its interest in the Kookynie and Yundamindra projects, which have been independently valued by VRM, an independent technical specialist in accordance with VALMIN.

We note that the value of Nex derived under the net assets valuation approach is lower than the results derived under the QMP approach. This may be attributable to the following factors:

- QMP may include an element of blue sky value of Nex's mineral assets. We have commissioned VRM to provide a valuation of Nex's mineral assets as an independent technical specialist. We have instructed VRM to prepare their Technical Specialist Report in compliance with the VALMIN Code and other industry guidelines, whilst also adhering to guidance provided by ASIC's Regulatory Guides. Market participants are not governed by these industry codes and therefore may be basing their valuations on more optimistic technical and economic assumptions;
- As detailed in Section 10.2 of our Report, we consider there to be a low level of liquidity in trading of Nex shares, therefore the market price may not reflect the fair value of the shares;
- Given the current gold price environment, and positive industry sentiment, the market price may partly reflect the possibility of Nex entering into a control transaction. This was also foreshadowed in Nex's activities report for the quarter ended 31 March 2020, where the Company announced the possibility of entering into a corporate transaction with Metalicity to "unlock the value" of Kookynie and Yundamindra. As such, the QMP value could reflect the market's expectation that a transaction may eventuate. Therefore, the QMP (on a minority interest basis) through market expectations, could already incorporate a control premium.

Based on the results above we consider the value of a Nex share prior to the Offer to be between nil and $0.010, with a preferred value of $0.003.

11. Valuation of 4.81 shares in the Proposed Merged Entity

11.1 Sum of Parts valuation

We have valued the Proposed Merged Entity using a Sum-of-Parts approach, with our valuation including:

- 100% of the value of the Kookynie JV;
- 100% of the value of the Yundamindra JV;
- 80.3% of the value of Admiral Bay;
- The value of the other assets and liabilities of Metalicity and Nex;
- A minority interest discount; and
- The adjusted number of shares on issue following the completion of the Offer (assuming a 100% acceptance level).

The summary of our Sum-of-Parts valuation is set out in the table below:

Valuation of the Proposed Merged Entity following the Offer	Ref	Low Value $	Preferred Value $	High Value $
Value of Kookynie	10.1	4,000,000	6,500,000	9,000,000
Value of Yundamindra	10.1	1,400,000	2,600,000	3,800,000
Value of Admiral Bay	11.1.1	2,500,000	3,100,000	3,700,000
Value of Nex's other assets and liabilities	10.1	(3,586,733)	(3,586,733)	(3,586,733)
Value of Metalicity's other assets and liabilities	11.1.2	4,144,799	4,144,799	4,144,799
Total value of the Proposed Merged Entity (control)		**8,458,066**	**12,758,066**	**17,058,066**
Number of shares outstanding	11.1.3	4,399,343,087	4,399,343,087	4,399,343,087
Value per share (\$) (control)		**0.0019**	**0.0029**	**0.0039**
Minority interest discount	Appendix 3	23%	20%	17%
Value per share (\$) (minority interest)		**0.0015**	**0.0023**	**0.0032**
Value of 4.81 shares in the Proposed Merged Entity (minority interest)		**0.007**	**0.011**	**0.015**

Source: BDO analysis

We have assessed the value of a share in the Proposed Merged Entity on a minority interest basis to be in the range of \$0.0015 to \$0.0032, with a preferred value of \$0.0023.

Pursuant to the Offer, Shareholders will receive 4.81 shares in the Proposed Merged Entity for every Nex share held. Therefore, we have presented the value of 4.81 shares in the Proposed Merged Entity, with the assessed value being between \$0.007 and \$0.015 with a preferred value of \$0.011.

11.1.1. Value of Admiral Bay

We instructed VRM to provide an independent market valuation of Admiral Bay. VRM considered a number of different valuation methods when valuing Admiral Bay. VRM applied the comparable transaction method as the preferred valuation method, supported by a yardstick valuation, a Kilburn valuation and a PEM valuation. We consider these methods to be appropriate for valuing Admiral Bay.

Full details of VRM's valuation are provided in Appendix 4 to our Report.

The range of values for 80.3% of Admiral Bay (the level of interest held by Metalicity), as calculated by VRM is set out below:

Admiral Bay Project	Primary Valuation	Supporting Valuations			VRM Valuation
	Comparable Transactions	Yardstick Valuation	Kilburn Valuation	PEM Valuation	
Low Valuation ($m)	**2.5**	4.7	2.4	1.0	**2.5**
Preferred Valuation ($m)	**3.1**	7.1	4.7	1.2	**3.1**
High Valuation ($m)	**3.7**	9.4	7.0	1.3	**3.7**

Source: VRM Valuation, 2022

11.1.2. Value of Metalicity's other assets and liabilities

The other assets and liabilities of Metalicity represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Metalicity and analysis of these other assets and liabilities, we do not consider there to be a material difference between book value and fair value unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Statement of Financial Position	Ref	Reviewed as at 31-Dec-21 $	Adjusted Value $
CURRENT ASSETS			
Cash and cash equivalents	a)	2,000,857	5,054,915
Trade and other receivables		149,636	149,636
Other assets	b)	3,135,218	48,254
TOTAL CURRENT ASSETS		**5,285,711**	**5,252,805**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	c)	6,615,479	-
Right of use asset		17,398	17,398
Plant & equipment		21,086	21,086
TOTAL NON-CURRENT ASSETS		**6,653,963**	**38,484**
TOTAL ASSETS		**11,939,674**	**5,291,289**
CURRENT LIABILITIES			
Trade and other payables		1,061,487	1,061,487
Provisions		67,524	67,524
Lease liability		17,479	17,479
TOTAL CURRENT LIABILITIES		**1,146,490**	**1,146,490**
NON-CURRENT LIABILITIES			
Lease liability		-	-
TOTAL NON-CURRENT LIABILITIES		**-**	**-**
TOTAL LIABILITIES		**1,146,490**	**1,146,490**
NET ASSETS		**10,793,184**	**4,144,799**

Source: Metalicity's reviewed financial statements for the half-year ended 31 December 2021, management accounts as at 31 March 2022, VRM Valuation 2022 and BDO analysis.

We have not undertaken a review of Metalicity's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the reviewed financial statements and management accounts have not been prepared on a reasonable basis.

Where the above balances differ materially from the reviewed position at 31 December 2021 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information. We note the following in relation to the above valuation of Metalicity's other assets and liabilities:

Note a) Cash and cash equivalents

We have adjusted cash and cash equivalents as at 31 December 2021 to reflect the movements over the March 2022 quarter relating to administration and corporate costs, and exploration and evaluation.

Additionally, we note that based on recent pricing, Metalicity's listed options exercisable at $0.004, and unlisted options exercisable at $0.003 are 'in the money' and are more likely than not to be exercised. As such, we have included the cash proceeds from the exercise of 225,675,889 listed options exercisable at $0.004, and 35,000,000 unlisted options exercisable at $0.003, in Metalicity's cash and cash equivalents balance as at 31 March 2022.

We have also adjusted the value of cash and cash equivalents for the proceeds expected to be received from the fully underwritten rights issue, as announced on 3 May 2022. Pursuant to the Entitlement Issue Prospectus announced on 5 May 2022, the expected costs of the rights issue is approximately $312,000. We have therefore adjusted cash and cash equivalents to reflect the proceeds from the rights issue (net of costs).

We have not adjusted for the exercise of other tranches of options as they are 'out of the money' based on recent pricing. Additionally, based on recent pricing, the performance rights outstanding will not meet their respective vesting hurdles and therefore no performance rights will be converted into shares. The adjusted cash position is outlined in the table below.

Cash and cash equivalents	$
Balance as at 31 December 2021	**2,000,857**
Net expenditure over the March 2022 quarter	(1,292,768)
Proceeds from the exercise of options	1,007,704
Proceeds from the rights issue (net of costs)	3,339,122
Adjusted cash and cash equivalents	**5,054,915**

Note b) Other assets

In Metalicity's reviewed financial statements for the half year ended 31 December 2021, the market value of Nex shares that had been acquired as at 31 December 2021 of approximately $3.09 million are included in "other assets". We have deducted the book value of the shares in Nex that had been acquired as at 31 December 2021 from the balance of other assets as our valuation of the Proposed Merged Entity includes the value of Nex on a 100% basis. Therefore, to include the value of these shares in other assets would result in a double-counting of a portion of the value of assets of Nex.

Note c) Exploration and evaluation expenditure

We have adjusted the value of exploration and evaluation expenditure of $6.62 million as at 31 December 2021 to nil as the value of Metalicity's mineral assets is reflected elsewhere in our Sum-of-Parts valuation.

11.1.3. Number of shares outstanding

Following the completion of the Offer, assuming an acceptance level of 100%, the Proposed Merged Entity will have approximately 4.40 billion shares on issue (on an undiluted basis and following the rights issue), as set out in the table below:

Shares on issue	Number
Fully paid ordinary shares on issue prior to the Offer	2,143,771,532
Shares issued under the rights issue	730,150,288
Shares issued under the Offer	1,264,745,378
Shares issued upon exercise of options	260,675,889
Shares on issue following the Offer	**4,399,343,087**

Source: BDO analysis

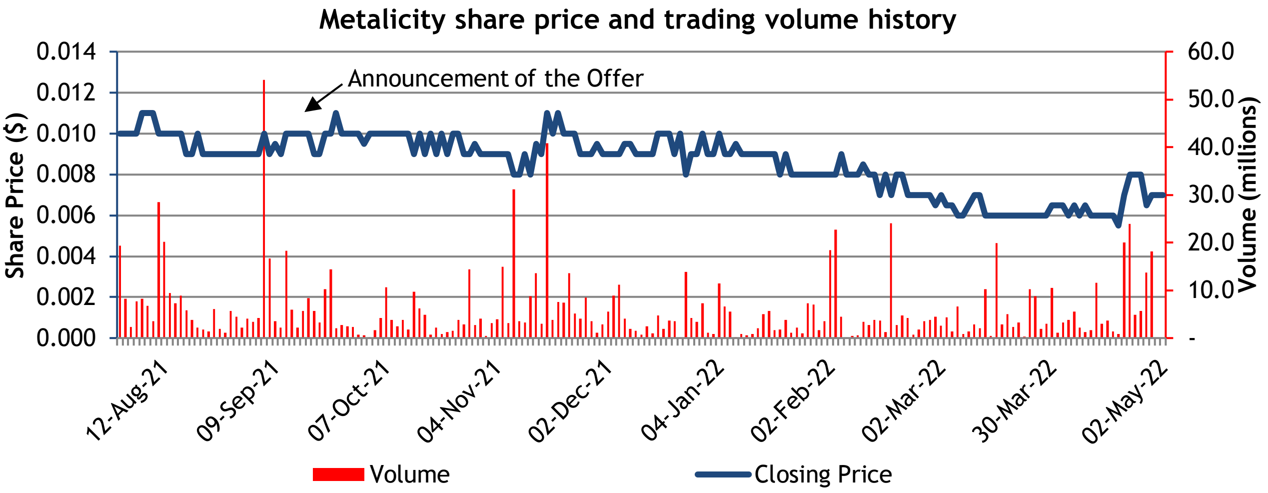
11.2 Quoted Market Price of Metalicity

As noted in Section 9.2, we consider the value of a Metalicity share following the announcement of the Offer to be an appropriate cross check for the value of a share in the Proposed Merged Entity, as the market price takes into account any change in value perceived to result from the completion of the Offer.

The quoted market price of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company. If Shareholders accept the Offer, they will become minority shareholders in Metalicity.

Minority interest value

We have analysed movements in Metalicity's share price since the Offer was announced. The following chart provides a summary of the share price movements of Metalicity from prior to the announcement of the Offer, and over the period following the announcement of the Offer ('**Post-Announcement Trading Period**').



Source: Bloomberg, BDO analysis

Post-Announcement Pricing

On the date the Offer was announced to the ASX on 14 September 2021, Metalicity's share price closed unchanged at $0.010. Following the announcement of the Offer, the share price remained relatively stable before falling to around $0.006 in March, April and May 2022. The highest single day of trading over the Post-Announcement Trading Period was on 17 November 2021, when 40,748,297 shares were traded upon the announcement of gold mineralisation at the Leipold prospect at Kookynie.

To provide further analysis of the market prices for a Metalicity share over the Post-Announcement Trading Period, we have also considered the weighted average market price for the 10, 30, 60, and 90 trading day periods following the announcement of the Offer.

Share Price per unit	13-Sep-21	10 Days post	30 Days post	60 Days post	90 Days post
Closing price	$0.010				
Volume weighted average price (VWAP)		$0.010	$0.010	$0.010	$0.009

Source: Bloomberg, BDO analysis

Reliability of QMP Methodology

As previously discussed, in order for the quoted market price methodology to be an appropriate methodology, RG 111.69 states that there needs to be a 'liquid and active' market for the shares.

An analysis of the volume of trading in Metalicity shares over the Post-Announcement Trading period is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day post-announcement	$0.010	$0.011	5,995,299	0.24%
10 Days post-announcement	$0.009	$0.011	60,579,545	2.37%
30 Days post-announcement	$0.009	$0.011	122,299,687	4.79%
60 Days post-announcement	$0.008	$0.012	362,667,561	14.22%
90 Days post-announcement	$0.008	$0.012	465,162,465	18.23%
120 Days post-announcement	$0.006	$0.012	609,013,343	23.87%

Source: Bloomberg, BDO analysis

Over the Post-Announcement Trading Period, approximately 1% of the Company's issued capital has been traded on a weekly basis. The percentage of issued capital being traded is slightly reduced due to the issues of Consideration Shares to Nex Shareholders who have accepted the Offer, leading to an increased number of shares on issue.

Further, we have outlined below Metalicity's weighted average market price for 10, 30, 60 and 90 day periods to 5 May 2022.

Share Price per unit	10 Days	30 Days	60 Days	90 Days
Volume weighted average price (VWAP)	$0.007	$0.006	$0.007	$0.007

Source: Bloomberg

Conclusion on Quoted Market Price for Metalicity

We have analysed the share price of Metalicity over the Post-Announcement Trading Period, which we consider to be representative of the value of a share in the Proposed Merged Entity if the Offer is completed. Based on the share price and trading volume of Metalicity shares over the Post-Announcement Trading Period, we conclude the market for Metalicity shares to be sufficiently deep.

Therefore, our valuation of a Metalicity share based on quoted market pricing is between $0.007 and $0.009, with a preferred value of $0.008. Note that because the QMP method provides a value on a minority interest basis, no minority interest discount adjustment is required.

11.3 Assessment of the value of the Proposed Merged Entity

We consider the Sum-of-Parts approach to be the most appropriate methodology to value the Proposed Merged Entity as the core value of the Proposed Merged Entity lies in its mineral assets, which have been independently valued by VRM, an independent technical specialist in accordance with VALMIN. Further, given Nex and Metalicity's interest in Kookynie and Yundamindra JVs, it would not be appropriate to use the NAV approach to assess the value of Nex prior to the Offer and a market based approach to assessing the value of 4.81 shares in the Proposed Merged Entity.

Therefore, based on the Sum-of-Parts approach, we consider the value of a share in the Proposed Merged Entity on a minority interest basis to be in the range of $0.0015 and $0.0032, with a preferred value of $0.0023.

Pursuant to the Offer, Shareholders will receive 4.81 shares in the Proposed Merged Entity for every Nex share held. As such, the value that is used for our assessment of whether the Offer is fair is the value of 4.81 shares in the Proposed Merged Entity, being $0.007 to $0.015 with a preferred value of $0.011.

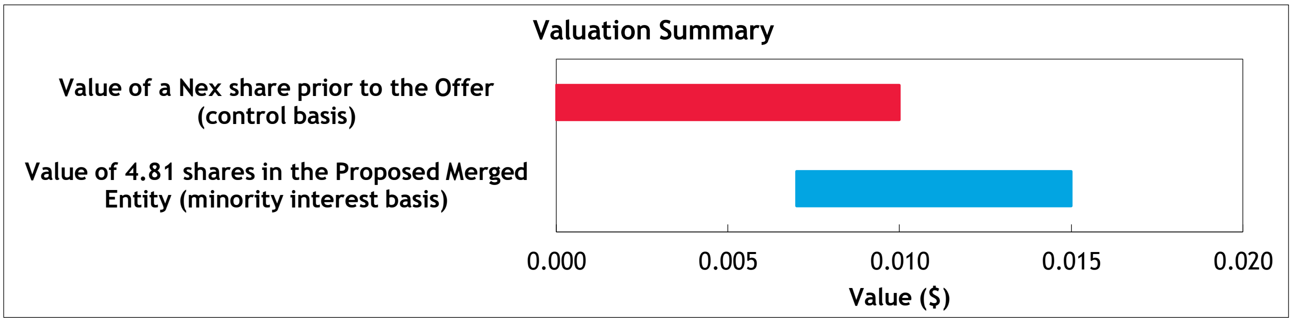
12. Is the Offer fair?

A comparison of the value of a Nex share prior to the Offer, on a control basis, and the value of 4.81 shares in the Proposed Merged Entity, on a minority interest basis, is set out below:

	Low $	Preferred $	High $
Value of a Nex share prior to the Offer (controlling basis)	Nil	0.003	0.010
Value of 4.81 shares in the Proposed Merged Entity (minority interest basis)	0.007	0.011	0.015

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Offer is fair for Shareholders.

13. Is the Offer reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Nex a premium over the value resulting from the Offer.

13.2 Consequences of not Accepting the Offer

Kookynie and Yundamindra will continue to be operated under the current JV agreement

If the Offer is not accepted, Nex will continue to hold its 49% interest in Kookynie and Yundamindra under the current JV agreement. Given the current cash balance of Nex, a capital raising is likely to be required, which would dilute Shareholders' interests (assuming that they do not participate in the Offer).

Reduced liquidity

In Metalicity's Bidder's Statement dated 24 September 2021, it was outlined that if Metalicity is to acquire a relevant interest of 90% or more of Nex shares, so as to become entitled to proceed to a compulsory acquisition of the outstanding Nex shares in accordance with Part 6A.1 of the Corporations Act, Metalicity intends to do so.

For those Shareholders that do not accept the Offer, the liquidity of the Nex shares that they hold will likely reduce as Metalicity is unlikely to actively trade its Nex shares. In the event that the level of acceptances results in Metalicity holding less than 90% of Nex shares, this will create a scenario where Metalicity holds a large proportion of Nex shares but is not entitled to compulsorily acquire the remaining shares, and could result in difficult circumstances for Shareholders that may want to sell their shares at a later date.

13.3 Advantages of Accepting the Offer

We have considered the following advantages when assessing whether the Offer is reasonable.

13.3.1. The Offer is fair

As set out in Section 12 the Offer is fair. RG 111 states that an offer is reasonable if it is fair.

13.3.2. Creation of an enlarged group with a stronger balance sheet and access to Metalicity's cash reserves

If the Offer is accepted, then Shareholders will hold shares in a Company with combined net cash and cash equivalents of approximately $5.06 million (based on balances of Nex and Metalicity as at 31 March 2022 and including the net proceeds from the rights issue announced by Metalicity on 4 May 2022). This will provide the Proposed Merged Entity with a working capital buffer to continue development of its Kookynie project, whilst also allowing it to pursue other investment or exploration opportunities.

The stronger balance sheet of the Proposed Merged Entity may also be more attractive to potential investors, improving the ability of the Proposed Merged Entity to raise capital as well as potentially increasing the liquidity of its shares.

13.3.3. Shareholders are not foregoing the opportunity to receive a control premium in the future

Pursuant to ASIC's regulatory guides, we have assessed the Offer as a control transaction. Notwithstanding, no individual shareholder will hold a controlling interest in the Proposed Merged Entity, with the largest shareholder being 3B Prospecting Pty Ltd who will hold approximately 2.38% of the issued capital of the Proposed Merged Entity, assuming 100% acceptance of the Offer on an undiluted basis. Based on shareholdings as at the date of our Report, no other shareholder will hold more than 2.38% of the issued capital of the Proposed Merged Entity.

Therefore, the Offer does not preclude Shareholders from receiving a control premium in the future and is unlikely to deter a future takeover offer from being made.

13.3.4. Project finance may be less complex to negotiate and more likely to be obtained upon removal of the JV ownership structure

The Offer eliminates the complexities of negotiating project finance under the current JV structure, and primarily reduces the risk that either Metalicity or Nex may be unable to secure finance to fund its share of the costs relating to Kookynie and Yundamindra.

13.3.5. Exposure to Admiral Bay

If the Offer is accepted, Shareholders will go from holding shares in a company with a 49% JV interest in two gold exploration project, to holding shares in a company with full ownership of two gold exploration projects and a zinc exploration project.

Exposure to Admiral Bay, should Metalicity recommence operations, may diversify away part of the commodity specific risk associated with holding shares in a company with only gold assets. We note that some Shareholders may not see this as an advantage. More information on Admiral Bay can be found in the Technical Specialist Report in Appendix 4 of our Report.

13.3.6. Consolidation of ownership of Kookynie and Yundamindra may lead to a reduction in overhead costs

If the Offer is accepted by Shareholders, and Nex becomes a subsidiary of Metalicity, ownership of Kookynie and Yundamindra will be consolidated. Assuming the JV agreement will no longer govern operations at Kookynie and Yundamindra, project expenditure will no longer need to be approved by multiple parties, streamlining ownership and potentially eliminating ancillary costs involved with operating under a JV structure.

Additionally, the Proposed Merged Entity will be able to access a number of cost synergy benefits from the removal of duplicate listed company and compliance costs, such as costs of investor relations, share registry fees, audit fees and listing fees.

13.3.7. The Offer is not subject to a minimum acceptance condition

Under the amended terms of the Offer there is no minimum acceptance condition. Therefore, Shareholders are free to accept the Offer regardless of whether other Shareholders decide to accept the Offer. This provides Shareholders with certainty that if they accept the Offer, it will be binding.

13.3.8. The Offer Consideration offers Shareholders a premium to the last traded price of a Nex share prior to the announcement of the Offer

Based on our analysis of the market pricing of Metalicity following the announcement of the Offer (as set out in Section 11.2), the Offer Consideration (being 4.81 shares in Metalicity) offers Nex Shareholders a premium to the last traded price of Nex prior to the announcement of the Offer.

The Offer was announced on 14 September 2021. On the date the Offer was announced the share price of Metalicity closed unchanged at $0.010. The weighted average market price for the 10, 30, 60, and 90-trading day periods following the announcement of the Offer are shown in the table below:

Share Price per unit	13-Sep-21	10 Days post	30 Days post	60 Days post	90 Days post
Closing price	$0.010				
Volume weighted average price (VWAP)		$0.010	$0.010	$0.010	$0.009

Source: Bloomberg, BDO analysis

As outlined in Section 11.2 of our Report, our assessment is that a range of values for Metalicity shares based on market pricing following the announcement of the Offer is between $0.007 and $0.009, with a preferred value of $0.008.

Pursuant to the Offer, Shareholders will receive 4.81 shares in the Proposed Merged Entity for every Nex share held. Therefore, our assessment of the value of 4.81 shares in the Proposed Merged Entity based on market pricing following the announcement of the Offer, is between $0.034 and $0.043, with a preferred value of $0.038.

Nex's closing price on the last trading day prior to the announcement of the Offer was $0.037. Therefore, the Offer Consideration under our preferred and high valuation points represent a 2.7% premium and a 16.2% premium to the last quoted price of a Nex share prior to the announcement of the Offer, respectively.

13.4 Disadvantages of Accepting the Offer

If the Offer is accepted, in our opinion, the potential disadvantages to Shareholders include those listed below:

13.4.1. Dilution of Shareholders' interests and exposure to Kookynie and Yundamindra

Following the acceptance of the Offer, Shareholders' interests will be diluted from holding 100% of the assets of Nex to holding approximately 37.5% of the Proposed Merged Entity (assuming a 100% uptake of the Offer). Prior to the Offer, shareholders of Nex collectively held 49% of the Kookynie and Yundamindra JVs. Assuming a 100% uptake of the Offer, Nex Shareholders will collectively hold 37.5% of Metalicity's share capital. As Metalicity will hold a 100% interest in the Kookynie and Yundamindra JVs, Nex Shareholder's interests will be diluted from 49% to 37.5%.

Therefore, Shareholders' ability to participate in the potential upside of Kookynie and Yundamindra will be reduced as a result of accepting the Offer.

13.4.2. The Offer Consideration is at a discount to the Company's recently traded prices

Following the announcement of the Offer, the market price of a Nex share on the ASX has remained relatively stable at around $0.040 per share, closing at $0.038 on 5 May 2022. The market price of a Metalicity share has fallen to $0.006 as at 5 May 2022. At these prices, the Offer Consideration is at a discount to the current pricing of Nex shares, with 4.81 Metalicity shares representing a value of $0.029, which is a 23.7% discount to the closing price of Nex shares at 5 May 2022. Therefore, based on market pricing alone, Shareholders could sell their shares on market and receive greater value than if they were to accept the Offer. Notwithstanding, for the reasons detailed in section 10.3 and 11.3, we do not consider the market price to reflect the underlying value of Nex and Metalicity shares.

Additionally, we note that if the Offer is to lapse, it is possible that the share price of Nex may decline.

13.4.3. Shareholders forego the opportunity to participate in the Rights Issue

If Shareholders accept the Offer, they forego the opportunity to participate in the Rights Issue. As detailed in Section 4 of our Report, on 29 September 2021, Nex announced the Rights Issue to raise $3.115 million via the issue of up to 89,007,875 shares at an issue price of $0.035 per share.

In Nex's Appendix 5B release to the ASX on 31 January 2022, the Company announced that as soon as it receives final input from ASIC regarding the Rights Issue, Nex will dispatch a Notice of Meeting seeking Shareholder approval for the Rights Issue. As such, if Shareholders accept the Offer, they will not have the opportunity to participate in the Rights Issue.

13.4.4. If Metalicity compulsorily acquires, Shareholders will still receive 4.81 shares in Metalicity per share, but will experience a delay in receiving consideration for their shares

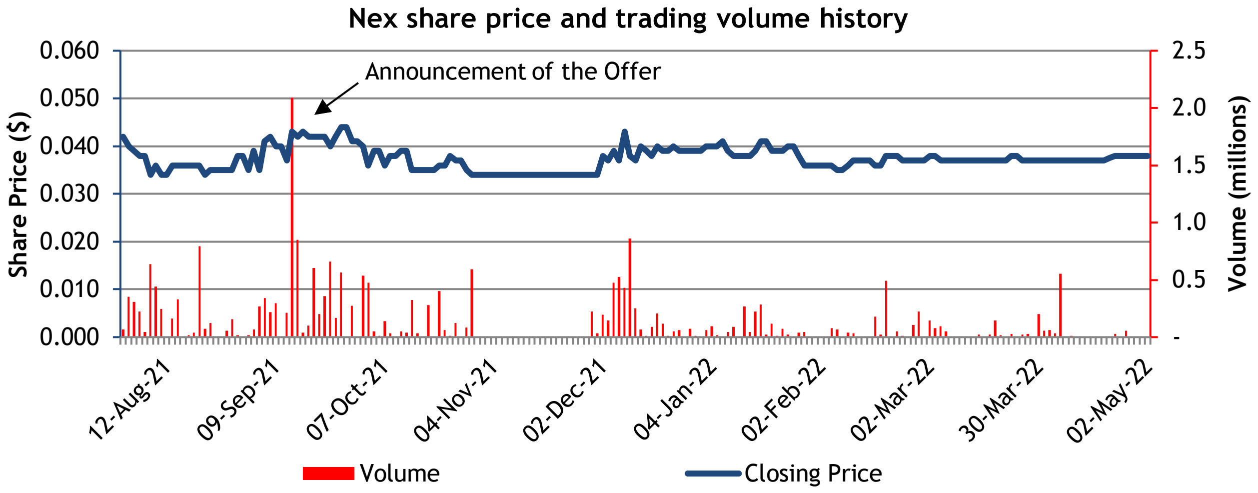
If following the close of the Offer, Metalicity holds 90% or more of the Company's issued capital then its intention is to compulsorily acquire the outstanding shares. If this occurs, then Shareholders will still receive 4.81 shares in Metalicity for each Nex share held, but will experience a delay in receiving consideration for their shares. If Shareholders accept the Offer, Metalicity has committed to issuing the Offer Consideration within one month of receiving an effective acceptance.

13.5 Other considerations

Post-announcement pricing in Nex

We have also analysed the movements in Nex's share price since the announcement of the Offer. Given the Offer is unconditional, the Offer (if accepted) will take effect. Therefore, we have presented the post-announcement pricing of Nex as another consideration for Shareholders to aid in their assessment of whether to accept the Offer.

A graph of Nex's share price and trading volume leading up to, and following the announcement of the Offer is set out below:



Source: Bloomberg

The closing price of a Nex share over the Post-Announcement Trading Period has ranged from a low of $0.032 on 30 November 2021, to a high of $0.046 on 14 September 2021, being the date of the announcement of the Offer. On 14 September 2021, 2,089,049 shares were traded, representing approximately 0.78% of the Company's current issued share capital.

The table below details the VWAP of Nex shares for the 10, 30 and 90 trading day periods following the announcement of the Offer on 14 September 2021, in addition to the VWAP of Nex shares over the entire Post-Announcement Trading Period to 5 May 2022.

Share Price	14-Sep-21	10 Days Post	30 Days Post	90 Days Post	161 Days Post
Closing price	$0.043				
Volume weighted average price (VWAP)		$0.042	$0.041	$0.040	$0.040

Source: Bloomberg

Following the announcement of the Offer, Nex's share price increased from a VWAP of $0.037 over the 30 days prior to the announcement of the Offer, to close at $0.043 on 14 September 2021. The Company's VWAP over the 10 trading days following the announcement of the Offer was $0.042, representing a 13.5% premium to the closing price of $0.037 on the last trading day prior to the announcement of the Offer. Over the Post-Announcement Trading Period, Nex's share price has remained relatively stable, sitting around the $0.040 mark, with a VWAP of $0.040 over the 90 and 161 trading day periods following the announcement of the Offer.

14. Conclusion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that the Offer is fair and reasonable to the Shareholders of Nex.

15. Sources of information

This report has been based on the following information:

- Bidder's Statement released by Metalicity on 24 September 2021;
- Target's Statements released by Nex on 1 November 2021 and 17 March 2022;
- Media releases and reasons for decisions issued by the ATP;
- Audited financial statements of Metalicity and Nex for the years ended 30 June 2019, 30 June 2020 and 30 June 2021;
- Reviewed financial statements of Nex and Metalicity for the period ended 31 December 2021;
- Quarterly cash flow reports of Nex and Metalicity for the period ended 31 March 2022;
- Unaudited management accounts of Nex and Metalicity for the period ended 31 March 2022;
- Independent Valuation Report of Nex and Metalicity's mineral assets performed by VRM;
- Share registry information;
- BDO Explorer Quarterly Cash Update: December 2021;
- RBA Monetary Policy Decisions dated 3 May 2022 and prior periods;
- Consensus Economics;
- United States Geological Survey 2022;
- Announcements made by Metalicity and Nex available through the ASX;
- Bloomberg;
- IBISWorld Industry Report – Gold Mining in Australia;
- Information in the public domain; and
- Discussions with Directors and Management of Metalicity and Nex.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $50,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Metalicity and Nex in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Metalicity and Nex, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Nex and Metalicity and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Nex and Metalicity and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Metalicity, Nex, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Metalicity, Nex and their advisors for confirmation of the factual accuracy of its contents. Metalicity provided minor comments, whilst no comments were received from Nex. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by ASIC for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes, Adam Myers and Ashton Lombardo of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 400 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants and is a CA BV Specialist. Ashton has over ten years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

18. Disclaimers and consents

This report has been prepared at the request of Metalicity and will be issued without an accompanying transaction document. Metalicity engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report on the off-market takeover offer from Metalicity to acquire all of the fully paid ordinary shares on issue of Nex by way of a scrip bid of 4.81 Metalicity shares for every Nex share that it does not own.

BDO Corporate Finance (WA) Pty Ltd hereby consents to the release of this report to Nex Shareholders without an accompanying transaction document. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of Metalicity and Nex are responsible for conducting appropriate due diligence. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Metalicity, Nex, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Metalicity and Nex.

The valuer engaged for the mineral asset valuation, VRM, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the end of the Offer Period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
A$, $, AUD	Australian dollar
The Act	The Corporations Act 2001 Cth
Admiral Bay	Admiral Bay Zinc Project
AFCA	Australian Financial Complaints Authority Limited
Allens Business Group	Allens Business Group Pty Ltd
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATP	Australian Takeovers Panel
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Nex Metals Explorations Limited
Consideration Shares	Shares in Metalicity issued to Nex Shareholders who have accepted the Offer
Corporations Act	The Corporations Act 2001 Cth
CPI	Consumer Price Index
DCF	Discounted Future Cash Flows
FME	Future Maintainable Earnings
FSG	Financial Services Guide
GDP	Gross Domestic Product
IER	Independent Expert's Report
IPO	Initial Public Offering
IS 214	Information Sheet 214: Mining and Resources: Forward-looking Statements

Reference	Definition
JORC Code 2012	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
JV	Joint Venture
Kagara	Kagara Limited
KML	Kimberley Mining Limited
Kms	Kilometres
Km^2	Square kilometres
Kookynie	Kookynie Gold Project
KYM	KYM Mining Pty Ltd
m	Metres
MCA	MCA Nominees Pty Ltd
Metalicity	Metalicity Limited
MRE	Mineral Resource Estimate
NAV	Net Asset Value
Nex	Nex Metals Explorations Limited
The Offer	The proposal to acquire 100% of the fully paid ordinary shares in Nex on the basis of 4.81 ordinary shares in Metalicity for every 1 Nex share on issue as at the date of the announcement
Offer Period	24 September 2021 to 25 May 2022, being the period that Nex Shareholders can accept the Offer
oz	Ounces
PFS	Pre-Feasibility Study
Pitcher Partners	Pitcher Partners BA&A Pty Ltd
Post Announcement Trading Period	The period following the announcement of the Offer on 14 September 2021

Reference	Definition
The Proposed Merged Entity	Nex will become a wholly owned subsidiary of Metalicity, and each share in Metalicity that a Nex shareholder will receive will be a share in the combined entity following the Offer
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 170	Prospective Financial Information (April 2011)
Rights Issue	1-for-3 non-renounceable rights issue to raise up to $3.115 million, via the issue up to 89,007,875 shares at an issue price of $0.035 per share announced by Nex on 29 September 2021
Saracen	Saracen Gold Mines Pty Ltd
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Nex not associated with Metalicity
Stantons	Stantons International Audit and Consulting Pty Ltd
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Target	Nex Metals Explorations Limited
Technical Specialist Report	Independent Technical Specialist Report covering the valuation of the mineral assets of Metalicity and Nex, issued by VRM
TFF	Term Funding Facility
USGS	United States Geological Survey
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)

Reference	Definition
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VRM	Valuation & Resource Management Pty Ltd
VWAP	Volume Weighted Average Price
WA	Western Australia
Yundamindra	Yundamindra Gold Project

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Control Premium

The concept of a premium for control reflects the additional value that is attached to a controlling interest. We have reviewed control premiums on completed transactions, paid by acquirers of gold mining companies, general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

Gold mining companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2022	1	14,838.25	4.73
2021	4	1,520.24	35.98
2020	1	2,748.72	10.10
2019	1	219.99	56.41
2018	3	29.41	52.18
2017	2	13.74	41.04
2016	5	19.15	51.38
2015	4	56.22	53.80
2014	8	123.49	48.94
2013	5	194.82	46.52

Source: Bloomberg, BDO analysis

General mining companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2022	3	5017.84	29.55
2021	6	1235.14	29.89
2020	7	427.74	51.58
2019	12	143.74	42.83
2018	11	87.76	53.40
2017	5	13.91	35.21
2016	13	59.54	74.92
2015	9	340.82	57.86
2014	16	111.11	47.28
2013	17	117.99	63.99

Source: Bloomberg, BDO analysis

All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2022	14	6,761.17	15.74
2021	39	1,374.64	46.41
2020	27	419.16	48.36
2019	46	2,961.67	38.09
2018	47	1,054.74	40.74
2017	30	940.18	42.05
2016	42	718.51	49.58
2015	34	828.14	34.10
2014	46	507.34	39.97
2013	41	128.21	50.99

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets comprising control transactions since 2013 for gold mining companies, general mining companies and all ASX listed companies, respectively, are set out below.

	Gold Mining		General Mining		All ASX listed companies	
Entire Data Set Metrics	Deal Value (AU$m)	Control Premium (%)	Deal Value (AU$m)	Control Premium (%)	Deal Value (AU$m)	Control Premium (%)
Mean	796.14	45.59	365.61	52.98	1262.82	42.17
Median	34.97	44.72	36.06	43.94	115.93	31.54

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long-term average control premium paid by acquires of gold mining companies, general mining companies and all ASX listed companies is approximately 45.59%, 52.98% and 42.17% respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers. These outliers included two gold mining company transactions, 11 general mining company transactions and 25 ASX listed company transactions, for which the announced premium was in excess of 100%. We consider these transactions as outliers, as it is likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas, the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 44.72% for gold mining companies, 43.94% for general mining companies and 31.54% for all ASX listed companies.

We consider an appropriate control premium for Metalicity and Nex to be on the lower end of historical averages, given the small size of both companies, and the uncertainty around the ability of both companies to continue as a going concern as noted by both Metalicity's and Nex's auditors at stages over the past three financial years. Additionally, we note that Metalicity is the current operator of the JVs, and as such, we consider that the benefits of control would be less significant than if Metalicity didn't already control the key assets of Nex.

Based on the above analysis, we consider an appropriate premium for control to be between 20% and 30%.

The minority discount is calculated from the control premium identified, using the formula [1 – (1/(1+Control Premium))]. Therefore, the minority discount (rounded to the nearest percentile) is in the range from 17% to 23%.

Appendix 4 – Independent Technical Specialist Report

Valuation & Resource Management

INDEPENDENT TECHNICAL ASSESSMENT VALUATION REPORT

Presented To:

Nex Metals Exploration Limited and Metalicity Limited

Date Issued:

4 May 2022

Valuation & Resource Management

Document Reference	Metalicity Nex BDO ITAR Rev3
Distribution	BDO Corporate Finance (WA) Pty Ltd Metalicity Limited Nex Metals Explorations Limited Valuation and Resource Management Pty Ltd
Principal Author	Deborah Lord BSc Hons (Geology) F AusIMM M AIG G AICD
	Deborah Lord Date: 4 May 2022
Contributors	Paul Dunbar M AusIMM, M AIG
Valuation Date	4 April 2022

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Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) engaged Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation report (ITAR or the Report) in relation to the proposed off-market takeover bid announced by Metalicity Limited (ASX: MCT, Metalicity or the Company) on 14 September 2021 for Nex Metals Explorations Limited (ASX: NME) (Nex). BDO was commissioned by Metalicity to prepare an Independent Expert's Report (IER) to be provided to the shareholders of Nex in relation to the proposed transaction.

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN). VRM understands that BDO will include the Report within its IER relating to the proposed transaction to provide shareholders with the information they require to make an informed decision on whether to accept the takeover bid.

This Report is a technical review and valuation opinion of the mineral assets of Metalicity and Nex, being the Kookynie and Yundamindra gold Projects currently held in Joint Venture (JV) in the Eastern Goldfields of Western Australia (WA). In addition, Metalicity has an 80.3% interest in the Admiral Bay zinc (lead, silver, and barite) Project in the Canning Basin, WA via its holding in Kimberley Mining Limited (KML) that in turn holds 100% of the Project.

Applying the principles of the VALMIN Code VRM has used several valuation methods to determine the value for the gold and zinc mineral assets. The assets of Metalicity and Nex have been valued as part of this Report on a 100% basis and the valuation apportioned according to the attributable ownership. Importantly, as neither the principal author nor VRM hold an Australian Financial Services Licence, this valuation is not a valuation of Metalicity or Nex but rather an asset valuation of the Kookynie, Yundamindra and Admiral Bay Projects.

This valuation is current as of 4 April 2022. BDO and VRM conducted initial project meetings with Nex and Metalicity respectively to consider whether there has been any material change in the value between the announcement date up until the date of the Report. Nex and Metalicity each advised that a Mineral Resource estimate was being completed and could represent a material change. BDO instructed VRM to provide the market valuations as at a date as close to the date of the Report as practicable and, the valuation is to be assessed following the update of the Mineral Resource estimate for the Kookynie Project. VRM provided a draft report to BDO on 13 April 2022 and then on 21 April 2022 in redacted and unredacted formats. BDO forwarded the redacted version to Metalicity and Nex to check for factual accuracy. Metalicity provided feedback on the accuracy of one of the tenement maps included in the draft report which was corrected. Nex also provided feedback to BDO and no comments on factual accuracy were received from Nex. VRM's report and valuation was subsequently finalised.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Metalicity and Nex along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading. The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

Kookynie, Yundamindra and Admiral Bay Tenements

The Kookynie gold Project is located 160 kilometres north of Kalgoorlie and abundant artisanal workings, small scale mining operations and historical resources have been previously reported on the tenure. More recently Metalicity has reported updated Mineral Resource estimates on 1 April 2022 prepared under the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (JORC Code). Metalicity has informed VRM that the Mineral Resource estimates replace previously announced 2020 Exploration Target estimates. In addition, Metalicity has conducted recent drilling at the Leipold, McTavish and Champion prospects and around the excised Cosmopolitan mine with the aim of extending the current known mineralisation that is not included in the updated Mineral Resource estimates. Several prospects remain open along strike and at depth. Non-contiguous tenements held in JV include E40/289, 332, 350, 357, 387, 390, 401; G40/003; L40/009; M40/022, 027, 061, 077 and P40/1331, 1407, 1430, 1499, 1500, 1501, 1510 and 1511 and cover ~11,326 hectares.

The Yundamindra gold Project is located 65 kilometres southeast of Leonora also surrounding areas of artisanal workings and historical resources. Previous drilling in some of the prospect areas is dense and shows abundant areas of anomalism and while historical estimates have been reported by previous explorers additional drilling is required to confirm earlier results to potentially allow future Mineral Resources to be estimated and reported in compliance with the JORC Code (2012). The JV with Nex covers nine granted mining leases (M39/084, 274, 406, 407, 408, 409, 410, 839 and 840) and L39/034, 052 and 258 over historical mining areas. VRM is aware that the Yundamindra JV tenure is under plaint and Nex are to defend this claim. Metalicity has acquired the rights to explore and extend the project area into E39/1773, 1774 and P39/6126 and 6127 bringing the total area to ~7,815 hectares. These leases have been incorporated into the JV with Nex.

Metalicity also has an 80.3% interest in the Admiral Bay Project in the Canning Basin via its holding in Kimberley Mining Limited (KML) that in turn holds 100% of the Project. Admiral Bay is a deep zinc, lead, silver and barite deposit with substantial previous exploration and a reported Inferred Mineral Resources and Exploration Targets. Tenure consists of two granted mining leases (M04/244 and 249) covering 1,640 hectares and one exploration licence of 42 blocks (E04/1610). Metalicity has recently reported that it considers Admiral Bay a non-core asset and it intends to focus on the Kookynie and Yundamindra Projects. The Project has been fully impaired and is considered by Metalicity to be 'on care and maintenance.'

VRM has estimated the value of the tenements on an equity ownership basis considering the technical information supporting their gold and base metal prospectivity. The Kookynie Project has been valued considering the JV ownership and the Yundamindra Project valuation has taken into account the JV tenure as well as ground separately held by Metalicity. The Admiral Bay Project was valued according to the 80.3% ownership that can be attributed to Metalicity.

As at the valuation date there are declared Mineral Resource estimates prepared applying the guidelines of the JORC Code (2012 Edition). At the Kookynie Project historical estimates of mineralisation were documented and at the announcement date Metalicity has reported Exploration Target estimates in compliance with the JORC Code. These were subsequently updated to Mineral Resource estimates and reported to the market on 1 April 2022. At Yundamindra there are historical estimates of mineralisation from several prospect areas and more recent Exploration Results. Some mining of retreated tailings material has also taken place, but reconciliation of expected gold grades was poor (Nicholls, 2019). Some of the JV tenure is subject to plaint proceedings so recent exploration has been limited until this issue is resolved. Admiral Bay mineralisation is very deep and Metalicity has reported Inferred Mineral Resources and Exploration Targets and some technical studies into economic viability have previously been undertaken.

The projects were valued using a comparable transaction method as the primary valuation technique. Secondary valuations have been determined based on the yardstick approach for the Mineral Resources and Exploration Targets. For the surrounding tenement areas, a geoscientific / Kilburn method and prospectivity enhancement multiplier approach have been used as secondary approaches.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

Conclusions

At the date of the announcement of the proposed transaction, the Kookynie Project had reported Exploration Target estimates of between 294,000oz and 967,000oz contained gold (Metalicity, 2020a) based on previous production and exploration work, including historically stated resource estimates. These related to the Diamantina-Cosmopolitan-Cumberland (DCC) Trend, the Champion, McTavish, and Leipold Prospect areas. Additional drilling was subsequently undertaken, and some has been incorporated into updated Mineral Resource estimates for the latter three prospect areas as announced on 1 April 2022. In VRMs opinion good potential remains at the DCC Trend, but additional drilling required to potentially define Mineral Resource estimates there is hampered by ground disturbances and tailings waste from previous mining operations as well as two areas where the tenure is excised.

Exploration Results previously reported from the Yundamindra Project including several areas of dense drilling coverage together with records of historical gold production indicate the prospectivity of this property in areas such as Penny Weight Point, Maori Queen, Golden Treasure, and Queen of May. However, the validity of historic exploration results needs to be supported by additional drill testing and deeper exploration before value can be realised. In VRM's view there is good potential to extend known mineralised zones, and to discover new zones, but considerable work will be required before the data can be fully applied to determine whether a current Mineral Resource can potentially be stated. VRM understands that the Yundamindra JV tenure remains subject to plaint proceedings and considers this a material risk impacting the value of these licences as well as an impediment to conducting exploration before this is resolved.

Metalicity's ownership of the Admiral Bay Project includes a majority interest in the Inferred Mineral Resources and Exploration Targets that have been reported by them and by previous owners. VRM considers that the larger lower-grade Mineral Resource estimate includes areas with limited drill testing that have been widely extrapolated. An earlier higher-grade estimate that relates to the main Mining Lease may be, in VRM's view, a more realistic representation of the defined mineralisation drilled to date. This 2015 Inferred Mineral Resource estimate also includes significant material elements of risk given the depth to the top of mineralisation. Metalicity recognises Admiral Bay as a higher risk Project so is looking for opportunities to realise value from this Project rather than commit further funds for ongoing exploration.

The Exploration Results and Mineral Resources and associated documentation have been reviewed by VRM to inform the basis of our valuation. VRM has not re-estimated the Mineral Resources and has not conducted full due diligence on these. VRM has reviewed the estimates to the extent required by the VALMIN Code in Clause 8.5 and a statement on quality and reasonableness of these estimates is provided in the body of the Report. VRM also notes that an independent consultancy recently reviewed the estimates, and no material issues were identified (Metalicity, 2022). Risks and opportunities related to the companies defined mineralised zones is discussed further in the body of the Report and, where material, has been noted in the valuation.

Considering both the mineralisation currently defined and the exploration potential in VRM's opinion, the mineral assets of Nex, being 49% of the Kookynie and Yundamindra Projects have a market value of between $2.6 million and $6.3 million with a preferred value of $4.4 million on an attributable ownership basis. Meanwhile the mineral assets of Metalicity, being 51% of the Kookynie and Yundamindra projects and 80.3% of Admiral Bay have a market value of between $5.2 million and $10.3 million with a preferred value of $7.7 million on an attributable ownership basis. The respective valuation components are summarised in Table ES-1 and the basis for these values is outlined within the body of this Report.

Table ES-1 Metalicity and Nex Mineral Assets Valuation Summary

Valuation summary by Project	Lower ($M)	Preferred ($M)	Upper ($M)
Kookynie Project	$4.0	$6.5	$9.0
Nex Interest (49% Kookynie JV)	$1.9	$3.2	$4.4
Metalicity Interest (51% Kookynie JV)	$2.0	$3.3	$4.6
Yundamindra Project	$1.4	$2.6	$3.8
Nex Interest (49% Yundamindra JV)	$0.7	$1.3	$1.9
Metalicity Interest (51% Yundamindra JV)	$0.7	$1.3	$1.9
Admiral Bay Project			
Metalicity Interest (80.3%)	$2.5	$3.1	$3.7
Total Mineral Assets Value			
Total Nex Mineral Asset Value	$2.6	$4.4	$6.3
Total Metalicity Mineral Asset Value	$5.2	$7.7	$10.3
Value of Combined Mineral Assets	$7.8	$12.2	$16.5

Note that totals may not add due to rounding

1. Introduction

Valuation and Resource Management Pty Ltd (VRM), was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to undertake an Independent Technical Assessment and Valuation Report (Report or ITAR) on the Kookynie, Yundamindra and Admiral Bay Tenements of Metalicity Limited (ASX: MTC) (Metalicity or the Company) and Nex Metals Explorations Limited (ASX: NME, Nex). This is in relation to the proposed off-market takeover bid for Nex announced by Metalicity on 14 September 2021 and currently being considered by the Australian Government Takeovers Panel (Takeovers Panel). BDO was engaged by Metalicity to prepare an Independent Expert's Report (IER) in relation to the proposed transaction.

VRM understands that this ITAR will be included in the Independent Experts Report (IER) being prepared by BDO. BDO will refer to, and rely on, the VRM report and mineral asset valuation which will be attached to its IER to inform shareholders as to the fairness and reasonableness of the proposed transaction.

Paul Dunbar and Deborah Lord of VRM were contacted to undertake a valuation of the mineral assets of Metalicity and Nex located in Western Australia (WA). BDO engaged VRM for the purposes of the ITAR.

VRM has estimated the value of the Kookynie, Yundamindra and Admiral Bay Projects considering the previously reported Exploration Results, and where relevant Exploration Targets and Mineral Resource estimates respectively. Ground surrounding the Exploration Targets and Mineral Resources was valued based on its exploration potential. The technical information supporting the prospectivity of the licences and the valuation of the tenements is on a 100% interest basis to determine a market value for the Projects and then attributed to the respective companies on a percentage ownership basis according to the JV arrangements of interest in the Project. The Valuation Date is 4 April 2022 as material changes to commodity markets and the mineral assets have occurred between the date of the announcement of the proposed transaction on 14 September 2021.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Metalicity and Nex and the associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the valuation based upon the principle of reviewing and interrogating both the documentation of Metalicity and Nex and previous exploration within the areas. This Report is a summary of the work conducted, completed, and reported by the various explorers to 4 April 2022 based on information supplied to VRM by Metalicity and Nex as well as other information sourced from the public domain to the extent required by the VALMIN and JORC Codes.

VRM provided a draft report to BDO on 13 April 2022 and a second draft report for client review on 21 April 2022.

VRM understands that the objective of this study is to provide the following:

- Summaries of the regional and local geology, the security of the tenure, a summary of the recent and previous exploration,
- Review of the mineral assets to determine the most appropriate valuation techniques for the assets based on the development stages of the projects and amount of available information.
- An independent valuation on the mineral assets of Metalicity and Nex as at 4 April 2022.

VRM understands that its reviews and valuations will be relied upon and appended to an IER prepared by BDO to assist shareholders in their decision regarding the approval of the proposed transaction. As such, it is understood that VRM's review and valuation will be a public document.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of experts (RG112).

Ms Deborah Lord and Mr Paul Dunbar of VRM have not had any association with Metalicity or Nex, their individual employees, within at least the last two years nor any interest in the securities of Metalicity or Nex which could be regarded as affecting their ability to give an independent, objective, and unbiased opinion. Neither VRM, Ms Lord nor Mr Dunbar hold an Australian Financial Services Licence (AFSL) and the valuation contained within this Report is limited to a valuation of the mineral assets being reviewed. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is $45,000 (excluding GST).

1.4. Competent Persons Declaration

This Report was prepared by Ms Deborah Lord as the primary author with the valuation undertaken by Mr Paul Dunbar. The project descriptions were peer reviewed by Mr Paul Dunbar.

The information in this Report that relates to Technical Assessment and Valuation of the Mineral Assets reflects information compiled and conclusions derived by Ms Deborah Lord, BSc (Hons), who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and Member of the Australian Institute of Geoscientists (AIG). Ms Lord is a Principal of VRM and is independent of Metalicity and Nex. She has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets' (the 2015 VALMIN Code). She is Chairperson of the VALMIN Committee and a member of the AusIMM Professional Conduct Committee. Ms Lord consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The Report and information that relates to tenements valuation and peer review of the Technical Assessment of the Mineral Assets reflects information compiled and conclusions derived by Mr Paul Dunbar, BSc (Hons), MSc (Minex) who is a Member of the AusIMM and the AIG. Mr Dunbar is a Principal of VRM and is independent of Metalicity and Nex. He has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets' (the 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

1.5. Reliance on Experts – Mineral Resource estimates

The Kookynie Mineral Resource estimates were updated as announced by Metalicity on 1 April 2022 in accordance with the guidelines of the JORC Code 2012 and were completed by a consultant independent of Metalicity. The estimates were subsequently audited by another consultant independent of Metalicity as included in the announcement reported on 1 April 2022. VRM has reviewed the estimates at a high level but has not re-calculated or re-estimated the Mineral Resources and has therefore placed reliance on the Competent Person's sign off for these estimates as reported by Metalicity in April 2022. VRM notes that it has not performed the role, nor does it accept the responsibilities of a Competent Person as the JORC Code defines with respect to the Kookynie Mineral Resource estimates. VRM has commented on the reasonableness of the Kookynie estimates to inform a valuation as discussed in the body of the Report.

The Admiral Bay Mineral Resources and Exploration Target estimates were announced by Metalicity on 4 July 2016 in accordance with the guidelines of the JORC Code 2012 and were completed by a consultant for Metalicity and were subsequently updated based on a review by another consultant independent of Metalicity as reported on 16 February 2018. VRM has reviewed the estimates at a high level but has not re-calculated or re-estimated the Mineral Resources and has therefore placed reliance on the Competent

Persons sign off for these estimates as reported by Metalicity in 2018 and as remain current within the Company's Bidder's Statement in September 2021. VRM notes that it has not performed the role, nor does it accept the responsibilities of a Competent Person as the JORC Code defines with respect to the Admiral Bay Mineral Resource estimates. VRM has commented on the reasonableness of the Admiral Bay estimates to inform a valuation as discussed in the body of the Report

VRM has not verified the underlying geological datasets, nor has it re-reported the Mineral Resource estimates for the Projects as at the date of this Report. VRM has provided an opinion in relation to the Mineral Resource estimates and has noted some risks and opportunities in relation to these estimates as documented further in the body of this Report.

Mr Dunbar and Ms Lord, the authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in WA and NSW. In relation to the tenement standing, VRM has relied on the documentation of the Competent Persons for the Exploration Target estimate and the Mineral Resources estimates and associated JORC Table 1 documentation. In addition to relying on the Competent Persons Table 1 documentation, VRM undertook an independent review of the Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles online on 5 April 2022. As required by the VALMIN Code the status of the tenements is detailed within this Report.

1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by Metalicity and Nex and other relevant publicly available data to 4 April 2022. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary.

VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. Nothing came to the attention of VRM, unless otherwise noted in the body of the Report, to suggest the Reasonable Grounds Requirement hadn't been met. At this time there is no current production targets, forecast financial information or income-based valuations on the Kookynie, Yundamindra or Admiral Bay Projects.

VRM has relied on the information contained within the reports, articles and databases provided by Metalicity and Nex as detailed in the reference list. A draft of this Report was provided to Metalicity and Nex, via BDO to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the companies until the technical aspects were validated and the Report was declared final.

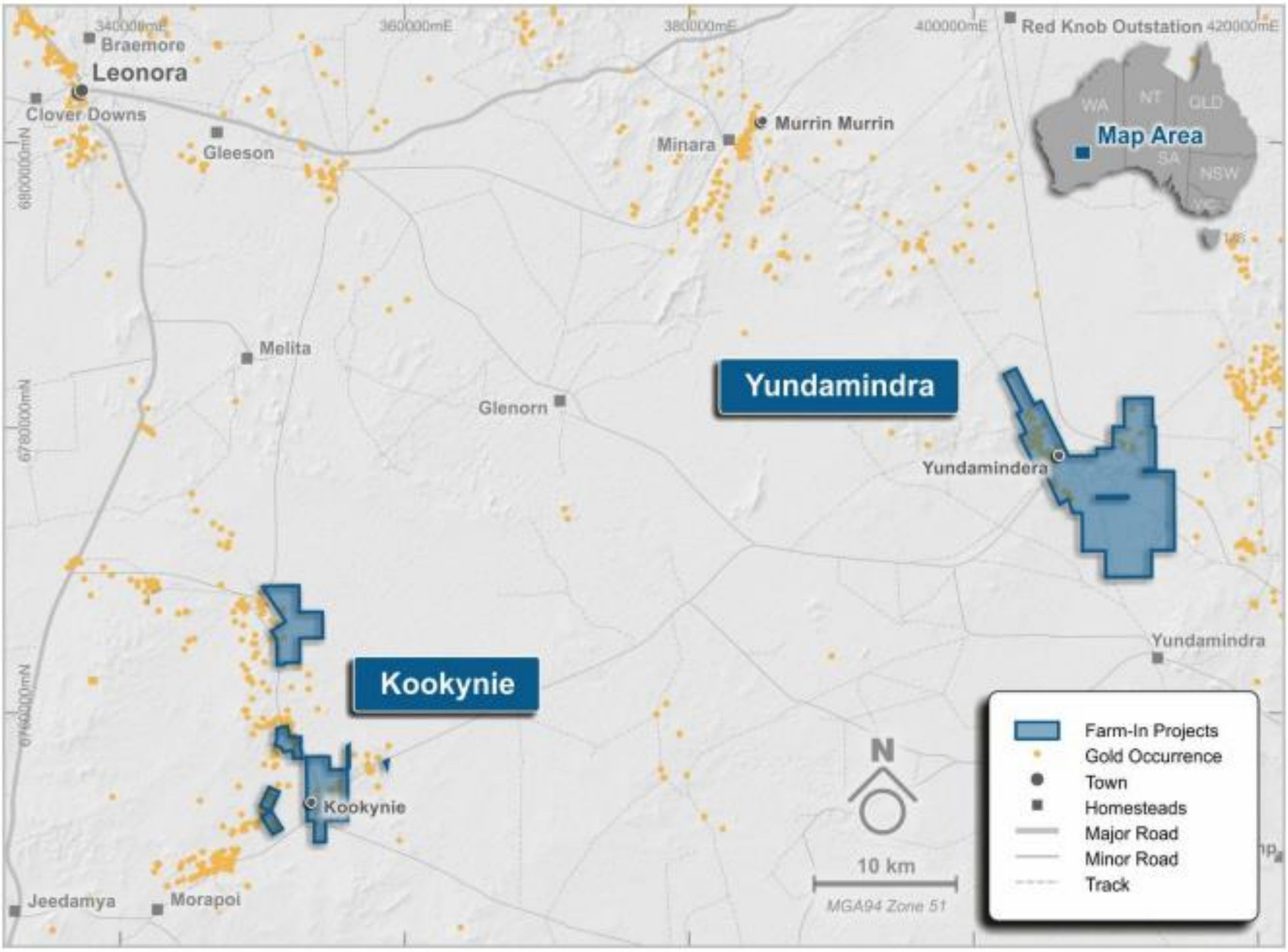
Between 4 April 2022 and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions.

1.7. Site Visits

VRM conducted a site visit on 8 February 2022 to the main prospect areas at the Kookynie Project as described further in the body of this Report. No specific site visit was undertaken to the Admiral Bay Project as the mineralisation occurs at depth, no recent exploration has taken place and VRM has assessed that a site visit will not reveal additional material information. VRM understands that while the Competent Persons for the Exploration Targets and Mineral Resource estimates have not conducted a site visit to Admiral Bay, the Competent Persons noted that mineralised intersections had been verified with reference to core photography. VRM is satisfied that a site visit would not provide any additional material information that would modify the opinion or valuation of the asset.

2. Metalicity and Nex Mineral Assets

The mineral assets included in this valuation include the Kookynie and Yundamindra JV gold Projects (51% Metalicity, 49% Nex) plus some tenure remaining subject to earn-in. Metalicity reports that it has completed its $5 million earn-in requirement on the Nex JV gold Project leases. Metalicity also owns 80.3% interest in Admiral Bay. The general location of the properties is summarised below in Figure 1 and in Figure 2.



Source: Metalicity Investor Presentation May 2020

Figure 1 – Location of the Kookynie and Yundamindra JV Projects

Source: Metalicity ASX Release, 4 July 2016 entitled 'Significant Resource upgrade for Admiral Bay zinc Project'

Figure 2 – Location of the Admiral Bay Project

2.1. Tenure

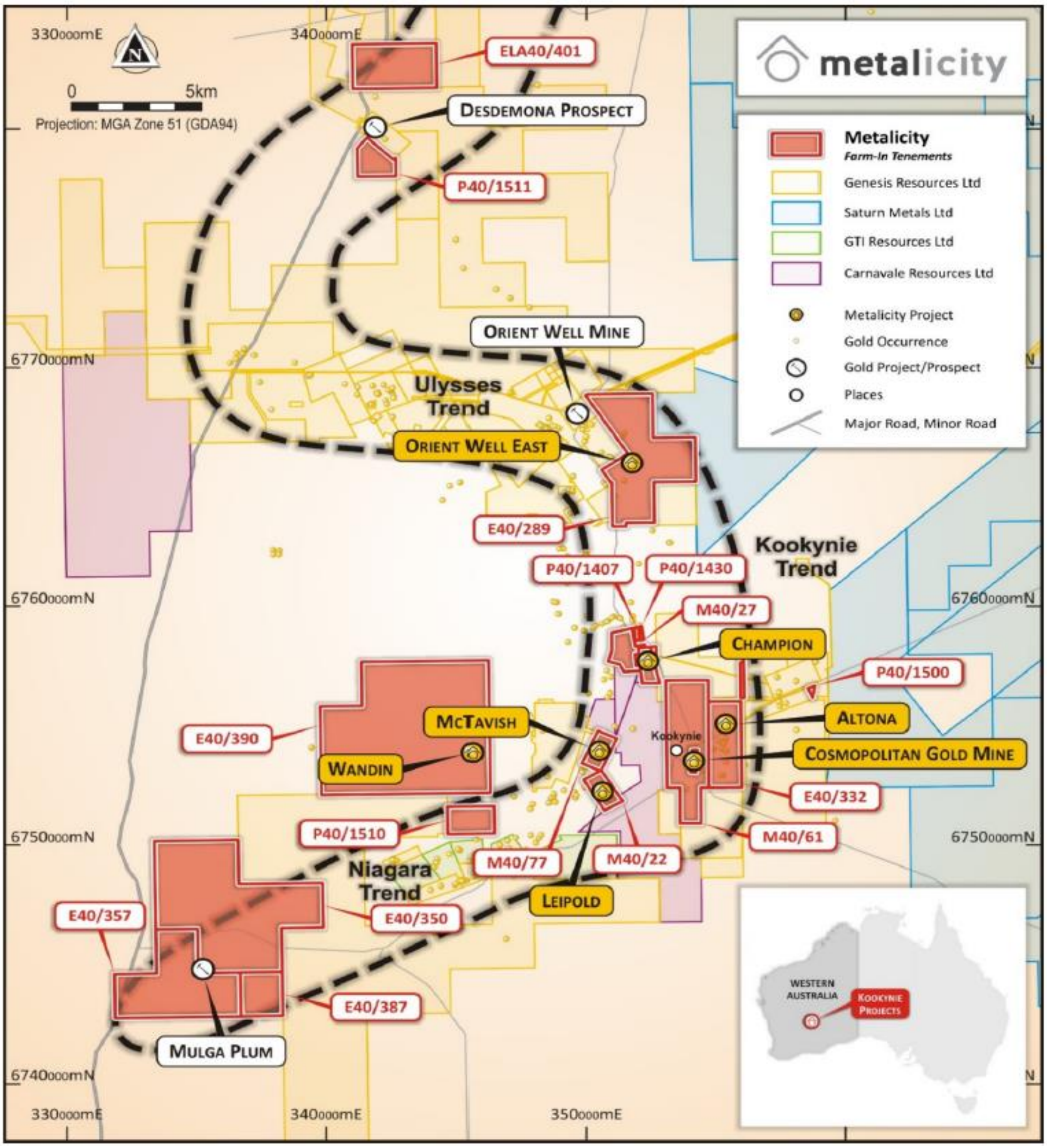
The tenement portfolio making up the gold Mineral Assets of Metalicity consists of direct holding tenements, JV tenements where interest has been earnt, JV tenure still subject to earn-in and two tenements that are subject to earn in but have been plainted. Metalicity hold 80.3% of Admiral Bay via its subsidiary Kimberley Mining Australia Pty Ltd (KMA). Tenement information is summarised below in Table 1.

Table 1 Metalicity tenement schedule as at 4 April 2022

Tenement Schedule as at 4 April 2022						
Project	Licence Holder	Licence No.	Area	Equity	Grant Date	Expiry Date
Kookynie	Paris Enterprises (WA) Pty Ltd	E40/289	6 BLK	51%	01/07/2011	30/06/2023
Kookynie	Nex Metals Explorations Ltd	E40/332	2 BLK	51%	15/08/2014	14/08/2024
Kookynie	T Tatterson	E40/350	8 BLK	51%	01/12/2015	30/11/2025
Kookynie	T Tatterson	E40/357	4 BLK	51%	01/12/2016	30/11/2026
Kookynie	Metalicity Limited	E40/387	1 BLK	51%	15/04/2021	14/04/2026
Kookynie	KYM Mining Ltd	E40/390	11 BLK	51%	10/09/2020	09/09/2025
Kookynie	Nex Metals Explorations Ltd	M40/022	121.7 Ha	51%	24/08/1986	28/08/2028
Kookynie	Nex Metals Explorations Ltd	M40/027	85.5 Ha	51%	25/02/1987	24/02/2029
Kookynie	Nex Metals Explorations Ltd	M40/061	832.7 Ha	51%	09/07/1989	12/07/2031
Kookynie	Nex Metals Explorations Ltd	M40/077	119.2 Ha	51%	11/10/1988	12/10/2030
Kookynie	KYM Mining Ltd	P40/1331*	161.2 Ha	51%	09/04/2014	08/04/2022
Kookynie	KYM Mining Ltd	P40/1407	10.0 Ha	51%	13/03/2017	12/03/2025
Kookynie	KYM Mining Ltd	P40/1430	9.9 Ha	51%	20/07/2017	19/07/2025
Kookynie	KYM Mining Ltd	P40/1499	8.2 Ha	51%	10/03/2020	09/03/2024
Kookynie	KYM Mining Ltd	P40/1500	6.1 Ha	51%	10/03/2020	09/03/2024
Kookynie	KYM Mining Ltd	P40/1501	21.0 Ha	51%	10/03/2020	09/03/2024
Kookynie	Metalicity Limited	P40/1510	199.4 Ha	51%	11/03/2021	10/03/2025
Kookynie	Metalicity Limited	P40/1511	176.7 Ha	51%	11/03/2021	10/03/2025
Yundamindra	Paddick Investments	E39/1773**	903.0	51%	05/06/2014	04/06/2024
Yundamindra	Paddick Investments	E39/1774**	2,517.0	51%	05/06/2014	04/06/2024
Yundamindra	Nex Metals Explorations Ltd	M39/084**	378.0 Ha	51%	19/10/1987	28/10/2029
Yundamindra	Nex Metals Explorations Ltd	M39/274**	230.0 Ha	51%	14/05/1992	20/05/2034
Yundamindra	Nex Metals Explorations Ltd	M39/406**	124.0 Ha	51%	15/11/2007	20/11/2028
Yundamindra	Nex Metals Explorations Ltd	M39/407**	896.0 Ha	51%	08/11/2007	12/11/2028
Yundamindra	Nex Metals Explorations Ltd	M39/408**	785.0 Ha	51%	08/11/2007	12/11/2028
Yundamindra	Nex Metals Explorations Ltd	M39/409**	966.0 Ha	51%	08/11/2007	12/11/2028
Yundamindra	Nex Metals Explorations Ltd	M39/410**	978.0 Ha	51%	01/03/2008	05/03/2029
Yundamindra	Nex Metals Explorations Ltd	M39/839**	7.3 Ha	51%	26/06/2008	01/07/2029
Yundamindra	Nex Metals Explorations Ltd	M39/840**	9.7 Ha	51%	26/06/2008	01/07/2029
Yundamindra	Nex Metals Explorations Ltd	P39/6126	10.4 Ha	51%	10/03/2020	09/03/2024
Yundamindra	Nex Metals Explorations Ltd	P39/6127	5.5 Ha	51%	10/03/2020	09/03/2024
Admiral Bay	KMA Pty Ltd	E04/1610	42 BLK	80.3%	4/09/2007	3/09/2023
Admiral Bay	KMA Pty Ltd	M04/244	796.4 Ha	80.3%	21/03/1991	20/03/2033
Admiral Bay	KMA Pty Ltd	M04/249	843.9 Ha	80.3%	21/03/1991	20/03/2033

Notes: * Prospecting Licence P40/1331 has now expired and is subject to a Mining Lease application MLA40/353. ** Yundamindra Tenements Combined Reporting Number CY349/1993 are subject to plaint proceedings. KYM Mining Limited is a Direct Holding of Metalicity. Metalicity has earnt in to the Nex tenements and is earning into those held by Paris Enterprises Ltd. The tenure held by Paddick Investments Pty Ltd are subject to plaint and the Company has not been able to conduct any expenditure on these from the beginning of the JV.

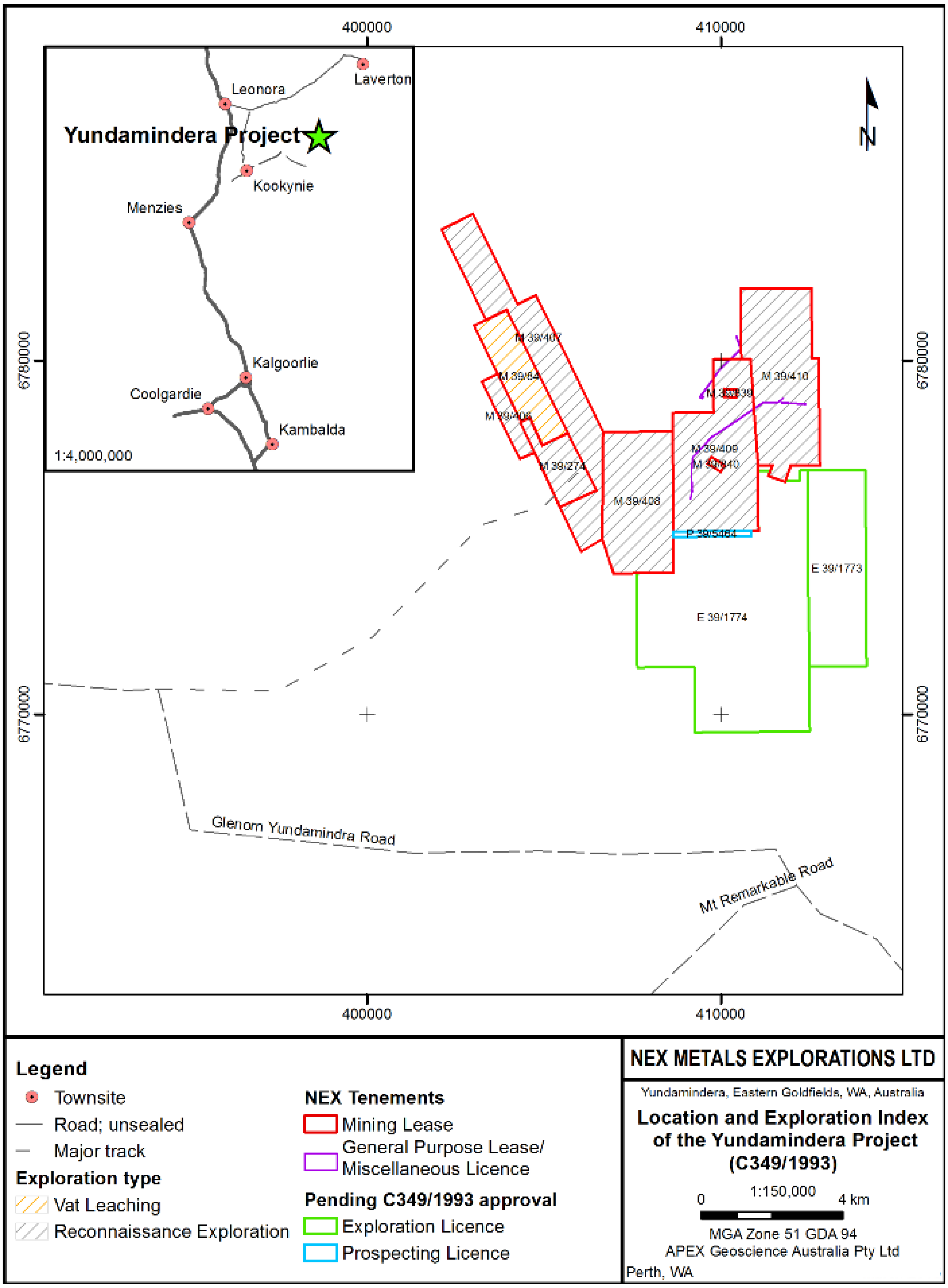
VRM independently confirmed the status of the Western Australian tenements on the Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles Online accessed on 5 April 2022. The tenement locations are shown in Figure 3, Figure 4 and Figure 5.



Source: Metalicity Bidder's Statement, 24 September 2021.

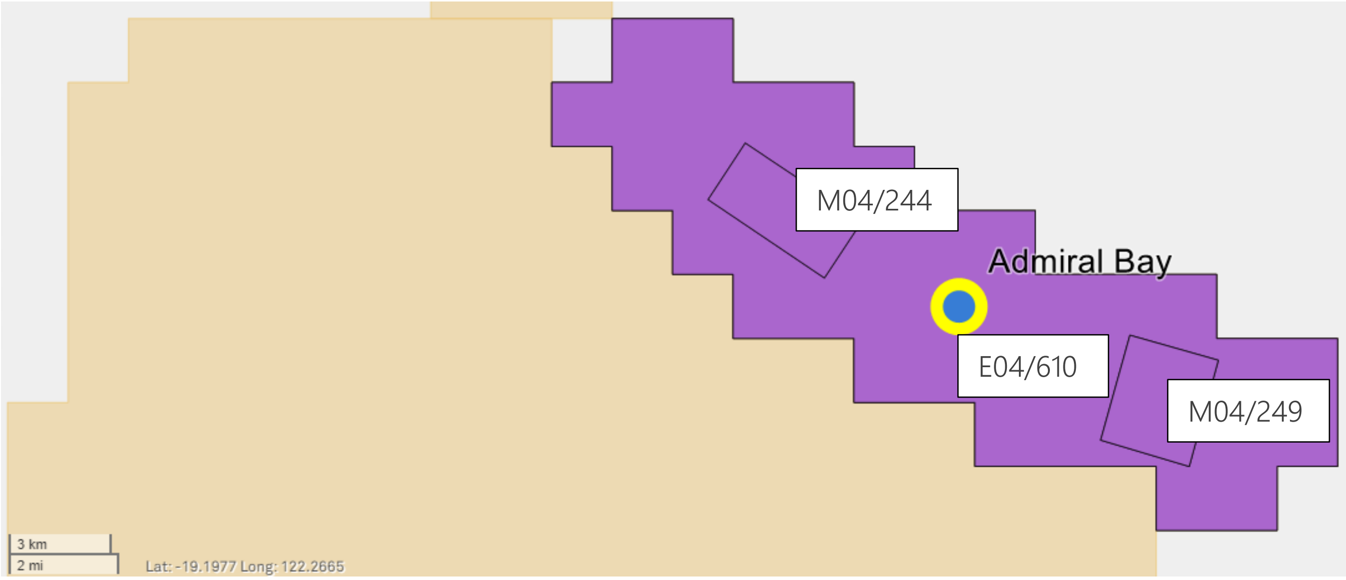
Note ELA40/401 was withdrawn, MLA40/353 is not labelled but is shown by the red tenement outline immediately west of Champion

Figure 3 – Location of the Kookynie Project tenements



Source: Supplied by Nex February 2022

Figure 4 – Location of the Yundamindera Project tenements



Source: S&P Capital IQ, accessed April 2022. North is to the top of the page and coordinate is for centroid of the blue circle.

Figure 5 – Location of the Admiral Bay Project tenements in purple

On 6 May 2019, Metalicity announced it had entered into a Farm-In agreement with Nex for the Kookynie and Yundamindra gold Projects whereby Metalicity would initially spend $500,000 within 12 months and spend a total of $5 million within 5 years to earn a 51% interest at which point a JV is formed. In its Bidder's Statement Metalicity noted that it had recently completed the Farm-In via the requisite expenditure that included exploration programs and purchase of additional Prospecting Licences, two farm-in agreements, and tenement applications within the area.

VRM has undertaken a high-level review of the tenement plaints registered and lodged on most of the Yundamindra tenements. Based on the reported tenement expenditure and the reported work conducted on the tenements prior to the plaints being lodged in VRM's opinion it is likely that the tenement expenditure exceeded the minimum required on the tenements. On that basis it is considered unlikely that the plaints will be successful, and it is likely that the tenements will be retained by the joint venture. A discount has been applied to these plainted tenements to account for the remaining uncertainty. Importantly VRM are not legal specialists in the Mining Act or Mining Regulations and the review is based purely on the reported expenditure and work that was completed on the tenements prior to the plaints being lodged.

On both the Kookynie and Yundamindra projects there are extensive historical workings with previous production reported from many of these workings. Given the historical nature of the previous mining activities there are significant environmental disturbances associated with these workings including historical shafts and tailings that have not been rehabilitated. As the tailings and workings pre-date the current tenements there is a limit to the environmental liability that can be attributed to the current tenement holder. Importantly if there is any disturbance of the existing tailings or workings then there is a requirement for the activities to be rehabilitated. Another significant aspect is associated with ensuring that the historical workings are not a potential danger to the public or other people accessing the area. Therefore, the tenement holder is required to ensure they are made safe. The status of the historical workings is unknown. Additionally, while VRM notes several historical disturbances the liability associated with the remediation and rehabilitation is outside the scope of this report and outside VRM's area of expertise.

In September 2015, Metalicity completed the acquisition of the Admiral Bay zinc Project from the administrators of previous owners Kagara Ltd. Metalicity completed technical scoping studies and in 2018 began a process to undertake an Initial Public Offering (IPO) on the Toronto Stock Exchange (TSX) Venture Exchange in Canada. The IPO process did not proceed in 2019 and the Project was put on 'care and maintenance'. Metalicity now holds a majority interest in Admiral Bay via KML, a Canadian unlisted public company and in the process of divesting the Project.

2.2. Accessibility

The Kookynie Project is located approximately 180 kilometres north of Kalgoorlie. Access to the area is via the sealed Goldfields Highway to north of Menzies, and then east along the sealed Kookynie Road. Numerous tracks provide access within the tenements to the main prospect areas.

The Yundamindra Project is situated 65 kilometres southeast of Leonora and 65 kilometres east of Kookynie. The area can be accessed via the Murrin mine or from Kookynie via gazetted roads and station tracks. The goldfields project areas are approximately 400m-460m above sea level. Minor outcrops sit amongst alluvial plains and seasonal creeks with resulting low-lying undulations in topography.

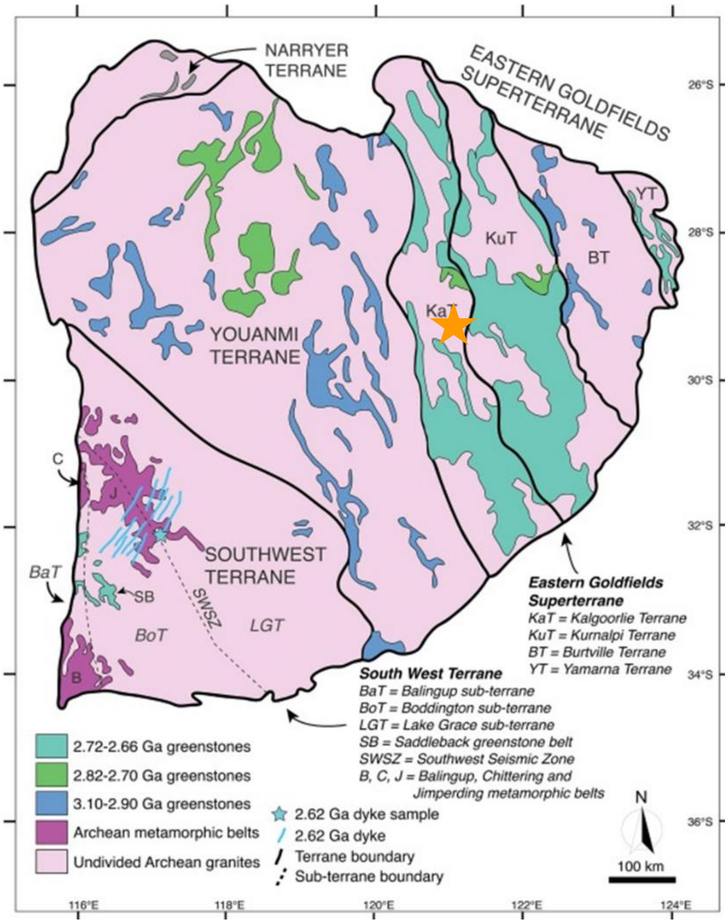
The Admiral Bay Project is located 140 kilometres south of Broome and is accessed via the Great Northern Highway, 40 kilometres east of Nita Downs. The general project area is characterised by low elevation and flat terrain.

3. Kookynie and Yundamindra Projects

3.1. Geological Setting

The tenements that were included in the Transaction are situated in and around the Norseman-Wiluna greenstone belt, on the western edge of the Kurnalpi Terrane in the Eastern Goldfields Superterrane (EGST) of the Yilgarn Craton (Figure 6).

The ~650km strike length Kurnalpi Terrane is separated from the Kalgoorlie Terrane to its west by the north-south trending, east dipping Ockerburry Fault, and from the Burtville Terrane to its east by the east-dipping Houtanui Fault Zone. The width of the Kurnalpi Terrane varies from 50 to 150km.



Source: Modified from Stark et al, 2008

Figure 6 – Approximate location of the Kookynie and Yundamindra Projects (orange star) within the Yilgarn Craton

The Projects are in the broadly defined Norseman-Wiluna Belt of the Eastern Goldfields Superterrane. This area has experienced a protracted tectonic history spanning ~2700-2630Ma involving up to five periods (D1-D5) of contraction and an uncertain number of extensional periods. The deformation history is generally typical of exhumed transpressional orogens, with peak regional metamorphic conditions in the amphibolite facies and localised zones of higher-grade contact metamorphic conditions in proximity to syn- to post-tectonic granitoid intrusions. In general, the early contractional deformation history (D1 and D2) appears to have been more orthogonal and thrust dominated and later events (D3, D4 and D5) were more oblique and strike-slip dominated (Weinberg et al. 2003, Weinberg and van der Borgh 2008). Early events (D1-D3) were also typically higher-temperature, ductile events whereas the latest stage events were at lower temperatures and more brittle in character (D4-D5).

The Norseman-Wiluna Belt is a typical greenstone belt containing mafic to felsic metavolcanics, related sedimentary deposits, and deep-seated batholiths. The paleo-depositional setting for this belt is interpreted to be a volcanic arc in the east dominated by a bimodal rhyolite-basalt volcanic succession, and a marginal basin in the west dominated by shallow to deep marine sedimentary rocks. Large granitoid batholiths have intruded the entire belt. The Kookynie Project is in the central part of the Norseman-Wiluna Belt between two major shear zones – the Keith-Kilkenny fault in the east and the Mt George fault to the west, which together define the Gindalbie Domain of the Kurnalpi Terrane. The host rocks are primarily the Melita greenstones, a marginal basin succession of metasedimentary and metavolcanic rocks.

3.2. Kookynie Project Local Geology

The Kookynie Project area covers a belt of granite-greenstone in the Melita Greenstone Belt and the main rock types are dolerite, basalt, dacite, rhyodacite, andesite, gabbro, and granite. The district records a complex deformation history consisting of at least one phase of extension (De) and three phases of compression with different orientations (D1-D3). Based on the structural architecture, six structural domains are recognised based on the dominant structures and lithologies in each domain. Gold mineralisation is preferentially concentrated in three of the domains (Melita, Kookynie and Niagara domains) and gold mineralisation is generally hosted in D3 thrust faults, although gold mineralisation is hosted in earlier structures in the Niagara Domain.

The Project areas cover several significant historic gold mines, including the Cosmopolitan and Altona mines in the central part of the project area, where gold mineralisation is associated with dominantly north-trending structures hosted in granite, through to the Orion and Sapphire mines in the western part of the project area. The area has also been the subject of more recent production at the Puzzle Pit in the eastern part of the project area, where gold mineralisation is associated with a quartz vein stockwork in a relatively brittle granite host.

3.3. Yundamindra Local Geology

The Yundamindra Project lies on the eastern margin of a regional scale hornblende-granodiorite batholith that intruded mafic lithologies. Two mineralised trends have been noted including a 'Western Line' and an 'Eastern Line.'

The 'Western Line' corresponds to a north-northwest trending zone of continuous east-dipping quartz veins and quartz filled shear zones within granitoid, close to the contact between the regional batholith and a thin remnant greenstone succession. Gold mineralisation in this zone is generally related to laminated quartz veins or mylonitic, pyritic, siliceous material localised in dilatory faults or shears subparallel to the granite / greenstone contact and sometimes in domal structures (Nicholls, 2019). The Landed at Last, Maori Queen, Great Bonaparte and Queen of May prospects are on this line.

The 'Eastern Line' encompasses the eastern extent of the granodiorite – greenstone belt contact that forms the fault bounded contact of the regional southerly plunging Eucalyptus Anticline. The western margin of this trend shows a sharp to gradational assimilation contact with the hornblende granodiorite intrusion. Gold mineralisation on this line occurs either as quartz veins within the main mafic succession or as quartz stockworks with the granodiorite. Weathering profiles vary, so that at Pennyweight Point a deeply weathered profile is developed where other prospects are less eroded (Nicholls, 2019).

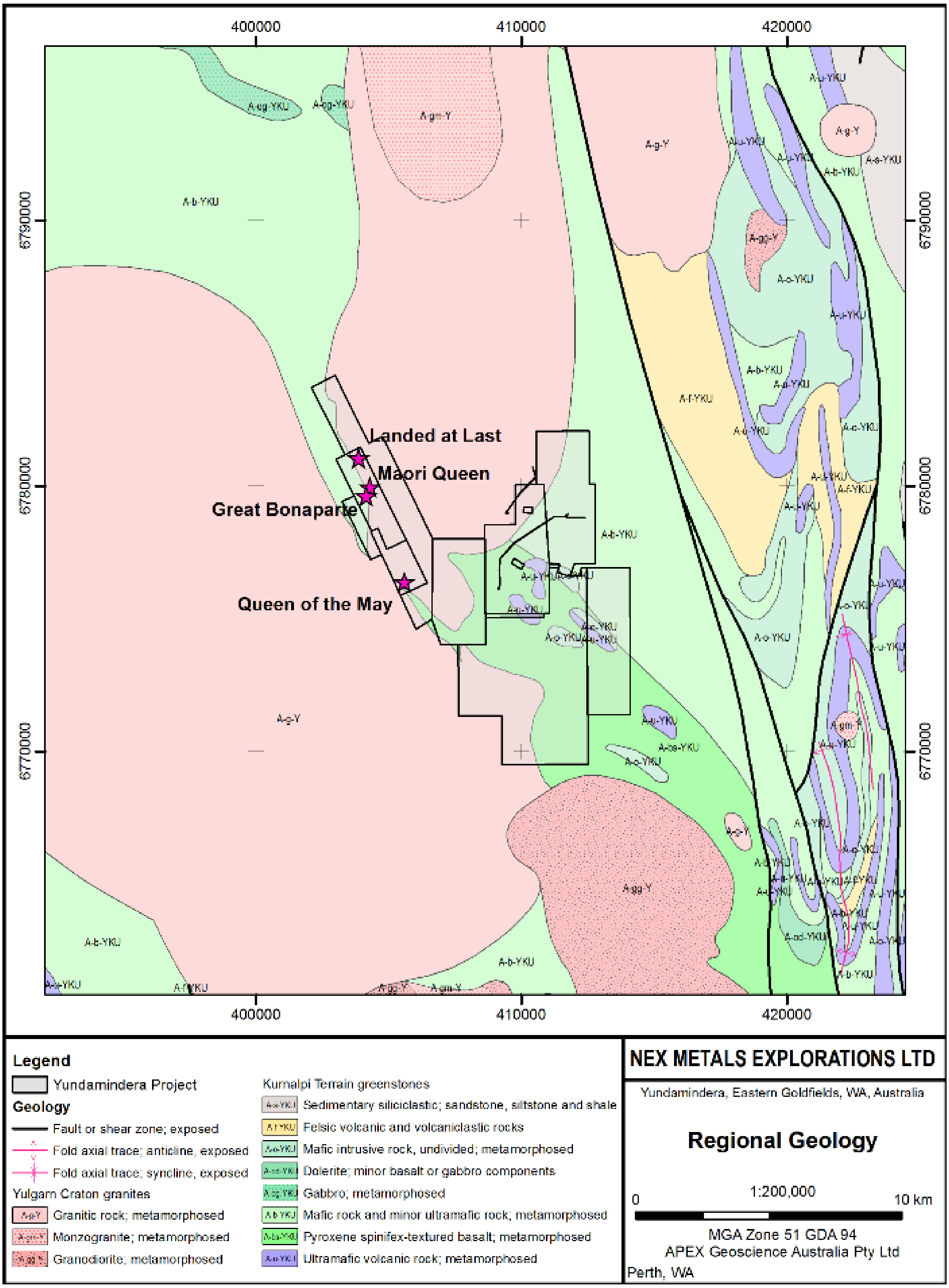
The area is on the Edjudina 1:250,000 scale map sheet (SH51-06) and the 1:100,000 scale Lake Carey (3339) and Yerilla (3239) map sheets. Local geology is summarised in Figure 7.

3.4. Previous Exploration and Mining

Gold in the Kookynie District was first discovered in 1898. By the early 1900s several mines were operational, including Cosmopolitan, Champion, Orion, and Altona. Early mining ceased prior to the second World War and the once populous town of Kookynie (with 3500 residents) then reduced. Now only a handful of people live there around the historic Grand Hotel.

In the 1960s and 1970s, the Kookynie area was explored for nickel and gold by Western Mining Corporation (WMC). During the 1980s and 1990s, the district underwent a renewed period of exploration and mining activity, primarily focussed on shallow oxide gold mineralisation. For example, at Leipold in 1984-1985 WMC drilled 133 RC holes for 5461m and in 1995 Mount Edon Mines (Mount Edon) completed 8 RC holes for 670m (Nicholls, 2012). Several open pit mines were completed in the mid-1990s, notable open pit mines at this time included Admiral, Butterfly, King, Dan Luce, Orient Well, Puzzle, Orion, Sapphire, Cumberland, and Ulysses, most of which are located further north of Kookynie and underwent treatment at a mill located at Orient Well.

During 2002, Barminco Pty Ltd (Barminco) completed 34 RC holes for 2476m at Leipold, but none of the Liepold previous drilling included documentation of comprehensive QAQC samples or procedures and location information was inaccurate.



Source: Nicholls, 2019 supplied by Nex February 2022

Figure 7 – Local geology of the Yundamindra Projects within the Eastern Goldfields

Gold in the Yundamindra District was also first discovered prior to 1899. By the early 1900s mines were operating including the Landed at Last, Great Bonaparte, Maori Queen, and Queen of May workings with early documentation of the mineralisation noting the presence of quartz reefs hosted within granite. Like Kookynie the population of Yundamindra once neared 3,000 people with intermittent gold production continuing until the 1940s.

At Yundamindra, modern exploration commenced in the 1970s with rock chip sampling, geophysical surveys and limited initial drilling focussed on the previous workings. Several small companies held tenure resulting in localised programs until the mid-1980s. Mount Burgess Gold Mining Company (Mount Burgess) conducted more comprehensive drilling campaigns at a few prospects areas and estimated historical resources at some of these including Landed at Last and Great Bonaparte in 1986-1987, Queen of May in 1988 and combined resources for a few prospects on the 'Western Line' and 'Eastern Line' in 1989. Mount Burgess continued exploration via a JV with Carpentaria Gold Pty Ltd (Carpentaria) and updated some of the resources before Sons of Gwalia Ltd (SGL) entered a JV between 1994 and 1999.

In 1999 SGL purchased the JV tenements from Mount Burgess and conducted data review, rehabilitation, mapping, sampling, and drilling to investigate the potential for the prospects at Yundamindra to be treated via its processing operations at Laverton (SGL, 2004). SGL drilling statistics included 198 holes, but the majority of these (170 holes) were Rotary Air Blast (RAB) with few Reverse Circulation (RC) and Aircore (AC) holes (27 in total) and a single diamond hole.

For the 'Western Line' in 2002, SGL conducted an historical estimate of mineralisation for the combined Landed at Last, Great Bonaparte, Great Bonaparte East, and Queen of Poland prospect areas (on M39/084). The estimate treated the deposit as a large low-grade system rather than a set of discrete high-grade pods extending for approximately 2 km strike length. The author noted that less than half this area had been drill tested and even in drilled areas holes did not extend beyond 70m depth, limiting the quality of the estimate. While documentation of the estimate is reasonably detailed for the time, it relied on historical data that does not meet modern industry standards. For example, while drilling density is on a 20m x 20m grid spacing, sample types and assay types are largely unknown, there does not appear to have been downhole surveys completed on drill holes, a nominal bulk density was assumed due to lack of recorded measurements and no comprehensive QA/QC data was noted. Issues were highlighted such as the need for resurveying, improved regolith logging and additional diamond drilling before any further estimates were made. Potential was also noted as the resources were open along strike and at depth.

At the Pennyweight Point prospect SGL compiled the previous close-spaced drilling during 2002-2003 but failed to identify gold mineralisation it considered economic at the time (SGL, 2004).

SGL was placed in administration in 2004 and their tenement holdings in the region were sold or allowed to lapse (Nicholls, 2019). Saracen Gold Mines (Saracen) took over the tenure in 2006 and conducted only limited work before commencing a JV with Nex in 2008 whereby Nex could earn 70% interest by expenditure of $1.5 million.

3.5. Recent Exploration and Mining

Kookynie

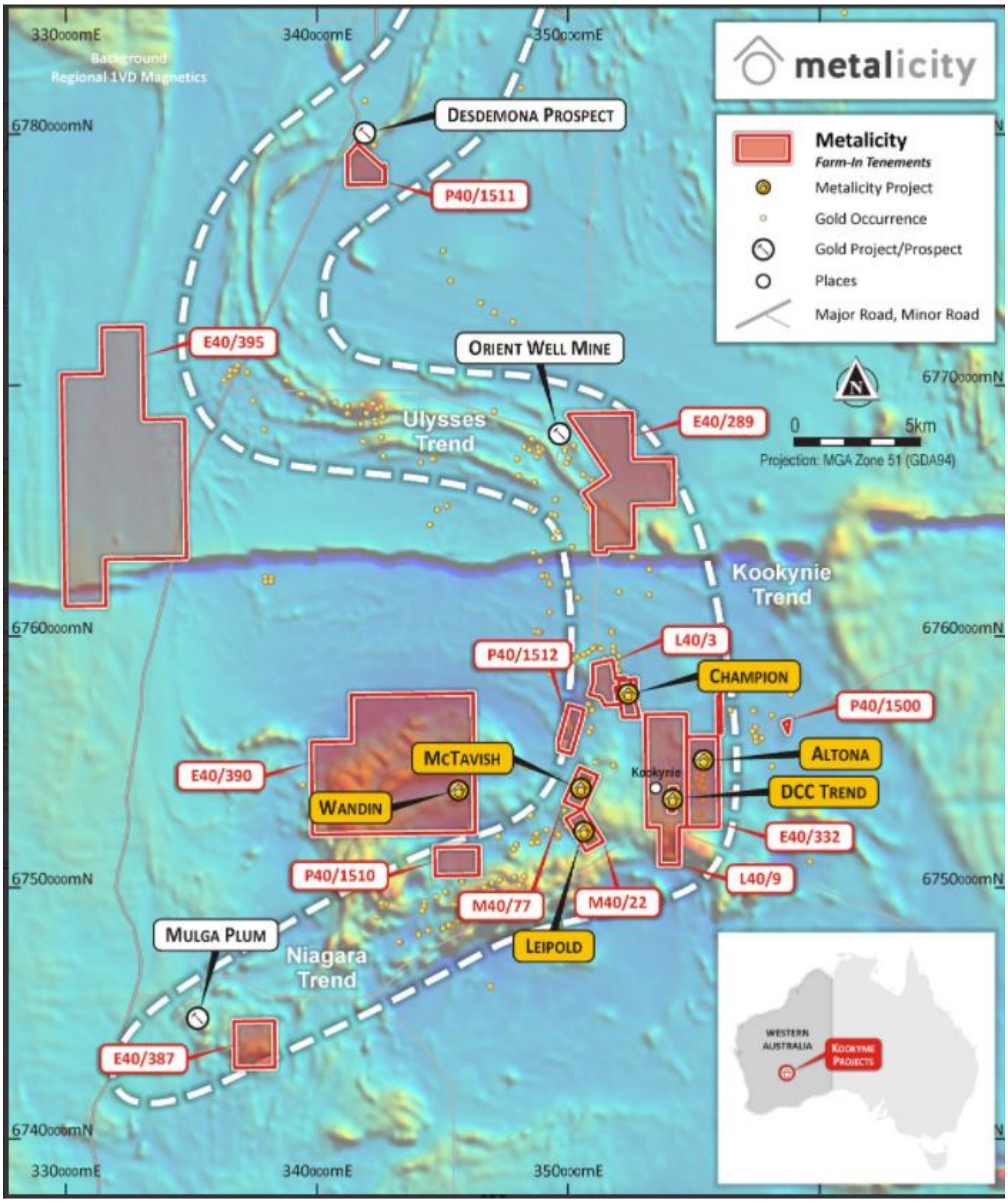
At Kookynie work completed by Nex Metals Explorations between 2009 and 2013 included prospecting and geological reconnaissance, an ongoing review of data, RC, RAB and AC drilling, waste dump and stockpile resampling and topographic survey work. On 1 August 2011, Nex reported an update on its activities including release of an estimate of mineralisation prepared and reported under an earlier version of the JORC Code (2004 Edition). The announcement described mineralisation in the South Kookynie area that included historic estimates for Leipold, Mc Tavish and Champion prospects but limited documentation accompanied the release as was standard industry practise prior to the introduction of JORC (2012).

The release noted that at the Champion deposit a trial open pit had been mined by WMC to 4m depth over the main area of historic workings. Subsequently Mount Edon Mines (Mount Edon) also commenced mining operations, but the pit only extended to 10m depth. At McTavish it was noted that although the main historic shaft was sunk to 61m depth little scoping is evident below 27m and production was limited to the period 1897 and 1911. During VRMs site inspection a visit to the Leipold area included viewing a trial pit area that was mined in the 1980s.

In August 2016, Nicholls (2016) reported little was known about the Cosmopolitan and Altona tailings material and based on the assumption that previous high-grade production may not have effectively extracted all the gold. Remnant material was considered to have potential to host 1-2g/t of gold, but there was no information about the actual grades, tonnages, or volumes (Nicholls, 2016). Digital elevation models were constructed to estimate the thicknesses and applying an assumed density of 2.0t/m^3 tonnages were calculation for the material situated north of the Cosmopolitan pit. Drilling was proposed over priority areas to sample the material and determine whether any leaching may have occurred. Another area of tailings was also known at Altona, 700m to the northeast. Detailed elevation survey data was not available there, but again a tonnage was estimated for this material and aircore drilling was planned. Limited auger sampling at both areas returned average grades ranging from 0.51 to 1.31g/t Au (Nex, 2020).

On 29 July 2020, Nex announced its plans to recommence a tailings processing trial at Kookynie based on aircore drilling conducted in 2017 and focussing on Cosmopolitan Dumps 5 and 6. Processing equipment was commissioned in December that year and Nex provided a market update in February 2021 which reported it was working with metallurgical consultants to optimise recoveries.

The main prospect areas at Kookynie are summarised in Figure 8.



Source: Metalicity website accessed 10 February 2022

Figure 8 – Summary of main prospects and tenure in the Kookynie Project over magnetic image

Yundamindra

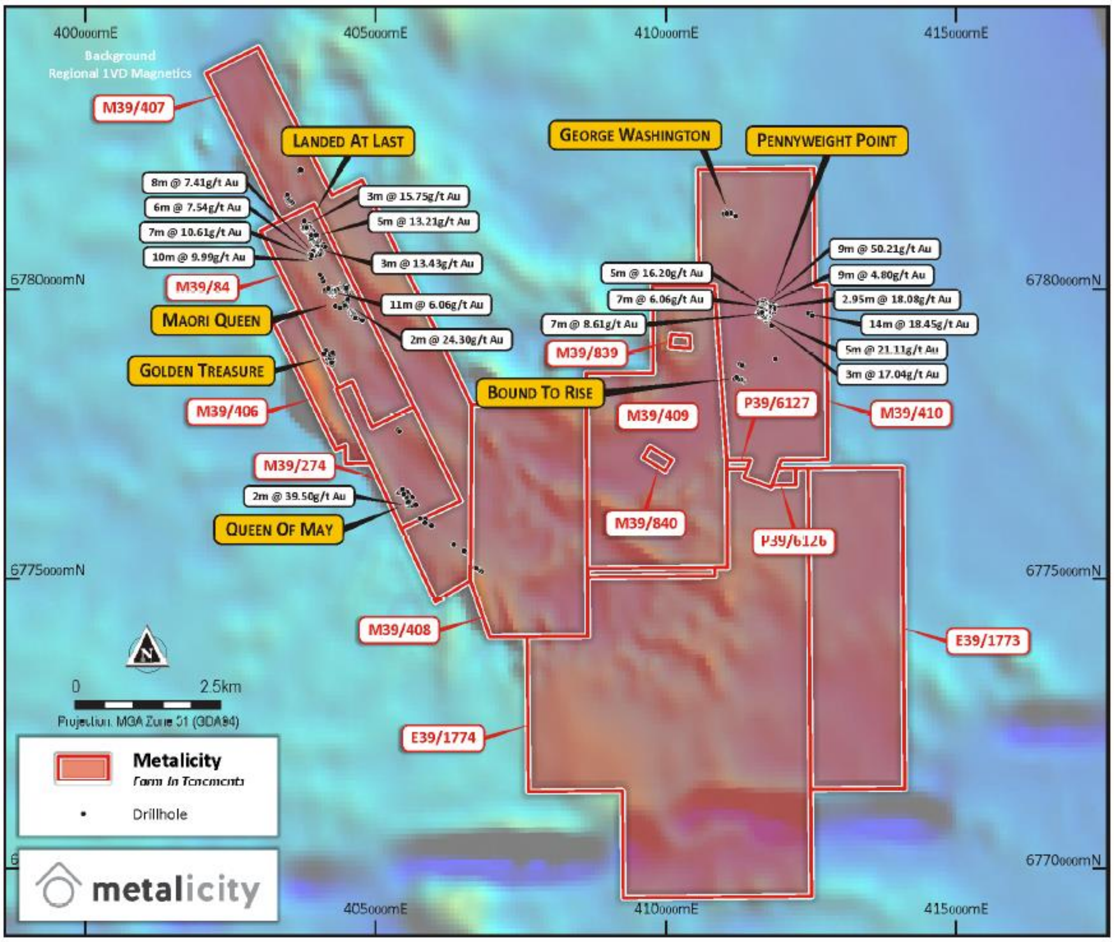
At Yundamindra, Nex commenced exploration in 2008 conducting field reconnaissance, data review and assessment before commencing drilling, mapping, surveying of historical holes and a terrain survey. In 2010, 236 exploration AC drill holes were completed on six of the tenements with shallow drilling to blade refusal between 30 and 40 metres depth. Information relating to outcrop geology, historic workings, and historic drill holes was collected and located with differential GPS to allow the historical database to be verified.

A detailed airborne magnetic survey (3,300 line-kilometres) accompanied by a Light Detection and Ranging (LiDAR) survey was conducted in 2011 to define geology and structural elements of the region. High-resolution imagery and topographic data were used to further assess prospective areas and plan a soil sampling program. Re-logging of aircore chips from the 2010 drill campaign, metal detecting and data compilation continued before Nex decided to divest the project in 2013 having gained 100% interest from Saracen by then.

From 2014 to 2016 Nex focused on the potential retreatment of tailings material, constructing a heap leach facility including vats, water ponds, workshop facilities and upgrades to the roads and water monitoring bores. Nicholls (2019) reported that up to the end of 2018 40,000 to 45,000 tonnes of tailings were treated but that recoveries averaged only 29% of the anticipated 1.36 g/t Au. In 2017 Sandstone Industries processed the final 15,000 tonnes of tailings through Phase 1 of the operations with plans to revisit the material previously treated as Phase 2 of the operations. Nicholls (2019) reports that Sandstone Industries put the tailing project on care and maintenance and that different processing options were under investigation with the results pending.

On 3 May 2018 Nex was advised that their tenements (within the combined reporting group C349/1993) at Yundamindra were subject to 'application for forfeiture' plaint proceedings by MCA Nominees Pty Ltd (MCA).

The main prospect areas at Yundamindra are summarised in Figure 9.



Source: Metalicity 2022

Figure 9 – Summary of main prospects and tenure in the Yundamindra Project over aeromagnetic image

4. Admiral Bay Project

4.1. Geological Setting

The Admiral Bay area is located in the central Canning Basin which is characterised by three geological features including the Broome Arch, the Admiral Bay Fault Zone (ABFZ) and the Willara Sub-Basin (Kirchner, 2008). The Broome Arch separates the deep Fitzroy Trough to the north from the Canning Sub-basins to the south and the ABFZ marks the southern limit of the Arch.

The Project occurs in the Great Sandy Accommodation Zone of the ABFZ that separates the Broome Platform from the Canning Basin. The ABFZ trends 120° and has three major faults, several minor faults and numerous splays based on interpretation of geophysical data. Within the Project area itself, Quaternary aeolian sands obscure a deep cover sequence of Cretaceous – Jurassic – Permian sandstones and siltstones that are up to 1,200m thick.

4.2. Local Geology

Locally, the Cretaceous – Jurassic – Permian sequence overlies a variably dolomotised siltstone – shale – limestone sequence, the Nita Formation that hosts the mineralisation. There is an upper zinc-rich zone and a lower lead-rich zone which are altered to varying degrees. Mineralisation is interpreted to be coincident with an antiformal structure with lower grade areas developed on the anticlinal limbs.

Mineralisation occurs in fresh rock and logged sulphide minerals are noted to include barite, galena, and sphalerite in massive, vein / vugh fill and disseminated forms. Dolomite alteration is pervasive to variable and calcic and barite alteration minerals have also been recorded.

4.3. Previous Exploration and Mining

The Admiral Bay deposit was discovered by CRA Exploration Pty Ltd (CRA) in 1981 during a program of petroleum exploration. CRA / Rio Tinto and Kagara Ltd (since 1984) explored the deposit between 1986 and 1992 drilling 21 surface diamond holes. Kagara then had the Project from 2004 to 2009 went into administration in 2014.

No RC drilling has been conducted at Admiral Bay due to the depth of mineralisation. Geophysical data has been used to interpret the geological setting and target drilling. There is no underground mine development.

4.4. Recent Exploration

In 2015 Metalicity completed a sale and purchase agreement with Kagara for its 100% interest in the Admiral Bay Project. Metalicity did not conduct any further exploration on the Project focussing on technical studies to examine project viability as discussed further below.

5. Mineral Resource Estimates

5.1. Overview

VRM has reviewed two known Mineral Resource estimates that are considered material to the valuation, one recently announced at Kookynie and the second from 2015 relating to Admiral Bay. Each area has several previous historical estimates of mineralisation which were subsequently updated and reported applying the guidelines of the JORC Code (2012 Edition). At Kookynie the most recent Mineral Resource estimates were announced by Metalicity on 1 April 2022, while those at Admiral Bay were last reported to the ASX on 16 February 2018, but VRM has chosen to also consider an earlier high-grade estimate announced on 10 February 2015.

As required by the VALMIN Code, Clause 4.1, VRM has undertaken a review of the Mineral Resource estimation documentation and technical data to provide an assessment of the reasonableness of the Mineral Resource estimates for the Kookynie and Admiral Bay Projects as key inputs into the valuation. The underlying geological or geochemical datasets have not been validated, nor has there been a complete audit or reassessment of the resource. The Mineral Resources for the Projects have not been re-reported or re-estimated as a part of this report. The technical data was reviewed to the extent required by the VALMIN Code to inform the valuation, however full due diligence was not undertaken.

Information Sources

The contents of this Review have been created using the Mineral Resource estimation data and reports provided by Metalicity up until April 2022.

Estimates for the Kookynie Project gold deposits were completed by Ashmore Advisory Pty Ltd (Ashmore). The original Mineral Resource report was provided (Ashmore, 2022), but the underlying geological databases were not reviewed by VRM. The Mineral Resource estimates conducted by Ashmore were in turn reviewed by CSA Global Pty Ltd (CSA Global) as announced by Metalicity (1 April 2022) Metalicity's ASX announcements dated 1 April 2022 and 12 March 2020 detailing the results of Mineral Resource updates including JORC Table 1 summary information were used within this report.

Estimates for the Admiral Bay zinc deposit were completed by Ridley Mineral Resource Consulting Pty Ltd (RMRC) in 2016 and reviewed against the JORC Code (2012) by Optiro Pty Ltd (Optiro) in 2018. The original 2016 Mineral Resource report was provided but the underlying geological databases were not reviewed. In addition, Metalicity's ASX announcement dated 4 July 2016 detailing the results of Mineral Resource updates including JORC Table 1 summary information was used to compile this report. Other Metalicity announcements that mentioned Admiral Bay including those dated 16 February 2018, 19 June 2017, 17 May 2017, 19 April 2017, and 10 February 2015 were also used in some instances.

In VRM's opinion, the information provided was of reasonable quality and satisfactorily addressed the VALMIN Code Clause 5.2 (c) paragraph 4 requirements to allow an assessment of the reasonableness of the approach to the Mineral Resource estimates for the two deposit areas reviewed.

5.2. Kookynie Mineral Resources

The Kookynie Mineral Resources estimates have been reported in compliance with the JORC Code (2012) reporting standard and are summarised in Table 2. The Mineral Resource estimate is the most recent estimate of mineralisation reported by Metalicity and was completed by an independent consultant, reviewed by another consultancy firm, and announced on 1 April 2022.

Table 2 Kookynie Project JORC 2012 Mineral Resource Estimates as at March 2022 using a 0.5g/t Au cut-off for gold (Source: Metalicity ASX announcement dated 1 April 2022)

Deposit	Indicated			Inferred			Total		
	Tonnage kt	Au g/t	Au Ounces	Tonnage kt	Au g/t	Au Ounces	Tonnage kt	Au g/t	Au Ounces
Leipold	450	1.3	19,000	630	1.7	34,000	**1,080**	**1.5**	**53,000**
Champion				380	1.7	20,000	**380**	**1.7**	**20,000**
McTavish				120	2.0	8,000	**120**	**2.0**	**8,000**
Total	**450**	**1.3**	**19,000**	**1,130**	**1.7**	**62,000**	**1,580**	**1.6**	**81,000**

The above information is extracted from the announcement entitled 'Kookynie Maiden JORC 2012 Mineral Resource Estimate' created on 1 April 2022 and is available to view at www.metalicity.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Kookynie Project comprises reported Mineral Resources of 1.58Mt at 1.6g/t Au for 81,000oz contained gold (Metalicity, 2022). There are three individual deposits for which Mineral Resources have been reported, and as these are considered material to the project valuation this work has been reviewed at a high level as required by the VALMIN Code.

This section of the report is based on an assessment of the Mineral Resource Estimates reported by Metalicity on 1 April 2022.

Previous open pit mining and historical underground mining has been conducted at the Leipold, Champion and McTavish deposit areas.

Recently Mineral Resources have been estimated for the deposits updating earlier Exploration Targets reported in accordance with the JORC Code (2012) for Leipold, Champion and McTavish and previous historic estimates of mineralisation reported in accordance with an earlier version of the JORC Code (2004). The 2022 estimate was completed for Metalicity and reported at a 0.5g/t Au cut-off. Open pit mining was conducted at each of the deposits in the 1980's.

The previously reported Exploration Targets included range estimates for the Diamantina-Cosmopolitan-Cumberland (DCC) Trend as summarised in Table 3.

Table 3 Kookynie Project JORC 2012 Exploration Target estimate for the DCC Trend as at March 2020 (Source: Metalicity ASX announcement dated 12 March 2020)

Kookynie Gold Project "Exploration Target" Summation						
Prospect	Grade Range		Tonnage Range		Ounces	
	Lower g/t Au	Upper g/t Au	Lower tonnes	Upper Tonnes	Lower ounce range	Upper Ounce Range
Diamantina-Cosmopolitan-Cumberland (DCC) Trend	10.0	15.0	300,000	600,000	100,000	290,000
previously excluded area of underground development	6.0	10.0	600,000	1,000,000	115,000	320,000
Overall Ounce Range					215,000	610,000

The above information is extracted from the announcement entitled 'Kookynie Gold Project – Development Strategy & Exploration Target Update' created on 12 March 2020 and is available to view at www.metalicity.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

All the Mineral Resource estimates are open along strike and down dip with further infill drilling required. In addition, the March 2022 estimates do not include the results of diamond drilling conducted by Metalicity in December 2021. Metalicity (2022) reports that these pending results may materially impact on the estimates for Leipold and McTavish and that core demonstrates that the mineralised zones remain open at depth.

The current estimate for the deposits was completed using Ordinary Kriging. The 0.5g/t Au cut-off reflects the potential of the deposit for open pit mining and on-site processing and is typical in the industry for this style of project. The March 2022 Mineral Resources were reviewed by CSA Global to ensure the resources were robust and to compare with the historic 2011 previous estimates. The comparison found that earlier drilling data had several issues, particularly regarding collar positioning and that this, along with other quality assurance / quality control (QAQC) concerns, historical data pre-Metalicity was excluded from the databases that informed the estimates (Metalicity, 2022).

Geology and Mineralisation

There are several styles of gold mineralisation noted in the Kookynie region. Within the Kookynie Project area there are several historical gold mines including the Leipold, Mc Tavish, Champion, Cosmopolitan and Altona mines. Gold mineralisation along the Champion, McTavish and Leipold trend is associated with brittle reverse fault structures with continuous steeply (approximately 45° to 60°) east dipping north-south trending quartz vein bearing shear zones. Local steeply plunging ore shoots within microgranite, chloritic-mafic and felsic volcanic hosts also occur. Quartz veining includes both massive and laminated quartz and localised stockwork zones are also present.

Weathering across the deposits varies from near-fresh at surface to up to 40 to 50m depth. Geological logging was used to create weathering surfaces and wireframes were used to constrain mineralised zones applying a nominal 0.3g/t gold cut-off grade. This nominal cut-off grade was determined via geospatial review of the grade distribution, supported by statistical analysis of the analytical results that suggested a natural cut-off at this level. A minimum down-hole length of 3m was applied and some zones of internal dilution were included to maintain continuity of the wireframes.

Informing Data and QAQC (Sourced from Metalicity, 1 April 2022)

Drilling and Sampling

The drill hole data used to inform the estimates was reverse circulation drilling undertaken by Metalicity with pre-Metalicity drilling excluded from the estimate as noted previously. All holes were nominally oriented at -60° intersecting the mineralisation at close to true widths. Some cross cutting features were noted and JORC Table 1 information notes these may influence the results.

Drill holes spacing was variable, but areas where drilling was on a grid wider than 20m by 20m was assigned lower confidence, while more densely drilled areas were classified at higher confidence levels.

RC drilling was sampled at 1m intervals in areas where the mineralisation was projected to be intersected and five metres either side as well as and any areas interpreted to be potentially mineralised during logging. Samples were collected from the drill rods, via a cyclone and cone splitter with samples for analysis collected as 2-3kg samples, 5-10kg retained for future analysis and the remainder of the metre placed on the ground for geological logging.

Analysis and QAQC

Metalicity samples were processed by Genalysis Laboratory Services for preparation and analysis. Samples were dried and crushed, then pulverised prior to Fire Assay analysis for gold using a 50g charge and an ICP-ES method.

Standards, duplicates, or blanks were inserted on a 1 in 20 basis and while the Competent Person noted the sampling method was appropriate there was evidence that review of the QAQC data showed that RC field duplicate sample pairs had poor precision and that this could result in misclassification of ore and waste and suggested there may be a significant coarse gold component.

Bulk Density Measurements

Due to the high proportion of RC drilling there was limited bulk density information and the Competent Person recommended that considerable additional work be undertaken with ongoing drilling programs. VRM noted this was being undertaken in conjunction with recent diamond drilling during the site visit. Seven diamond holes at Leipold and McTavish provided 266 fresh rock bulk density measurements and these were used to inform the Mineral Resource estimate. Additional data is required for weathered material.

Data Verification

No twinned holes have been completed and no umpire analysis has been conducted. As noted previously pre-Metalicity drilling requires further validation especially regarding the spatial location.

Mineral Resource Estimate

Three Mineral Resource estimates were undertaken at Leipold, Champion and Mc Tavish based on areas drilled by Metalicity.

Surpac models were created for each estimate with gold variable estimated in the model were generated using Ordinary Kriging (OK) method. The block models were constructed using a 10mN by 5mE by 5mRL parent block size with sub-blocking to 1.25mN by 1.25mE by 1.25mRL. Up to three-pass estimation was applied.

Maximum extrapolation of wireframes from drilling was 20m down dip. First pass searches used a range of 30m with a minimum of eight samples, second pass extended to 60m with a minimum of four samples and if a block was not estimated in the these, a third pass search used a range of 100m with a minimum of two samples. A maximum of 16 samples were used for all passes, with a maximum of six samples per hole.
Deposit mineralisation was constrained by wireframes constructed using a 0.3g/t Au cut-off grade and these were treated as hard boundaries for data and parameters used in the estimation process.

Mineral Resource Classification and Reporting

The Mineral Resource was classified as Indicated and Inferred Mineral Resources based on data quality, sample spacing and continuity of mineralisation. Indicated Mineral Resources were confined to the Leipold deposit (Figure 10) within areas of close drilling spacing (less than 20m by 20m), while areas with less dense drilling and the Champion (Figure 11) and McTavish (Figure 12) deposit areas were classified at Inferred Mineral Resources.
The input data is considered comprehensive and the geological model is confirmed by drilling and geological observations in the historic open pits. The Mineral Resource statement is considered to relate to global estimates of the tonnes and grade.

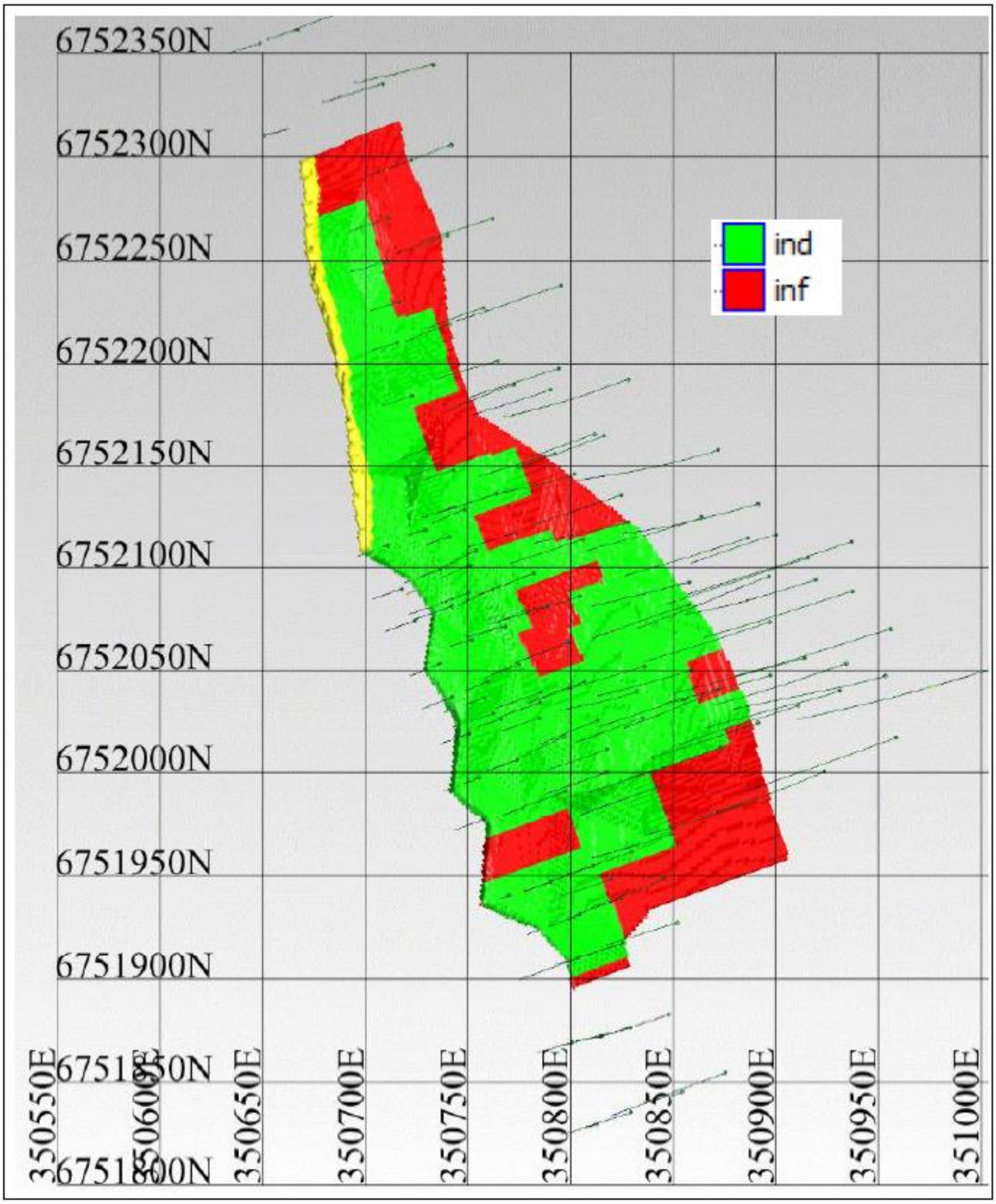
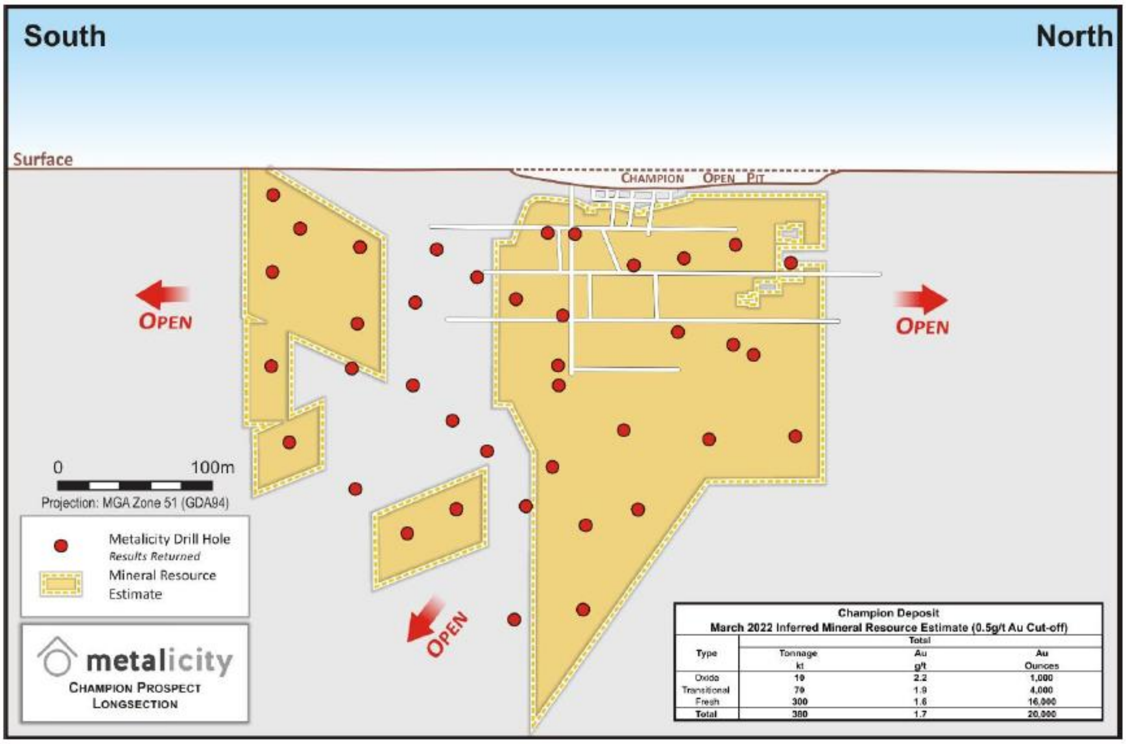
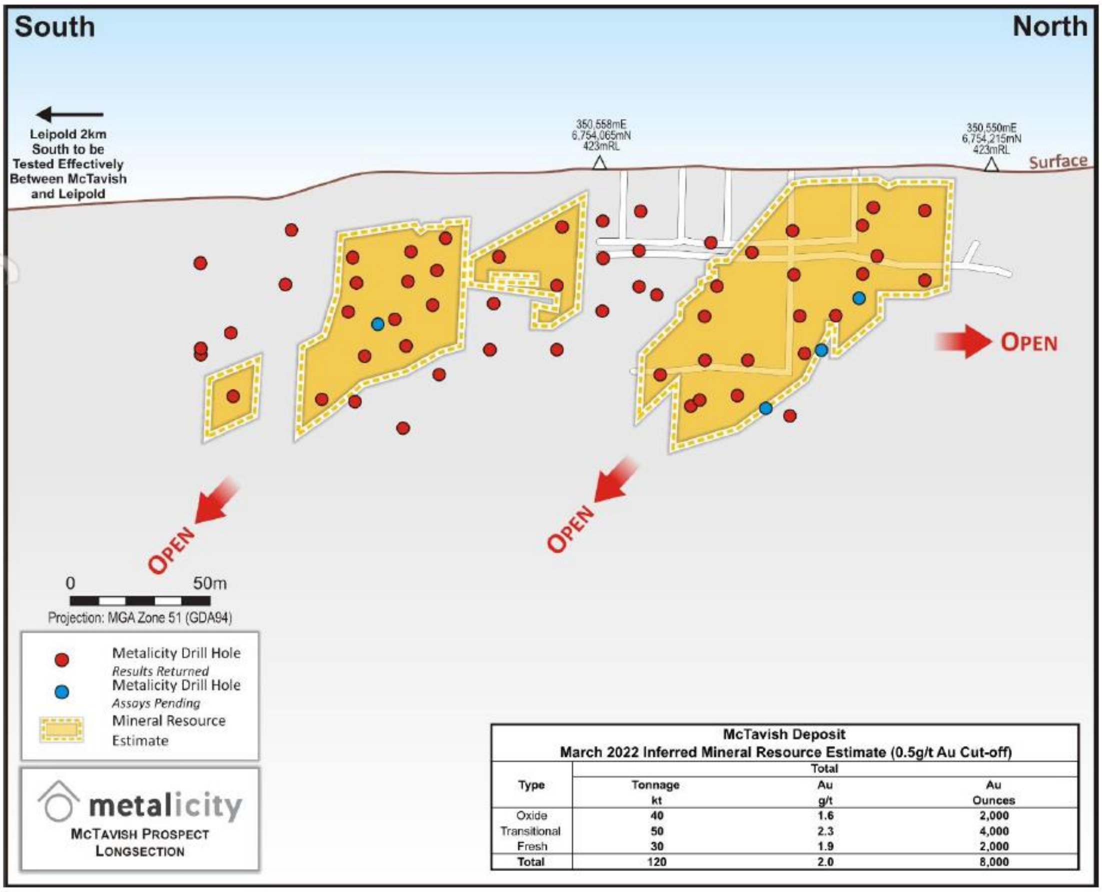


Figure 10 – Plan view of Leipold Mineral Resource classification (Metalicity, 2022)



Type	Total		
	Tonnage kt	Au g/t	Au Ounces
Oxide	10	2.2	1,000
Transitional	70	1.9	4,000
Fresh	300	1.6	16,000
Total	380	1.7	20,000

Figure 11 – Long section of Champion Inferred Mineral Resource estimate extent and drilling (Metalicity, 2022)



Type	Total		
	Tonnage kt	Au g/t	Au Ounces
Oxide	40	1.6	2,000
Transitional	50	2.3	4,000
Fresh	30	1.9	2,000
Total	120	2.0	8,000

Figure 12 – Long section of McTavish Inferred Mineral Resource estimate and drilling (Metalicity, 2022)

Kookynie Mineral Resource Review comments

Drilling previously conducted at Kookynie is extensive and the area has several historical open pits demonstrating the potential for gold in the region. While all previous RAB and AC drilling was excluded from the estimate, as well as all holes drilled prior to 2017 as the integrity of the historical data could not be confirmed the recent Mineral Resource estimate is considered an appropriate representation of the global estimate of tonnes and grades of material based on current drilling.

The independent review of the Mineral Resource estimate supported the exclusion of pre-2017 data and concluded that drilling, sampling and QAQC showed no material issues. VRM supports this position and notes that while the earlier data requires additional verification prior to inclusion in a future Mineral Resource estimate it does demonstrate the presence of mineralisation beyond the currently defined zones. It remains uncertain whether this validation will be able to be achieved but it is considered more likely that considerable additional drilling supported by more extensive QAQC programs, bulk density and metallurgical sampling will need to be completed.

The other potentially significant issue noted in the site visit was the region is structurally complex and there are likely to be high-grade shoots with variable orientation and dimensions given the host rock environment. The frequency, location and geometry of faulting is not well understood. These structural elements are not well defined by the current drilling, and more diamond drill testing is recommended to improve confidence and understanding as well as to supply additional bulk density data.

Areas of previous workings should also be further documented to inform the location of underground historical mining areas, particularly at Champion and McTavish.

Overall, the review by VRM concludes that the modelling approach was reasonable, and the model does not include any fatal flaws. On this basis VRM is of the opinion that as required by the VALMIN Code Clause 7.3 the quality and reasonableness of Mineral Resource estimates to the extent to which they have been reported in accordance with the ASX Listing Rules and the JORC Code can be used to inform the valuation.

5.3. Admiral Bay Mineral Resources

Admiral Bay Mineral Resource estimates have been reported in compliance with the JORC Code (2012) reporting standard and estimates applying differing cut-off grades are sometimes referenced by the Company as further discussed below. The most recent Mineral Resource estimate was completed by consultant RMRC and announced by Metalicity on 4 July 2016 including JORC Table 1 documentation and is summarised in Table 2. This Mineral Resource estimate of 170Mt @ 7.5% ZnEq updated a previous resource that was announced by Metalicity on 24 February 2016 that in turn referred to several other previous resource estimates from 2015, 2014 and 2008.

Table 4 Admiral Bay Project JORC 2012 Mineral Resource Estimates Summary as at 4 July 2016 (Source: Metalicity ASX announcement 4 July 2016)

INFERRED MINERAL RESOURCE										
Zone (MZ)	Description		Tonnes (%)	Density (t/m3)	Zn (%)	Pb (%)	Ag (g/t)	Ba (%)	ZnEq* (%)
	Style	Host Stratigraphy							
11	High Zn, Low Pb	NFM at contact w/CFM	95	3.0	5.7	1.6	29	9	8.1
12	Mod Zn, Low Pb	CFM at contact w/NFM	23	2.7	3.6	0.6	17	2	4.7
20	Low Zn, High Pb	NFM below MZ11	40	3.4	1.7	5.1	19	15	7.2
30	Mod Zn, Low Pb	CFM above MZ12	2	2.7	4.4	0.8	28	1	6.0
40	Low Zn, High Pb	NFM/GFM contact	10	3.9	0.2	9.5	20	17	10.0
50	Mod Zn, Low Pb	CFM above MZ30	0.5	2.7	4.1	1.1	22	1	5.9
All	**TOTAL - Combined Zones**		**170**	**4.1**	**4.1**	**2.7**	**25**	**10**	**7.5**

Notes:

- Nearest neighbour block model estimates into 50mX by 50mY by 360mZ parent block dimensions based on composite drill intersection grades over entire mineralised zone intervals.
- CFM = Cudalgarra (or Bongabinni) Formation, NFM = Nita Formation, GFM = Goldwyer Formation.
- Inferred Mineral Resource subdivided by modelled mineralisation domains based on a notional 3% Zn+Pb cutoff grade.
- No cutoff grade applied to block model estimates for resource reporting.
- ZnEq* is a formula based on LME metal prices in May 2016 and previous Metalicity metal recovery estimates as discussed above.
- Resource tonnages and grades are rounded to two significant figures.

Note: The calculation formula for the zinc equivalence is ZnEq = Zn + 0.97Pb + 0.03Ag (Metalicity, 4 July 2016). VRM assumes that Tonnes are reported as millions and not % as indicated in the above tabulation.

The above information is extracted from the announcement entitled 'Significant Resource Upgrade for Admiral Bay Zinc Project' reported on 4 July 2016 and is available to view at www.metalicity.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

On 19 April 2017 Metalicity announced an update on activities in relation to the reported Mineral Resource within Table 4. Metalicity appointed SRK Consulting (SRK) to review aspects of the geology and estimation of the mineral resource located in the main tenement M04/249 where most of the drilling is concentrated. The review was done concurrently with a Scoping Study that was conducted by SRK. The announcement referred to a previous resource relating to the high-grade core of the zinc deposit of Inferred Mineral Resource estimate 20Mt @ 10% ZnEq (3.2% Zn, 5.8% Pb and 25g/t Ag) within a global Inferred Mineral Resource estimate of 170Mt @ 7.5% ZnEq (Metalicity ASX announcement dated 10 February 2015). The high-grade zone is limited to 2.1 kilometres within the 18-kilometre extent of the 4 July 2016 estimate. Further studies and drilling were planned with the aim of potentially increasing the confidence and resource classification at that time.

The higher-grade Mineral Resource was initially estimated in 2008 and then reviewed and updated to allow reporting in compliance with the JORC Code (2012) reporting standard. The estimate applied a higher cut-off grade and different zinc equivalent calculation and was focussed on the zone of mineralisation that has the highest drilling density. It also did not extrapolate the mineralisation to the extent that the 4 July 2016 resource did. The higher-grade Mineral Resource estimate was compiled by CSA Global Pty Ltd (CSA) and announced by Metalicity on 10 February 2015 including JORC Table 1 documentation and is summarised in Table 5.

Table 5 Admiral Bay Project JORC 2012 Mineral Resource Estimates Summary as at 2008 and announced in 2015 (Source: Metalicity ASX announcement 10 February 2015)

INFERRED RESOURCE						
Zone	Million Tonnes	Zn (%)	Pb (%)	Ba (%)	Ag (g/t)	ZnEq* (%)
ZONE 1 (CFM/NFM contact zone--high Zn/low Pb)	21.9	3.8	0.9	7	14	5.2
ZONE 2 (NFM hosted zone--high Zn/high Pb)	35.1	4	2.1	13	20	6.8
ZONE 3 (NFM hosted zone--low Zn/high Pb)	24.6	0.1	2.7	28	8	3.2
ZONE 6 (NFM/GFM contact zone--low Zn/high Pb)	15.1	0.1	7.5	15	21	8.7
Higher Grade Zone (within above zones)	*20*	*3.2*	*5.8*		*25*	*10*
TOTAL	96.7	2.4	2.9	16	15	5.9

Notes:

- Zones 1, 2 and 6 equate to 72 Mt at 3.1% Zn, 2.9% Pb, 18 g/t Ag and 11% Ba (6.7% ZnEq)
- Inverse Distance (Power=2) Whole Block Estimates using 25mE by 25mN by 5mRL Parent Block Dimensions
- Reported using a Zinc Equivalent lower cut-off grade of 2% where ZNEQ=ZN+(0.79*PB)+(0.02*AG)
- Unconstrained and using ROUNDED figures.
- Zinc-Lead-Barium-Silver Grade-Tonnage Distributions subdivided by JORC Resource Categories.
- CFM = Cudalgarra Formation, NFM=Nita Formation, GFM=Goldwyer Formation (NB Kagara referred to the Bongabinni Formation as Cudalgarra Formation in their work)
- ZnEq is PLD 2015 formula Zn+1.06Pb+0.03Ag, see below.

The above information is extracted from the announcement entitled 'Higher Grade Resource of 20 Mt at 10% ZnEq for Admiral Bay' reported on 10 February 2015 and is available to view at www.metalicity.com.au. The

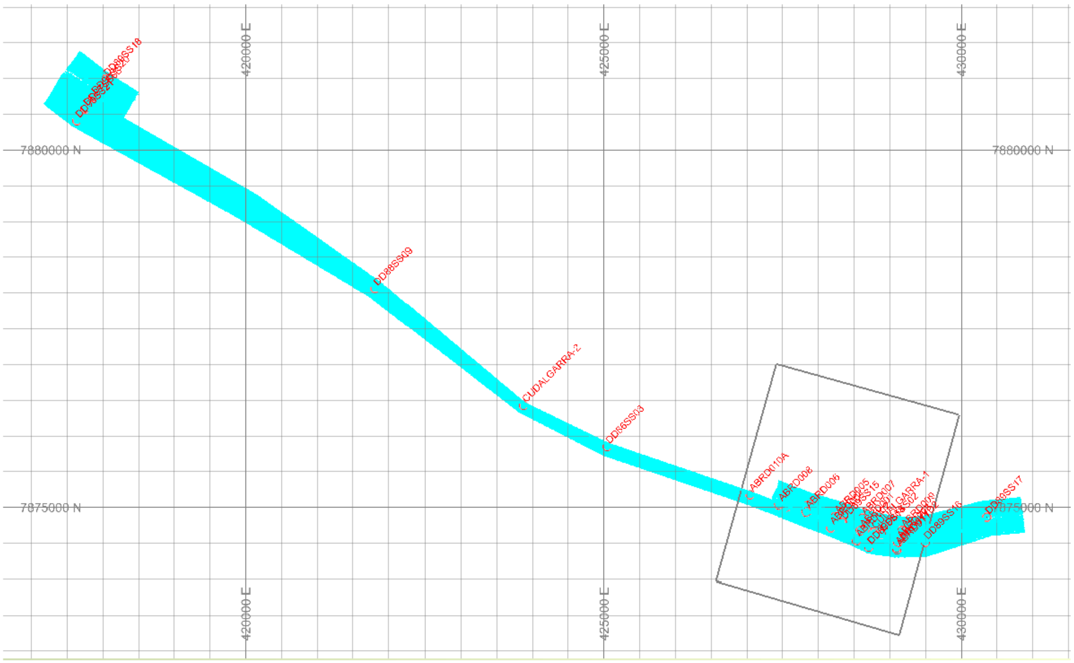
Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

In February 2018 Metalicity issued another Mineral Resource update, having then recently commissioned Optiro to review the Admiral Bay resource estimates, classification, and reporting against the JORC Code (2012) and the Canadian Institute of Mining and Metallurgy (CIM) Standards 2014 ahead of a potential TSX Ventures exchange listing. The Mineral Resource and Exploration Target Range estimates were reviewed by Optiro and announced by Metalicity on 16 February 2018. No JORC Table 1 information was published supporting the update, but the statement endorsed the estimates stating '*the classification and reporting under the CIM Standards (CIM, 2014) would result in an identical tabulation and classification of the JORC 2012 Mineral Resource estimate published on 4/7/2016 by Ridley Mineral Resource Consultants…*' as summarised in Table 4.

The polygonal resource estimation method, inferred resource classification, zinc equivalence value and resource reporting was reviewed, concluding that the Mineral Resource could only be reported on a global mineralised zone basis notionally applying a 3% zinc and lead reporting cut-off. It was noted that '*the degree of extrapolation is considerable in some cases,*' but it was considered that it was appropriate to report the estimate without modification. Only preliminary metallurgical recoveries were available to inform the zinc equivalence calculation. It was noted that reporting above any alternative cut-off grade could only be completed by polygonal methods involving re-interpreting the mineralised zones applying the changed cut-off criteria.

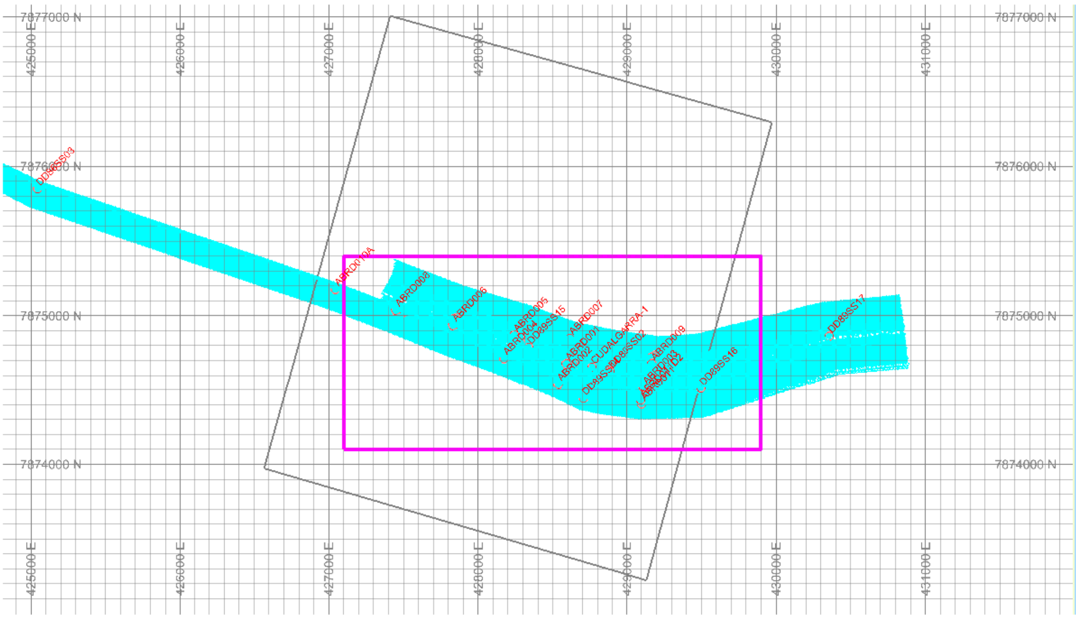
The Optiro review also referred to the smaller, higher grade Mineral Resource reported in 2015 that was derived from the 2008 Mineral Resource compiled by Coffey in 2008. The 2015 CSA estimate comprised a block model with grades estimated into 25m x 25m x 5m blocks using an inverse distance squared estimation algorithm. Mineralised domains were defined based on areas where either zinc or lead grades exceeded 1.5% to 2.0% and were largely constrained to Mining Lease M04/249. The zinc equivalence formula was slightly different applying differing prices emphasising the lead component.

The spatial relationship and location of informing drill holes of the 2016 Mineral Resource estimate compared to the high-grade 2015 Mineral Resource estimate is shown diagrammatically in Figure 13 and Figure 14. Block model grades of the high-grade estimate are shown in Figure 15. It is evident that the 2015 estimate is informed by higher drilling density with more than one hole per section – see Figure 16.



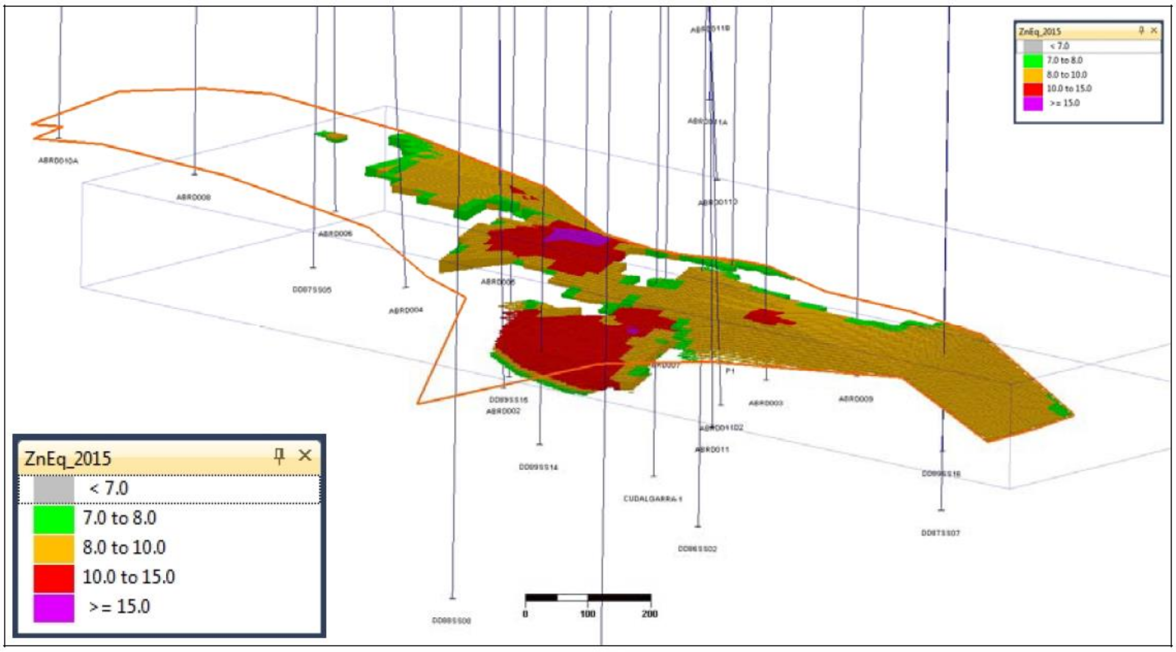
(Source Metalicity ASX release dated 16 February 2018)

Figure 13 – Plan extent of the 2016 Mineral Resource estimate (light blue) with annotated drill hole locations (red) and position of the Mining Lease M04/249 (grey box)



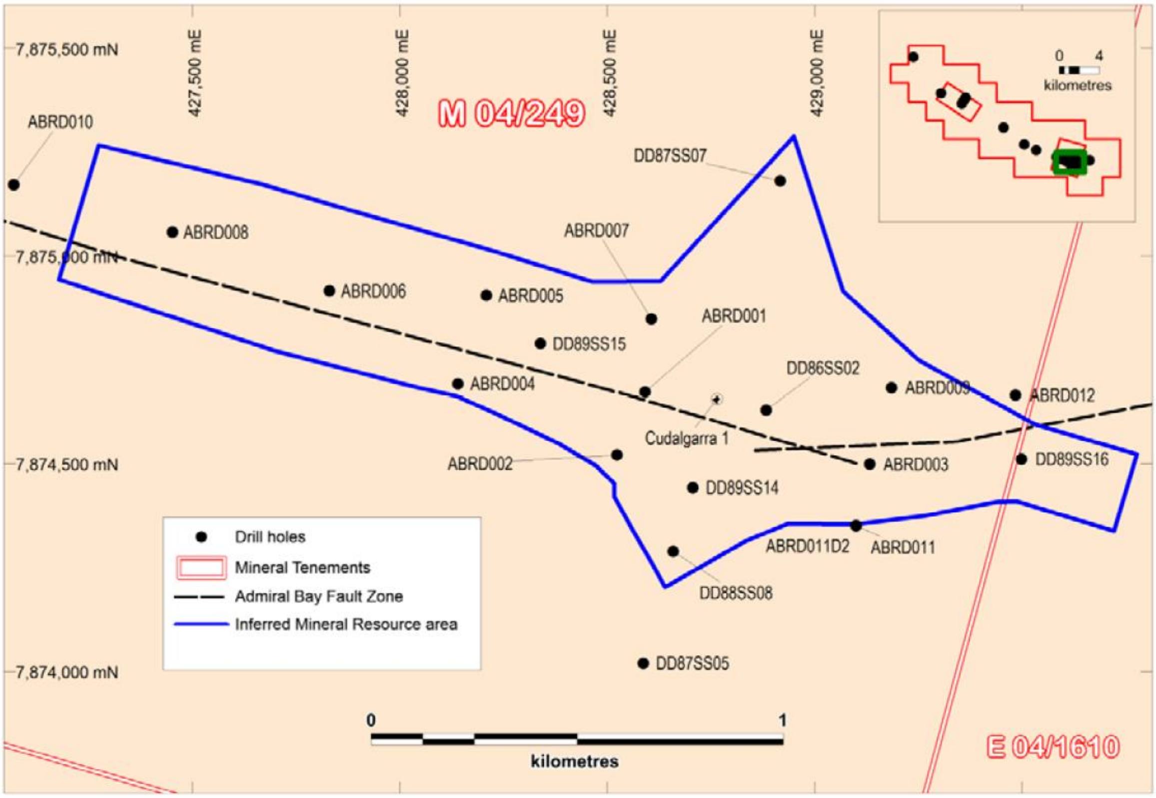
(Source Metalicity ASX release dated 16 February 2018)

Figure 14 – Local plan showing extent of the 2015 reported 2008 Mineral Resource estimate (magenta box) in relation to the 2016 Mineral Resource estimate (light blue) annotated drill hole locations (red) and position of the Mining Lease M04/249 (grey box)



(Source Metalicity ASX release dated 10 February 2015)

Figure 15 – Oblique image showing block model ZnEq grades of the 2015 higher-grade Mineral Resource estimate and drilling (black). The grey box corresponds to the magenta box on the previous figure



(Source Metalicity ASX release dated 10 February 2015)

Figure 16 – Plan of the drill holes informing the 2015 higher-grade Mineral Resource estimate and area in relation to the tenement boundaries

As of March 2020, the Admiral Bay Project has reported to be on 'care and maintenance' and the Mineral Resource estimates have not been included within Company Annual Reports since 2018. Within the 2019 Annual Report the Company noted that the Board had impaired the Admiral Bay assets.

While the deposit was discovered in 1981 there has been only limited drilling, and this remains an exploration stage Project. The mineralised zones are approximately tabular and sub-horizontal at a nominal depth of 1,350m below the surface.

This section of the Report is largely sourced from the JORC Table 1 information supplied as an Appendix to summary information on the resource within Metalicity ASX announcement dated 10 February 2015.

Geology and Mineralisation (Sourced from Metalicity, 10 February 2015)

The Admiral Bay zinc-lead-barite mineralisation is hosted by a variably dolomitised siltstone -shale-limestone sequence known as the Nita Formation. The Nita Formation is host to an upper zinc-rich and lower lead-rich zone of mineralisation that underlies surface geology dominated by Quaternary aeolian sand dunes. Basement geology comprises a thick sequence of Cretaceous-Jurassic-Permian sandstones and siltstones that overly the Nita Formation within the Admiral Bay Fault Zone (ABFZ) a major fault that separates the Broome Platform from the Willara sub-basin of the Canning Basin (Metalicity, 2015). The mineralised corridor at Admiral Bay extends over 18 km of strike length but drilling has focussed on the main higher-grade zone of mineralisation over a strike length of 2.1 kilometres (Figure 13).

Informing Data and QAQC (Sourced from Metalicity, 10 February 2015)

Drilling and Sampling

The drill hole data used to inform the estimates was diamond core drilling undertaken by CRA and Kagara. A total of 21 surface diamond holes were used to inform the 2015 estimate, 11 of which were completed by Kagara. All holes were vertical and rotary mud pre-collars were used to drill the cover sequence and manage zones of artesian water and gas.

Kagara drilling was mostly HQ sized diamond core and logged core recovery is only available for this drilling, not that conducted by CRA. Drilling was oriented to intersect the 285° trending stratigraphic sequence at approximately 200 to 400m intervals over approximately 2.6km strike length. Definition of mineralisation across strike is limited with only four of the oblique sections having more than two drill holes.

The entire length of drill core was sampled and analysed at 1m intervals, while for pre-collars 10m composite samples were collected but not assayed. For the CRA drilling half core was sampled and for the Kagara holes HQ core was quarter core was sampled, except for a single partial NQ sized hole for which half core was sampled.

Analysis

CRA samples were processed by Analabs and a four-acid digest with AAS finish was applied for Cu, Fe, Pb, Zn, Ag, Ca, Mg; pressed powder XRF for Ba, Sr, and fusions / specific ion electrode for F

Kagara samples were processed by SGS Mineral Services and also used four acid digestion with AAS finish was applied for Cu, Fe, Pb, Zn; four-acid digest with ICPOES finish for Ag, Ca, Mg, As, Bi, Co, Dc, Sb; Leuco analyser for S and fusion with OES finish for Ba and Sr.

The assaying data used in the 2015 estimate was slightly incomplete as the 5,807 samples within the resource area only 5,704 has data for Zn, Pb and Cu.

QAQC

For CRA drilling a limited number of field duplicate samples of quarter core were included drilling, while for Kagara drilling field QAQC procedures included insertion of one commercial standard for every 25 samples.

Bulk Density Measurements

There is no documentation regarding the collection of bulk density data, but the Competent Person reports that data in the drillhole database suggests it was collected on site using the Archimedean method on either half or quarter core.

Bulk density data was allocated to the corresponding raw sample intervals containing assay data, and it was noted that the bulk density intervals tended to be smaller and selective relative to the assay intervals.

A wireline suits comprising gamma, calliper, density, neutron, resistivity, SP, temperature, sonic and magnetic deviation was collected from all holes.

Data Verification

Core was logged and data sent for validation and database storage. High quality photos were provided for the CRA drilling and all Kagara drill holes that were validated against analytical results.

Mineral Resource Estimate

Five individual mineralised zones were interpreted based on drill hole sample data at approximate 1.5-2% zinc and/or lead cut-offs to define sulphide mineralised zones. These zones extend for 2.1km and vary in width from 150m to 670m with a maximum thickness of 50m for individual envelopes. The zones extend from a depth of 1,160m to 1,500m below surface (Figure 15).

All zinc, lead, copper, silver, total sulphur, and barium variable estimated in the model were generated using inverse distance squared (ID2) using Datamine software. The block model was constructed using a 25mE by 25mN by 5mRL parent block size with sub-blocking to 6.25mE by 6.25mN by 1.25mRL.

For all variables estimated (Zn, Pu, Cu, Ag, Sr, and Ba), two-pass estimation was applied, with progressively expanded sample searches applied to successive estimation passes only considering blocks not previously assigned. First pass searches used an anisotropic range of 600 m by 300 m by 300 m with major axis oriented horizontally along strike. If a block was not estimated in the first pass, a second pass search used a maximum range of 1200 m by 600 m by 600 m.

The maximum number of composites used for any estimate was restricted to 20 composites for all estimated variables and the minimum number of composites used for any first pass estimate was 10. The minimum number of composites used for any second pass estimate was two composites for all estimated variables. No octant or other search constraint was applied.

All mineralised zone divisions were treated as hard boundaries for data and parameters used in the estimation process.

Mineral Resource Classification and Reporting

The Mineral Resource was classified as Inferred Mineral Resource based on the evidence from drill sampling and seismic interpretation. This evidence was considered by the Competent Person sufficient to imply but not verify geological and grade continuity.

The resource was reported using a zinc equivalent lower cut-off grade of 7.7% based on the calculation parameters tabulated in the announcement and included below:

Metal	Metal Price US$	Price in Assay units US$	Concentrate Recovery %	Recovered Unit Pricing US$	ZnEq Factor[1]
Zinc	1.00/lb	22.04 per %	90	19.84	1.0
Lead	1.00/lb	22.04 per %	95	20.94	1.06
Silver	19/oz	0.61 per ppm	95	0.58	0.03

- [1] Approximating to head grade

The metallurgical recoveries were derived from preliminary test work conducted by CRA and Kagara and the calculation formula was stated as the following: ZnEq = Zn + 1.06Pb + 0.03Ag

5.4. Status of Technical Studies

Kookynie or Yundamindra Projects

VRM is not aware of any previous technical studies on the Kookynie or Yundamindra Projects.

Admiral Bay Project

A number of technical studies have been previously completed at Admiral Bay. While VRM considers these are now largely outdated these studies highlight some project risks that remain relevant.

Most recently, in 2017 Metalicity and SRK developed a scope of work for Pre-Feasibility Stage (PFS) studies for Admiral Bay. The scope included two stages, the second being contingent on a positive outcome from Stage 1. The first stage included review of the resource, assessment of the Grant aquifer, geotechnical assessment, certainty of rock temperatures at depth, suitability of applying ore sorting technology and production of a direct shipping product. At completion of Stage 1 it was reported that results were positive, and some project areas had been de-risked with a recommendation to progress to Stage 2 involving a Joint Venture partner, as announced by Metalicity on 10 October 2017.

Particular areas identified as requiring further work included additional resource drilling, continued test work and evaluation of mine design aspects amongst others. While Metalicity noted that discussions with multiple parties were advanced no further announcements have been made by the company regarding any outcome of these. The PFS followed on from a previous Scoping Study also conducted by SRK in 2016.

Earlier in 2010 RSV Australia Pty Ltd (RSV) conducted a Pre-Feasibility Study report that highlighted several risks including limited resource drilling, hydrological conditions not being defined, limited geotechnical information particularly considering the depth of mineralisation, environmental and permit application risks as well as engineering challenges. Significant infrastructure development would be required, including consideration of an exploration shaft and drilling platform.

There were also earlier studies conducted.

Admiral Bay Technical Studies Review Comments

As a part of this assignment VRM has undertaken a high-level review of the previous studies. In our view, while there are significant opportunities to extend the mineralisation the very wide spaced drilling and the depth of the mineralisation at Admiral Bay generate significant technical risks associated with an assessment of the eventual economic extraction of the currently delineated mineralisation. Of significant concern are the geothermal gradient of four degrees per 100m of depth, which results in an estimated rock temperature at the mineralisation of between 75°C and 85°C. In addition to the high to extreme rock temperatures modelled at the mineralisation there are major regionally extensive aquifers that occur above the mineralisation, these would cause significant de-watering and associated geotechnical challenges with any potential operation.

Importantly the work on these and other aspects of the project are at an early stage, and, in VRM's opinion, it is possible that some of these issues or other challenges not yet identified could result in an inability to economically extract the currently identified mineralisation.

Overall, the review by VRM concludes that the technical studies are not current. Furthermore, VRM is of the opinion that as required by the VALMIN Code Clause 7.3 the quality and reasonableness of the global Mineral Resource estimates at Admiral Bay to the extent to which they have been reported in accordance with the ASX Listing Rules and the JORC Code are not appropriate to inform the valuation. VRM considers that the high-grade portion of the previously reported Mineral Resource estimate may have a reasonable basis for use in the valuation with appropriate discounting. This is discussed further in the valuation sections of this report.

6. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 6 and provides a guide as to the most applicable valuation techniques for different assets.

Table 6 VALMIN Code 2015 valuation approaches suitable for mineral Properties

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Kookynie, Yundamindra and Admiral Bay are best described as advanced exploration to pre-development stage with surrounding exploration tenure at an earlier exploration stage. There are Mineral Resource estimates within both the Kookynie and Admiral Bay Projects which are reported under the JORC Code (2012), and various earlier and historical estimates of mineralisation reported at all three Metalicity Projects. No Ore Reserve estimates are reported.

The valuation of the tenements that host Mineral Resources is based on a comparable transaction (market - based approach) with supporting valuation methods used including a yardstick approach (market-based approach). A geoscientific (Kilburn) approach and a prospectivity enhancement multiplier (PEM) were also applied to surrounding exploration tenements, these valuation methods being cost-based.

The overall Mineral Asset value has been determine based on the sum of the parts with the value of the Mineral Resources added to the exploration potential and Exploration Targets.

VRM has reviewed the available technical details of the tailings at Kookynie and based on the Nex re-processing of tailings at Yundamindra, considers that they have negligible value. Based on the current studies VRM does not consider there to be sufficient reasonable grounds to allow the reporting of contained metal and therefore of the potential value of such material. Importantly the tailings also have an environmental rehabilitation liability. VRM considers the environmental liability may be offset by any potential value derived from reprocessing the tailings. Therefore, in this valuation the minimal potential value of the tailings has been offset against the environmental liabilities resulting in a net zero value of the tailings.

6.1. Previous Valuations

VRM is not aware of any recent public valuation reports on either the Kookynie, Yundamindra or Admiral Bay Projects.

However, VRM is aware that in August 2018, Nex commissioned Mat Mining Pty Ltd (Mat) to undertake a valuation of the Kookynie and Yundamindra projects to assist Nex in guiding its exploration (Nicholls, 2019). VRM has not sighted this report due to its internal / confidential nature.

In addition, the Metalicity 2019 Annual Report notes (on page 57) that duty was payable to the Office of State Revenue (now Revenue WA) relating to the acquisition of Admiral Bay 'based on a valuation of $11.4 million'. VRM has not reviewed the report relating to this valuation and given it was acquired from the Administrators of Kagara Ltd it may not represent a market value at the time.

6.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 4 April 2022 being the valuation date of this Report. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

6.3. General assumptions

The Mineral Assets of Metalicity and Nex are valued using appropriate methodologies as described Table 6 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the Metalicity and Nex Mineral Assets located within tenements controlled by the Companies and not the Companies themselves nor their shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe,

- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The gold prices assumed (where it is used / considered in the valuation) is as at 4 April 2022, being US$1,930.30/oz (source Kitco.com London PM Fix),
- The zinc prices assumed (where it is used / considered in the valuation) is as at 4 April 2022, being US$4,408.00/tonnes (source LME-SHG Zinc99.995% Cash (chart)),
- The US$ - AUS$ exchange rate of 0.7515 (www.xe.com) resulting in an Australian dollar price of AUS$2,573.36/oz and AUS$5,865.50/tonnes respectively for gold and zinc.
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US$.

6.4. Market Based Valuations

As the Kookynie and Yundamindra Projects being valued in this Report are dominantly prospective for gold it is important to note the current market conditions and supply and demand fundamentals of the precious metal markets. The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe-haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Global uncertainty in regard political instability in Europe and following to the COVID-19 pandemic, and the resulting impact to the world economy has driven an increase in the gold price since early 2020. Figure 17 shows the gold price over the last five years.

Figure 17 - Five-year gold price graph (April 2017 to April 2022). Australian Dollars (Source: S&P Capital IQ)

The Admiral Bay Project being valued in this Report is dominantly prospective for zinc and this commodity is somewhat different to gold. Zinc is used in alloys for industrial applications, in sheeting products, chemicals, medicine, paints and batteries. Exchange and trade zinc inventories have been falling dramatically resulting in increased prices over the past couple of years. Mounting sanctions on Russia after its invasion of Ukraine triggered concerns about energy security that in turn led to smelters reducing zinc production or stopping all together further exacerbating demand and the view of zinc futures. Figure 18 shows the zinc price over the last five years.

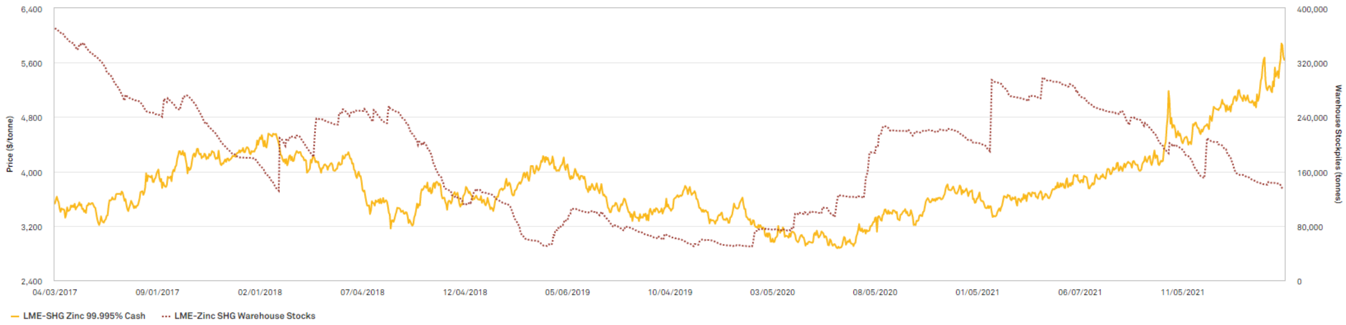


Figure 18 - Five-year zinc price graph (April 2017 to April 2022). Australian Dollars (Source: S&P Capital IQ))

6.5. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties including the following:

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

As at the Valuation Date there were no current Ore Reserves estimated for the Metalicity and Nex Projects, therefore a DCF based approach is not considered suitable.

6.5.1. Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to three years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Kookynie and Admiral Bay Projects.

6.5.2. Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used by other independent specialists and used in other VALMIN reports. The US$-AUS$ exchange rate and gold price as of 4 April 2022 and documented above have been used to determine the yardstick valuation.

6.6. Valuation of Exploration Properties

To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- A Geoscientific (Kilburn) Valuation
- Comparable transactions (purchase) based on the Properties' area
- Joint Venture terms based on the Properties' area
- A prospectivity enhancement multiplier (PEM)

The methodology to determine the Comparable transactions based on a project's area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The comparable transaction multiples can also be useful but are strongly related to the projects tenement area so can be conservative for small areas and overstate large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

6.6.1. Kilburn Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are:

- Off Property Factors – including the proximity to (both adjacent to and along strike of) a major deposit,
- On Property Factors – being the occurrence of a mineral system on the tenement,
- Anomaly Factors – an assessment of the success of previous exploration within the tenement, and
- Geological Factors – the geological prospectivity of the geological terrain covered by the mineral claims or tenements.

In early-stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the above ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 7 documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section below. VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. For the Kookynie, Yundamindra and Admiral Bay tenements the BAC is derived from the Western Australian DMIRS. While there is currently no expenditure commitment at Yundamindra due to the tenement plaints VRM has based the BAC on the expected expenditure commitment assuming the tenement plaints are removed.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 7 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

Table 7 Ranking criteria are used to determine the geoscientific technical valuation

<table>
<tr><th colspan="5">Geoscientific Ranking Criteria</th></tr>
<tr><th>Rating</th><th>Off-property factor</th><th>On-property factor</th><th>Anomaly factor</th><th>Geological factor</th></tr>
<tr><td>0.1</td><td rowspan="3"></td><td rowspan="3"></td><td></td><td>Generally unfavourable geological setting</td></tr>
<tr><td>0.5</td><td>Extensive previous exploration with poor results</td><td>Poor geological setting</td></tr>
<tr><td>0.9</td><td>Poor results to date</td><td>Generally unfavourable geological setting, under cover</td></tr>
<tr><td>1.0</td><td>No known mineralisation in district</td><td>No known mineralisation within</td><td>No targets defined</td><td rowspan="2">Generally favourable geological setting</td></tr>
<tr><td>1.5</td><td>Mineralisation identified</td><td>Mineralisation identified</td><td rowspan="2">Target identified; initial indications positive</td></tr>
<tr><td>2.0</td><td rowspan="2">Resource targets identified</td><td rowspan="2">Exploration targets identified</td><td rowspan="2">Favourable geological setting</td></tr>
<tr><td>2.5</td><td rowspan="2">Significant intersections – not correlated on section</td></tr>
<tr><td>3.0</td><td rowspan="2">Along strike or adjacent to known mineralisation</td><td rowspan="2">Mine or abundant workings with significant previous production</td><td rowspan="2">Mineralised zones exposed in prospective host rocks</td></tr>
<tr><td>3.5</td><td rowspan="3">Several significant ore grade intersections that can be correlated</td></tr>
<tr><td>4.0</td><td>Along strike from a major mine(s)</td><td rowspan="2">Major mine with significant historical production</td><td rowspan="2"></td></tr>
<tr><td>5.0</td><td>Along strike from world class mine</td></tr>
</table>

The technical valuation was discounted / escalated to derive a market valuation. A market factor was derived to account for the status of the gold market which is currently elevated as shown in Figure 18. On that basis, the technical valuations are inflated by 15% for the status of the gold and zinc market conditions and there has been no discount applied for the locational risks associated with the projects. However due to the status of the tenement plaints on the Yundamindra tenements VRM has discounted the technical value of the Yundamindra tenements by 30%.

For early-stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used. Where Mineral Resources or Ore Reserves are present VRM considers that these are the primary value driver, and the surrounding exploration ground is usually less material.

6.6.2. PEM Valuation

As outlined in Table 6 above and in the VALMIN Code a cost-based or appraised value method is an appropriate valuation technique for early-stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 8 below. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used once a JORC 2012 resource has been estimated. In the opinion of the authors, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated. Only expenditure that is considered to be effective exploration expenditure is used in the PEM valuation. Additionally, VRM only uses expenditure over the past five years as that is considered sufficient time to advance a project toward a Mineral Resource estimate which would be valued using other valuation methods.

Table 8 Prospectivity Enhancement Multiplier (PEM) ranking criteria

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting, mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

7. Metalicity and Nex Projects Valuation

The principal mineral assets valued as a part of this ITAR are the Kookynie and Admiral Bay Projects. There are recently updated Mineral Resource estimates for the Kookynie Project, as well as a package of surrounding tenements that are variably prospective and have had differing levels of previous exploration. The Mineral Resources for both projects have been valued using the comparable transaction method with a secondary valuation method being a yardstick method. For Admiral Bay VRM prefers to apply the higher-grade Mineral Resource estimate of 20Mt at 10% Zn equivalent as detailed in Table 5 and explained previously in Section 5.3.

VRM has undertaken a valuation based on several techniques, these being a comparable transaction (resource multiplier) and Yardstick method as a cross check for the reported Mineral Resource estimates. The Exploration Target identified within the Kookynie project on M40/61 has been valued using a Kilburn valuation method as a primary method and a Yardstick method as a supporting method. The surrounding exploration tenure have been valued considering a Kilburn or Geoscientific valuation method and a Prospectivity Enhancement Multiplier (PEM) method as described further below.

7.1. Comparable Transactions – Resource Multiples

VRM reviewed a series of gold and zinc resource transactions in Western Australia over the past five years. A resource multiple was calculated for each transaction to determine the gold price paid per ounce or zinc price paid per tonne and a resource multiple was also calculated as a value normalised to the transaction date considering the relative gold and zinc prices to account for market fluctuations.

Kookynie

As detailed in Appendix A, VRM has reviewed a series of transactions on projects that are broadly comparable to the Kookynie Project. The broad criteria to be considered potentially comparable was that the project must have met the following criteria:

- Location in Western Australia,
- Transaction was announced or completed since 20 December 2016,
- Property included a Mineral Resource above 100,000oz of gold, as this was considered the quantum of mineralisation considering the Mineral Resource and Exploration Target,
- Any project that was operating or had processing facilities associated with the transaction were excluded,
- The comparable projects that would reasonably be expected to be exploited by conventional open pit mining methods and potentially with underground extensions, and
- The mineralisation likely to be processed via a standard processing flowsheet.

These criteria identified 38 potentially comparable project specific transactions. Of these 38 transactions 7 had Ore Reserves and Mineral Resources while 31 has Mineral Resources but no Ore Reserves delineated.

The comparable transactions have been selected from Projects where there are Mineral Resources where Ore Reserves have not yet been delineated. The reason for excluding the projects where Ore Reserves have been estimated is due to transactions associated with delineated Ore Reserves transact at a higher resource multiple due to the additional work and knowledge of the modifying factors associated with delineation of an Ore Reserve.

To remove the fluctuations in the gold price the transaction multiples have been normalised to the gold price at the time the transaction was announced and the gold price at the valuation date (4 April 2022).

From the analysis of the 31 completed transactions from comparable projects where there are Mineral Resources, but no Ore Reserves VRM has determined that the normalised resource multiples for broadly comparable transactions range from A$0.3/oz to A$106.21/oz. Analysis of the dataset indicated the median of the comparable transactions is A$24.47/oz while the average is A$33.03/oz, the 25th percentile and 75th percentile are A$6.12/oz and A$57.10/oz respectively.

In VRM's opinion it would usually be preferable to use the 25th and 75th percentiles and the median of the transactions for potential resource multiples in this case it would result in a valuation range that is unreasonably wide. Therefore, VRM has used the median of the 31 transactions that involved projects with Mineral Resources but no Ore Reserves to generate an initial valuation. The preferred valuation was determined based on 105% of the median Resource Multiple. The reason for a 5% premium compared to the median resource multiple is due to a population analysis of the transactions over the past five years which showed that the normalised Resource multiples, while having a low correlation coefficient, have a general trend of higher normalised Resource Multiples for the more recent transactions. Appendix A contains the graph of the normalised Resource Multiples over the past five years. The valuation range has been determined based on +/- 20% from the Preferred Resource Multiple of $25.7/oz (105% of the Median normalised Resource multiples).

The normalised Resource Multiples detailed above and supported by the information in Appendix A have been used along with the JORC 2012 Kookynie Mineral Resource estimate to determine the valuation shown in Table 9.

Table 9 Comparable Transaction Valuation Summary for the Kookynie Project.

Kookynie Valuations	Low	Preferred	Upper
Total Resources (oz contained gold)	81,000	81,000	81,000
Resource Multiple Comparable Transactions (A$/oz contained gold)	$20.6	$25.7	$30.8
Total Resource Multiple Valuation (A$ million)	$1.7	$2.1	$2.5

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers that 100% of the Mineral Resource Estimates within the Kookynie Project, based on comparable transactions, have a market value of between $1.7 million and $2.5 million with a preferred valuation of $2.1 million. In addition to this value the exploration potential on the surrounding tenements needs to be included to determine the value of the entire project. The exploration potential has been derived via a Geoscientific or Kilburn method for early-stage exploration projects.

Admiral Bay Project

From the analysis of the 9 completed transactions from comparable projects where there are Mineral Resources VRM has determined that the normalised resource multiples for broadly comparable transactions range from A$0.57/t to A$31.11/t. Analysis of the dataset indicated the median of the comparable transactions is A$9.69/t while the average is A$13.95/t, the 25th percentile and 75th percentile are A$4.30/t and A$25.54/t respectively.

In VRM's opinion it would usually be preferable to use the 25th and 75th percentiles and the median of the transactions for potential resource multiples in this case it would result in a valuation range that is unreasonably wide. Therefore, VRM has used the median of the 9 transactions that involved projects with Mineral Resources to generate an initial valuation. The valuation range has been determined based on +/- 20% from the Preferred Resource Multiple of $9.69/t.

The normalised Resource Multiples detailed above and supported by the information in Appendix A have been used along with the High Grade JORC 2012 Admiral Bay Mineral Resource estimate detailed in Table 5 to determine the comparable transaction valuation shown in Table 10.

Table 10 Comparable transaction valuation of the Admiral Bay Project

Admiral Bay Valuations	Low	Preferred	Upper
Total Resources (Tonnes Contained Zinc)	2,000,000	2,000,000	2,000,000
Resource Multiple Comparable Transactions (A$/t contained zinc)	$7.75	$9.69	$11.63
Valuation (A$ million)	$15.5	$19.4	$23.3
Metalicity Equity (80.3%) (A$ million)	$12.5	$15.6	$18.7
Metalicity Project Valuation after Risk Discount of 80% (A$ million)	$2.5	$3.1	$3.7

Note appropriate rounding has been applied

The technical risks identified as a part of this report and review include the following:

- the extreme depth of the Mineral Resource with the majority of the mineralisation at around 1300m below surface,
- the low grade of the Mineral Resource,
- the wide spaced drilling that has informed the Mineral Resource estimate,

- the cost of drilling the Mineral Resource to a drill spacing to allow the conversion of a portion of the resource to either Indicated or Measured Resources which would then allow sufficient support for feasibility studies to be complete,
- the very high geothermal gradient observed in the area with the rock temperatures at the mineralisation estimated to be between 75°C and 85°C, therefore creating significant challenges with any eventual economic extraction,
- the hydrological challenges associated with the multiple regionally extensive aquifers that occur above the mineralisation creating significant geotechnical and dewatering related difficulties and finally the very high capital costs associated with any potential development.

All of these aspects combine to result in an expectation that the modifying factors used in feasibility studies would have a significant and material impact on the market value of the project. On that basis VRM considers that a discount of 80% from the technical valuation would be required to inform a potential market valuation of the Admiral Bay project.

VRM considers the Mineral Resource estimates within the Admiral Bay Projects to be valued, based on comparable transactions and after an 80% risk discount, at between $2.5 million and $3.7 million with a preferred valuation of $3.1 million.

7.1.1 Yardstick Method

As detailed above the yardstick method can also be considered as a valuation approach, particularly as a cross check or secondary valuation technique to support the valuation generated by a comparable transaction method. This method is typically used as a secondary approach for valuation of Mineral Resources and is based on a percentage of the current metal price.

For gold Mineral Resources, a typical yardstick value would be between 0.5% and 5% of the current gold price, dependent on the classification of the Mineral Resources at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. The risks relating to the resources described above have been incorporated into the Yardstick approach as footnoted below. In this approach the valuation method does not draw a comparison with any other stated resources, instead it only considers the declared resources at the current metal price.

For base metal Mineral Resources, a typical yardstick value would be around half that of a gold project due to the high costs of transport and refining base metal concentrates along with the company selling the concentrates receiving a lower portion of the metal value in the concentrate. Therefore, a typical yardstick value would be between 0.25% and 2% of the current zinc price, dependent on the classification as at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. The risks relating to the resources described above have been incorporated into the Yardstick approach as footnoted below. In this approach the valuation method does not draw a comparison with any other stated resources, instead it only considers the declared resources at the current metal price.

VRM has applied a range of percentage values, corresponding to the classification of the Kookynie Mineral Resource estimates as shown in Table 11. The yardstick valuation of the Admiral Bay Mineral Resources estimates is summarised in Table 12. An additional discount to the Yardstick valuation of the Admiral Bay Mineral Resources has been applied to account for the technical risks detailed above.

Table 11 Yardstick valuation of the Mineral Resource estimates in the Kookynie Project

Yardstick Valuation Summary of Kookynie Resources (100% basis)					
Classification	Resource Contained Gold	Yardstick Factors	Lower (A$M)	Preferred (A$M)	Upper (A$M)
Kookynie Indicated Au Resources	19,000oz	1.0% – 2.0%	$0.5	$0.7	$1.0
Kookynie Inferred Au Resources	62,000oz	0.5% – 1.0%	$0.8	$1.2	$1.6
Mineral Resource Yardstick Valuation within the Kookynie Project			$1.3	$1.9	$2.6
Kookynie Exploration Target	215,000	0.25% – 0.5%	$1.4	$2.1	$2.8

Notes
The Yardstick factor is multiplied by the contained metal and the gold price of A$2,573.36/oz at the valuation date.
The Exploration Target Yardstick valuation is used as a supporting valuation with the primary valuation method for the Exploration Target being a Kilburn valuation.
Appropriate rounding has been applied to the Resource estimate and valuation.

Table 12 Yardstick valuation of the Mineral Resource estimates in the Admiral Bay project

Classification	Lower ($M)	Upper ($M)	Preferred ($M)
Admiral Bay Inferred Zinc Resources	2,000,000	2,000,000	2,000,000
Inferred Yardstick Factors	0.25%	0.375%	0.5%
Zinc Price A$/t	$5,865.50	$5,865.50	$5,865.50
Yardstick Valuation of the Admiral Bay Project (A$ million)	$29.3	$44.0	$58.7
Valuation of Metalicity Equity (80.3%) (A$ million)	$23.5	$35.3	$47.1
Valuation after Risk Discount of 80% (A $million)	$4.7	$7.1	$9.4

Notes based on the High Grade 10% Zn equivalent Mineral Resource as detailed in Section 5.3 and table 5.
Appropriate rounding has been applied to the Resource estimate and valuation.

VRM considers that, based on a yardstick approach, the Mineral Resource estimates within the Kookynie Project have a market value between $1.3 million and $2.6 million with a preferred valuation of $1.9 million. Therefore, based on Nex's equity in the project of 49% the value of the Kookynie Project attributable to Nex is estimated to be between $0.6 million and $1.3 million with a preferred value of $0.9 million. The yardstick valuation of the Exploration Target attributable to Nex is estimated to be between $0.7 million and $1.4 million with a preferred value of $1.0 million

The market value of the Metalicity's equity in the Admiral Bay Project is estimated, after the technical risk discounts and based on a Yardstick approach, to be between $4.7 million and $9.4 million with a preferred valuation of $7.1 million. This is significantly higher than the Comparable transaction (resource multiple) valuation, with the difference likely due to the risk discount used in the yardstick valuation not accurately reflecting the modifying factors associated with the Mineral Resource estimate.

7.1.2 Geoscientific Valuation

There are several specific inputs that are critical in determining a valid Geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the projects. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing while the costs of the tenement applications, annual tenement rents and targeting have not been included.

The Geoscientific rankings were derived for each of the Kilburn ranking criteria with the off-property criteria, on property criteria, the anomaly factor and geology criteria estimated for each tenement following the ratings listed in Table 7. When these ranking criteria are combined with the base acquisition cost both of which are detailed in Appendix B this has determined the technical value as shown in Table 13. Note that tenements hosting Mineral Resource estimates being M40/22, M40/27, and M40/77 at Kookynie are not valued using this method as Mineral Resources are more appropriately valued by other methods above.

Table 13 Technical Valuation for the Metalicity and Nex exploration tenements

Project (100% basis)	Lower (A$ million)	Preferred (A$ million)	Upper (A$ million)
Kookynie – Exploration Potential	$0.74	$1.64	$2.53
Kookynie – Exploration Target (M40/61)	$1.25	$2.19	$3.12
Yundamindra – Exploration Potential	$1.68	$3.21	$4.74
Admiral Bay – Entire Project	$2.10	$4.11	$6.11

Note Appropriate rounding has been undertaken

Table 13 details the technical value of the exploration potential of the tenement while the Market Value of the project is based on a location and market discount or premium. The current gold and zinc market is considered to represent a premium and therefore a factor of 15% was applied to the technical value to account for this. The location of the licences is considered favourable and therefore no adjustment was applied for the geopolitical risk however due to the current tenement plaints on the Yundamindra tenements VRM considers a 30% discount should be applied to the technical value of the Yundamindra project to account for the risks associated with the litigation. Overall, the market valuation is detailed in Table 14.

Table 14 Market Valuation for the Metalicity and Nex exploration tenements

Project (100% basis)	Lower ($M)	Preferred ($M)	Upper ($M)
Kookynie – Exploration Potential	$0.9	$1.9	$2.9
Kookynie – Exploration Target (M40/61)	$1.4	$2.5	$3.6
Yundamindra – Exploration Potential	$1.4	$2.6	$3.8
Admiral Bay – Entire Project	$2.4	$4.7	$7.0

Note Appropriate rounding has been undertaken

Other than for the Admiral Bay project, the tables above are based on the asset value irrespective of the equity of either Metalicity or Nex. The Admiral Bay valuations in the tables above are based on the Metalicity equity of 80.3%. As Nex currently holds 49% of both the Yundamindra and Kookynie projects, the market value for Nex in the exploration potential at the Kookynie Project is estimated to be between $0.4 million and $1.4 million with a preferred valuation of $0.9 million, the value of the Exploration Target within the Kookynie Project is valued at between $0.7 million and $1.8 million with a preferred valuation of $1.2 million while the Yundamindra project has a value between $0.7 million and $1.9 million with a preferred valuation of $1.3 million. The market value of the Admiral Bay Project based on the 80.3% owned by Metalicity has a value between $2.4 million and $7.0 million with a preferred valuation of $4.7 million.

7.1.3 PEM Valuation

VRM has undertaken a PEM valuation of the exploration potential within the Kookynie and Yundamindra Projects and the entire project valuation for the Admiral Bay project. The valuation of each tenement is based on the exploration expenditure as reported to DMIRS in the annual Form 5 expenditure reports with the expenditure since the last Form 5 report being provided by Metallicity to 4 April 2022. The expenditures were tabulated from publicly available records and expenditures provided on each tenement. These expenditures are summarised in Appendix C.

This expenditure has been multiplied by and Prospectivity Enhancement Multiplier as detailed in Table 8 above. To generate a range in in the PEM valuation VRM has assessed the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range in likely values of the project. The preferred valuation is the average of the upper and lower PEM valuation. Table 15 below details the valuations for the three projects with the details of each tenement expenditure and PEM multiples detailed in Appendix C. This technical valuation was then adjusted to account for the current market conditions in the same way that the technical Kilburn valuation has been adjusted. There is a 15% premium placed on the technical value to account for the high gold and zinc prices and a 30% reduction on the Yundamindra technical valuation due to the risks associated with the current tenement plaints. The PEM valuation of the Admiral Bay project is significantly lower than the other methods due to the low expenditure over the past five years.

Table 15 PEM Valuation for the Metalicity and Nex exploration tenements

Project	Valuation Covers	Lower (A$ million)	Preferred (A$ million)	Upper (A$ million)
Kookynie (100%)	Exploration Potential	$2.0	$2.3	$2.6
Yundamindra (100%)	Exploration Potential	$1.1	$1.3	$1.5
Admiral Bay (80.3%)	Entire Project	$1.0	$1.2	$1.3

Note Appropriate rounding has been undertaken

The market value of the exploration potential attributable to Nex (49%) within the Yundamindra Project the as determined by the Geoscientific or Kilburn valuation method is estimated to be between $0.5 million and $0.7 million with a preferred valuation of $0.6 million. This is significantly lower than the Kilburn valuation due to the low expenditure over the past five years due to the tenement litigation requiring no exploration expenditure until the litigation has been resolved. The Kookynie Project PEM valuation of the Nex equity is between $1.0 million and $1.3 million with a preferred valuation of $1.1 million. This is broadly in line with the Kilburn valuation of the exploration potential above.

8 Risks and Opportunities

As with all mineral assets there are several risks and opportunities associated with the projects and any valuation.

Some of the risks and opportunities that are common to most projects include the risks associated with the security of tenure, environmental approvals, and geopolitical risks. A significant risk to the project and this valuation is the risks of obtaining sufficient capital to undertake the potential mining activity. An additional risk is the economic climate including the gold market including the gold price and financial markets which have a significant impact on the ability of a company to secure the required funding and profitably exploit the identified mineralisation. These risks are largely outside the control of the company.

Opportunities to extend the current resource inventory are present in a number of areas, and continued exploration and drilling in prospect areas has a high probability of defining additional Mineral Resources, in particular at Kookynie where the existing Mineral Resources are open at depth, there are a significant number of drillholes that were excluded from the Mineral Resource estimate due to data integrity concerns and the inability to validate the collar coordinates of the holes drilled prior to Metalicity managing the exploration activities. If the previous holes can be validated, then that may make a material difference to the overall endowment and classification of the current Mineral Resources. There is significant potential within the Kookynie project, especially along the DCC trend and the adjacent tenement where additional exploration at depth and along strike of the extensive historical workings is warranted.

The Yundamindra project provides a significant opportunity to delineate additional mineralisation as there has been minimal exploration along strike and at depth below the historical workings. While this is a significant opportunity there is also the inherent risk associated with the current litigation associated with the tenements. In VRM's opinion, based on the reported expenditure it appears that the current plaints will be successfully defended allowing the Metalicity – Nex Joint Venture to undertake exploration activities. However, there is a low risk that the plaints may be lost resulting in the loss of the Yundamindra project. While VRM are not specialists in the legal aspects of the Mining Act and Regulations associated with the plaints it is considered unlikely that the joint venture will lose all access to the project.

At Admiral Bay, the technical risks identified as a part of this report and review include the;

- Extreme depth of the Mineral Resource with the majority of the mineralisation at around 1300m below surface,
- Low grade of the Mineral Resource,
- Wide spaced drilling that has informed the Mineral Resource estimate,
- Cost of drilling the Mineral Resource to a drill spacing to allow the conversion of a portion of the resource to either Indicated or Measured Resources which would then allow sufficient support for feasibility studies to be complete,

- Very high geothermal gradient observed in the area with the rock temperatures at the mineralisation estimated to be between 75^{0}C and 85^{0}C, therefore creating significant challenges with any eventual economic extraction,
- Hydrological challenges associated with the multiple regionally extensive aquifers that occur above the mineralisation creating significant geotechnical and dewatering related difficulties, and
- Very high capital costs associated with any potential development.

All of these aspects combine to result in an expectation that the modifying factors used in feasibility studies would have a significant and material impact on the market value of the project.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large to be considered an economic resource. While the Kookynie area as the region is fairly mature in terms of exploration, the past disjointed ownership means it may not have been as systematically explored as other parts of the goldfields. The exploration risk is somewhat higher for the Admiral Bay project, primarily due to the depth of the mineralisation and the high exploration and evaluation costs associated with the project.

9 Preferred Valuations

Based on the valuation techniques detailed above, Table 16 provides a summary of the valuations derived by the various techniques for the various projects (or parts of the projects) with the preferred valuation range documented in Table 17.

The preferred valuation that VRM has determined is based on the comparable transaction approach recognising that most of the value in the tenement package is attributed to the Mineral Resource estimates. This valuation is supported by the yardstick approach which returned a broadly similar valuation to the Comparable transaction valuations. The other result considering the current gold and zinc market and took into account the classification of the Mineral Resources discounted for assessed resource risk.

The geoscientific / Kilburn method is considered to appropriately value the Kookynie and Yundamindra exploration licences in Eastern Goldfields and the Admiral Bay Project in northern WA. A PEM valuation was also conducted on these tenements and whilst transparent, is considered by VRM a less robust valuation technique.

Table 16 Mineral Assets Valuation Summary by method

Valuation summary for the Projects by various methods - 100% basis					
Project	Valuation Priority	Valuation Technique	Lower ($M)	Preferred ($M)	Upper ($M)
Kookynie (100%)	Primary	Comparable Transactions (Mineral Resources)	$1.7	$2.1	$2.5
	Primary	Kilburn / Geoscientific (Exploration Target)	$1.4	$2.5	$3.6
	Primary	Kilburn / Geoscientific (Exploration Potential)	$0.9	$1.9	$2.9
Kookynie Total	Primary		$4.0	$6.5	$9.0
Kookynie (100%)	Secondary	Yardstick (Mineral Resources)	$1.3	$1.9	$2.6
	Secondary	Yardstick (Exploration Target)	$1.4	$2.1	$2.8
	Secondary	PEM (Exploration Potential)	$2.0	$2.3	$2.6

Valuation summary for the Projects by various methods - 100% basis					
Kookynie Total	Secondary		$4.7	$6.3	$7.9
Yundamindra (100%)	Primary	Kilburn / Geoscientific (Exploration Potential)	$1.4	$2.6	$3.8
	Secondary	PEM (Exploration Potential)	$1.1	$1.3	$1.5
Admiral Bay (80.3%)	Primary	Comparable Transactions (Entire Project)	$2.5	$3.1	$3.7
	Secondary	Yardstick (Entire Project)	$4.7	$7.1	$9.4
	Secondary	Kilburn / Geoscientific (Entire Project)	$2.4	$4.7	$7.0
	Secondary	PEM (Entire Project)	$1.0	$1.2	$1.3

Note totals may not add due to rounding

Based on the rationale outlined in the body of this Report, VRM is of the view that the Kookynie and Admiral Bay Mineral Resource estimates are best valued considering a comparable transaction approach, while the Exploration Projects (Kookynie and Yundamindra tenements that do not host resources) are most appropriately valued applying the Geoscientific / Kilburn method. On this basis, in VRM's opinion the combined Mineral Asset valuation for the Metalicity and Nex JV tenements at Kookynie and Yundamindra and the 80.3% ownership of the Admiral Bay Project by Metalicity is outlined in Table 17, ranges from a low valuation of $7.8 million to a high valuation of $16.5 million with a preferred valuation of $12.2 million.

Table 17 Mineral Asset Valuation as at 4 April 2022

Valuation summary				
Project Names	Valuation Methods	Lower ($M)	Upper ($M)	Preferred ($M)
Kookynie (100%)	Comparable Transactions, Kilburn (Expl Target) and Kilburn (Expl Potential)	$4.0	$6.5	$9.0
Yundamindra (100%)	Kilburn (Expl Potential)	$1.4	$2.6	$3.8
Admiral Bay (80.3%)	Comparable Transactions	$2.5	$3.1	$3.7
Total Mineral Asset Valuation		$7.8	$12.2	$16.5

Table 18 Valuation of Nex's Attributable Equity (49%) in Kookynie and Yundamindra Projects as at 4 April 2022

Valuation summary Nex Equity (49%) in the Kookynie and Yundamindra Projects				
Project Names	Valuation Methods	Lower ($M)	Upper ($M)	Preferred ($M)
Kookynie (49%)	Comparable Transactions, Kilburn (Expl Target) and Kilburn (Expl Potential)	$1.9	$3.2	$4.4
Yundamindra (49%)	Kilburn (Expl Potential)	$0.7	$1.3	$1.9
Total Nex Equity in Mineral Assets		$2.6	$4.4	$6.3
Valuation summary Metalicity Equity (51%) in the Kookynie, Yundamindra and Admiral Bay Projects				
Project Names	Valuation Methods	Lower ($M)	Upper ($M)	Preferred ($M)
Kookynie (51%)	Comparable Transactions, Kilburn (Expl Target) and Kilburn (Expl Potential)	$2.0	$3.3	$4.6
Yundamindra (51%)	Kilburn (Expl Potential)	$0.7	$1.3	$1.9
Admiral Bay (80.3%)	Comparable Transactions	$2.5	$3.1	$3.7
Total Metalicity Equity in Mineral Assets		$5.2	$7.7	$10.3

Note that totals may not add due to rounding

10 References

The references below document the main documents referred to in this report however the various ASX releases for the various companies including Metalicity and Nex have not been included in the reference list.

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Stark JC, Wilde SA, Söderlund U, Li Z-X, Rasmussen B and Zi J-W, 2008. First evidence of Archean mafic dykes at 2.62 Ga in the Yilgarn Craton, Western Australia: Links to cratonisation and the Zimbabwe Craton. Precambrian Research. Volume 317. Pages 1-13

VALMIN, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code). Available from http://valmin.org/

Weinberg RF, Moresi L and van der Borgh P, 2003. Timing of deformation in the Norseman-Wiluna Belt, Yilgarn Craton, Western Australia. Precambrian Research, v. 120, p. 219-239.

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11 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.
Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.
Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.
Corporations Act means the Australian Corporations Act 2001 (Cth).
Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.
Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.
Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.
Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.
Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.
Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.
Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.
Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.
Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing

buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction, and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power, and other technical requirements spanning commissioning, operation, and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation, and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

Mineral Project means any exploration, development, or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing, and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, and the Society of Petroleum Evaluation Engineers. Refer to http://www.spe.org for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

(a) admits members primarily on the basis of their academic qualifications and professional experience;

(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and

(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade, or build good will.
Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.
Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.
Reasonableness implies that an assessment which is impartial, rational, realistic, and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.
Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.
Securities has the meaning as defined in the Corporations Act.
Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.
Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.
Specialist are persons whose profession, reputation, or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.
Status in relation to Tenure means an assessment of the security of title to the Tenure.
Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.
Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.
Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.
Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.
Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.
Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.
Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.
Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.
Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.
Value means the Market Value of a Mineral Asset.

Appendix A - Comparable Gold transactions

BUYER NAME	Property	DATE	DEAL COMMODITIES	DEAL SUMMARY	% ACQUIRED	VALUE (A$ million)	Resources Acquired	$/Resource Oz	Normalised $/Resource Oz
Mineral Resources Limited/Mineral rights of E77/2478 and E77/2746	Paris	4/04/2022	Copper, Gold	Mineral Resources Limited has signed binding term sheet to acquire mineral rights of E77/2478 and E77/2746(application) from Western Mines Group Ltd. The E77/2478 and E77/2746(application) is located in Western Australia.	100%	$0.2	32,700	$6.12	$6.12
Sovereign Metallurgical Pty Ltd	Moline	1/03/2022	Copper, Gold, Lead, Silver, Zinc	Sovereign Metallurgical Pty Ltd has agreed to acquire Moline project from PNX Metals Limited. The project is located in Northern Territory, Australia.	100%	$3.3	78,000	$42.31	$42.49
Legacy Iron Ore Limited/E39/2040	Mt Celia	22/12/2021	Gold	Legacy Iron Ore Limited has agreed to acquire E39/2040 from an investor group comprised of Tashmont Minerals Pty Ltd. and Michael Krpez. The project is located in Western Australia.	100%	$0.1	357,100	$0.28	$0.30
Linden Gold Alliance Pty Ltd	Devon, Red October	20/12/2021	Gold	Linden Gold Alliance Pty Ltd has agreed to acquire Red October and Devon project from Matsa Resources Limited. The projects are located in Western Australia, Australia.	100%	$20.0	314,000	$63.69	$68.48
Strickland Metals Limited	Millrose	17/12/2021	Gold	Strickland Metals Ltd. has acquired Millrose project from an investor group comprised of Millrose Gold Mines Ltd. and Golden Eagle Mining Ltd. The project is located in Western Australian.	100%	$10.0	346,000	$28.90	$30.93
Aurumin Limited	Sandstone	7/12/2021	Gold, Nickel	Aurumin Limited has agreed to acquire Sandstone project from Middle Island Resources Limited. The project is located in Western Australia.	100%	$12.0	784,300	$15.30	$16.56
Red Dirt Metals Limited	Mount Ida	13/09/2021	Copper, Gold, Lithium, Nickel	West Perth, Australia-based Red Dirt Metals Ltd. has acquired Mount Ida project from West Perth, Australia-based Ora Banda Mining Ltd., through the acquisition of Mt Ida Gold Pty Ltd. The project is located in Western Australia.	100%	$11.0	141,000	$78.01	$83.88
Northern Star Resources Limited	Kurnalpi	17/03/2021	Gold	Perth, Australia-based Northern Star Resources Ltd. unit Subiaco, Australia-based Northern Star (Carosue Dam) Pty Ltd. has acquired the Kurnalpi Project from Kalgoorlie, Australia-based KalNorth Gold Mines Ltd. The project is located in Western Australia.	100%	$18.0	189,400	$95.04	$106.21
Genesis Minerals Limited	Kookynie	12/01/2021	Gold	Perth, Australia-based Genesis Minerals Ltd. has acquired Kookynie project from an investor group comprised of Burwood, Australia-based A&C Mining Investment Pty Ltd and Ms. Yijun Zhu. The project is located in Western Australia.	100%	$13.5	414,000	$30.67	$32.08
Nu-Fortune Gold Ltd	Lindsays	4/12/2020	Gold, Nickel	East Perth, Australia-based Nu-Fortune Gold Ltd has acquired Lindsays project from Kalgoorlie, Australia-based KalNorth Gold Mines Ltd. The project is located in Western Australia.	100%	$5.0	215,100	$23.25	$24.47

BUYER NAME	Property	DATE	DEAL COMMODITIES	DEAL SUMMARY	% ACQUIRED	VALUE (A$ million)	Resources Acquired	$/Resource Oz	Normalised $/Resource Oz
Horizon Minerals Limited	Kalpini	12/10/2020	Gold, Nickel	Perth, Australia-based Horizon Minerals Ltd. has acquired the Kalpini project from West Perth, Australia-based NBT Metals Pty Ltd. The project comprises of mining lease M27/485 and miscellaneous lease L27/88 located in Western Australia.	100%	$2.8	255,600	$10.76	$10.81
Black Cat Syndicate Limited	Clinker Hill, Slate Dam, Trojan	7/10/2020	Gold	Perth, Australia based-Black Cat Syndicate Ltd. has acquired Trojan, Slate Dam and Clinker Hill projects from Perth, Australia based-Aruma Resources Ltd. The projects are located in Western Australia.	100%	$0.5	115,000	$4.35	$4.46
Calidus Resources Limited	Blue Spec	19/09/2020	Antimony, Arsenic, Bismuth, Gold, Iron, Lead, Selenium	West Perth, Australia-based Calidus Resources Ltd. has acquired the Blue Spec project from Vancouver, British Columbia-based Novo Resources Corp. The project is located in Western Australia.	100%	$19.5	246,900	$78.98	$78.00
Linden Gold Alliance Pty Ltd	Linden	26/08/2020	Gold	Bassendean, Australia-based Linden Gold Alliance Pty Ltd has acquired Linden project from Perth, Australia-based Anova Metals Ltd. The project includes Second Fortune Mine and is located in Western Australia.	100%	$9.0	138,699	$64.89	
Specrez Pty Ltd	Leonora	10/08/2020	Gold	Perth, Australia-based Specrez Pty Ltd. has acquired the Leonora project tenements from Perth, Australia-based Kingwest Resources Ltd. These tenements includes M37/1202, E37/893 and P37/8901, located in Western Australia.	100%	$0.2	104,000	$1.83	$1.73
Red 5 Limited	Mission/Cables	22/05/2020	Gold	Perth, Australia-based Red 5 Ltd. unit West Perth, Australia-based Darlot Mining Co. Ltd. has acquired the Cables and Mission deposits from Mr. Andrew George Paterson. The deposits are located in Western Australia.	100%	$2.5	185,527	$13.48	$14.98
Kingwest Resources Limited	Goongarrie, Goongarrie Lady, Menzies	9/07/2019	Gold	Perth, Australia-based Kingwest Resources Ltd. has acquired a 100% interest in the Menzies and Goongarrie projects from Perth, Australia-based Horizon Minerals Ltd. The projects are located in Western Australia, Australia.	100%	$8.0	195,210	$38.93	
Rox Resources Limited	Youanmi	21/06/2019	Gold	Perth, Australia-based Rox Resources Ltd. has acquired a 70% interest in OYG Joint venture from Perth, Australia-based Venus Metals Corp. Ltd. through an earn-in and joint venture agreement. The project is located in Western Australia, Australia.	70%	$6.0	833,420	$15.36	$21.27
Pantoro Limited	Norseman	14/05/2019	Gold, Silver	Perth, Australia-based Pantoro Ltd. acquired a 50% interest in the Central Norseman project from Bondi Junction, Australia-based Norseman Gold Plc, through a joint venture transaction. The project is located in Western Australia.	50%	$55.0	1,745,500	$32.66	$48.60
RNC Minerals	Higginsville	13/05/2019	Gold	Toronto-based RNC Minerals has acquired Higginsville gold operations from Perth, Australia-based Westgold Resources Ltd. The project is located in Western Australia, Australia.	100%	$50.0	1,906,000	$25.20	

BUYER NAME	Property	DATE	DEAL COMMODITIES	DEAL SUMMARY	% ACQUIRED	VALUE (A$ million)	Resources Acquired	$/Resource Oz	Normalised $/Resource Oz
Bardoc Gold Limited	Bardoc	8/05/2019	Gold	Perth, Australia-based Bardoc Gold Ltd. acquired 100% interest in the Bardoc project from Perth, Australia-based Torian Resources Ltd. The project consists of a package of 40 tenements, located in Western Australia.	100%	$0.2	549,000	$0.27	$0.41
Saracen Mineral Holdings Limited	Box Well, Deep South	18/04/2019	Gold	Perth, Australia-based Saracen Mineral Holdings Ltd. has acquired a 100% interest in Box Well and Deep South mining leases along with 18 tenements from Melbourne-based Hawthorn Resources Ltd. The 18 tenements and leases are located in Western Australia, Australia.	100%	$13.5	206,800	$65.28	$98.81
Horizon Minerals Limited	Coolgardie	8/02/2019	Gold	Perth, Australia-based Horizon Minerals Ltd. would have acquired a 100% interest in Coolgardie project from Perth, Australia-based Focus Minerals Ltd. The project is located in Western Australia.	100%	$52.0	2,127,500	$24.44	
Adaman Resources Pty Ltd.	Snake Well	27/12/2018	Copper, Gold, Lead, Silver, Zinc	Perth, Australia-based Adaman Resources Pty Ltd. has acquired the Snake Well project from Perth, Australia-based Kalamazoo Resources Ltd. The project is located in Western Australia.	100%	$7.0	140,900	$49.68	$75.20
Westgold Resources Limited	Andy Well, Gnaweeda	24/12/2018	Gold	Perth, Australia-based Westgold Resources Ltd. would have acquired a 100% interest in two gold projects from Perth, Australia-based Doray Minerals Ltd. These projects are Andy Well and Gnaweeda gold projects located in Western Australia.	100%	$15.0	827,000	$18.14	$27.67
Golden State Mining Limited	Cue Goldfield	23/10/2018	Gold	West Perth, Australia-based Golden State Mining Ltd. unit Cue Consolidated Mining Pty Ltd. has acquired the Cue project from Huntingdale, Australia-based Western Mining Pty Ltd. The acquisition includes 31 granted tenements and two applications, together with small-scale gravity plant, infrastructure, and equipment on site. The project is located in Western Australia.	100%	$0.7	136,000	$5.15	
Galane Gold Limited	Andy Well	4/10/2018	Gold	Toronto-based Galane Gold Ltd. would have acquired Andy Well project from Perth, Australia-based Doray Minerals Ltd. The Andy Well project is located in Western Australia.	100%	$10.0	505,000	$19.80	$31.76
Ramelius Resources Limited	Marda	13/09/2018	Gold, Iron Ore, Nickel	Perth, Australia-based Ramelius Resources Ltd. has acquired a 100% interest in the Marda project from Brisbane, Australia-based Black Oak Minerals Ltd. The Marda project is located in Western Australia.	100%	$13.0	480,532	$27.05	
Australian Mines Ltd.	Marymia	21/05/2018	Copper, Gold, Nickel	West Perth, Australia-based Australian Mines Ltd. has acquired an 80% interest in the Marymia project from West Perth, Australia-based Riedel Resources Ltd., through an earn-in and joint venture agreement. The project is located in Western Australia.	80%	$0.3	624,800	$0.48	$0.72
De Grey Mining Limited	Indee	9/02/2018	Gold	Perth, Australia-based De Grey Mining Ltd. has acquired Indee project from Xi'an, China-based Shaanxi Non-ferrous Metals Holding Group Co. Ltd. unit Melbourne-based Northwest Nonferrous Australia Mining Pty Ltd., through the acquisition of Indee Gold Pty Ltd. The Indee project is located in Western Australia, Australia.	100%	$15.0	345,000	$40.64	$59.73

BUYER NAME	Property	DATE	DEAL COMMODITIES	DEAL SUMMARY	% ACQUIRED	VALUE (A$ million)	Resources Acquired	$/Resource Oz	Normalised $/Resource Oz
Black Cat Syndicate Limited	Balagundi	24/01/2018	Gold	Perth, Australia-based Black Cat Syndicate Ltd. has acquired Bulong project from Subiaco, Australia-based Bulong Mining Pty Ltd. Bulong project is located in Western Australia, Australia.	100%	$0.7	109,000	$6.42	$9.16
Alt Resources Limited	Bottle Creek	3/11/2017	Antimony, Arsenic, Gold, Lead, Silver	Jindabyne, Australia-based Alt Resources Ltd. has agreed to acquire a 100% interest in Bottle Creek project from an undisclosed seller. The Bottle Creek project is located in Western Australia and is comprised of M29/150 and M29/151 leases.	100%	$6.0	160,000	$37.50	$57.10
Northern Star Resources Limited	Western Tanami	2/10/2017	Gold	Perth, Australia-based Northern Star Resources Ltd. unit Northern Star (Tanami Gold) Pty Ltd. has acquired a 100% interest in the Western Tanami project from Perth, Australia-based Tanami Gold NL, through the purchase of 100% of the fully paid ordinary shares in Tanami Gold Exploration NL, a 100% owned subsidiary of Tanami Gold NL and the legal and beneficial owner of the Western Tanami project located in Western Australia.	100%	$4.0	523,000	$7.65	$11.59
Ramelius Resources Limited	Edna May	18/09/2017	Gold, Nickel, Silver	Perth, Australia-based Ramelius Resources Ltd. unit Adelaide, Australia-based Ramelius Operations Pty Ltd. has acquired Edna May mine from Sydney-based Evolution Mining Ltd. The Edna May mine is located near Westonia in Western Australia, Australia.	100%	$60.0	848,000	$70.76	
Westgold Resources Limited	Murchison	23/06/2017	Copper, Gold, Silver	Perth, Australia-based Westgold Resources Ltd. unit Milton, Australia-based Big Bell Gold Operations Pty. Ltd. has acquired Tuckabianna assets from Perth, Australia-based Silver Lake Resources Ltd. These assets comprise Tuckabianna gold processing facility and underlying mining tenure, located in Australia.	100%	$8.5	523,500	$15.87	$24.38
Intermin Resources Limited	Anthill	8/03/2017	Gold	Perth, Australia-based Intermin Resources Ltd. has acquired the Anthill project from Perth, Australia-based Echo Resources Ltd unit Metaliko Resources Ltd. The Anthill project is located in Western Australia, Australia.	100%	$0.3	167,000	$1.80	$2.87
Saracen Mineral Holdings Limited	Bundarra	2/03/2017	Gold	Perth, Australia-based Saracen Mineral Holdings Ltd. would have acquired Bundarra project from Perth, Australia-based Bligh Resources Ltd. The Bundarra gold project is located in Western Australia.	100%	$9.0	431,000	$20.88	$32.46

Notes Excludes Operating Mines with large resources and processing facilities, only deposits with >100k oz, Transactions announced before 20/12/16 included if they completed since 20/12/16

Statistic	Normalised Resource Multiple A$/oz
Average	$33.03
Median	$24.47
25th percentile	$6.12
75th percentile	$57.10
Minimum	$0.30
Maximum	$106.21
Count	31

VRM has used the median normalised resource multiple as the basis of the valuation, due to the more recent transacitons generally transacting slightly higher than the noramlised transaction multiples the preferred valuation has been determined based on 105% of the median normalised Resource Multiuple with a range of +/- 20% determined as the most likely range of market values. VRM would usually prefer to use the 25th and 75th percentiles to determine the range however given the variance in the multiples using these percentiles as the basis

Appendix B - Comparable Zinc transactions

Project	Commodity	Date	Location	DESCRIPTION	BUYER	Equity Acquired	VALUE (A$ M)	Total Contained Zinc	Contained Zinc (M&I Resources)	Zn Multiple $/t	Normalised Zn Multiple $/t
Paperbark	Zinc	23/09/2021	Queensland	As of December 2020, Paperbark consisted of one exploration permit, EPM 14309, covering an area of 75 sq km. (Pursuit 12/20 QR Jan 29, 2021)	Undisclosed	100	0.11	277,000	0	$0.40	$0.57
Manbarrum	Zinc	21/07/2021	Northern Territory	As of June 2015, Manbarrum comprises 3 Exploration Licenses and 2 Authority to Prospect licenses covering a combined 407 sqkm.	Boab Metals	100	0.49	528,000	99,000	$0.93	$1.41
Sylvania	Zinc	18/01/2021	Western Australia	Newman / Prairie Downs Zinc deposits	DiscovEx	100	2.36	149,000	119,000	$15.86	$26.29
Hayes Creek	Zinc	10/12/2020	Northern Territory	As of June 2021, Hayes Creek and Fountain Head were comprised of 19 mineral leases covering an area of 1246.6 ha. As of the March 2020 quarter, Hayes Creek covered an area of 168 ha while Fountain Head covered an area of 879.6 ha.	PNX Metals	100	1.88	177,380	168,600	$10.57	$16.43
Emanuel Range	Zinc	12/10/2017	Western Australia	In august 2017, Metalicity reported that the Emanuel Range project consisted of 1 exploration tenement and 2 tenement applications (E04/2453, E04/2259, and E80/5095).	Metalicity	100	3.10	422,000	141,000	$7.35	$9.69
Reward	Zinc	5/09/2017	Northern Territory	As of October 2016, Teck exercised a right of first refusal to acquire Rox's 49% interest in the Teena/Reward Project, which is already subject to Teck's right to earn a 19% interest.	Teck	49	20.6	8,218,000	205,000	$5.12	$7.19
Reward / Murtle	Zinc	21/10/2010	Northern Territory	As of August 2013, Teck reached the first stage expenditure of $5M on the Reward Project and has earned an initial 51% interest. Teck also had the right to earn an additional 19% interest (total 70%) with expenditure of $10M by 31 August 2018	Teck / Rox	51.00	5	257,000		$4.47	$8.06
Newman	Zinc	25/05/2015	Western Australia	As of April 2016, Marindi covered 1000 sq.km of tenure granted or under application in the Capricorn Orogen of Western Australia. Wolf-Prairie corridor spans a distance of 3.5 km. (	Brumby Resources /Marindi Metals	100	2.25	147,000	119,000	$15.31	$31.11
Pegmont	Lead	21/11/2013	Queensland	As of September 2014, Pegmont comprised of three granted mining leases and two exploration permits that covered an area of about 3,468 ha In November 2013, Pegmont entered a binding agreement with Vendetta which allowed them to retain a 1.25% NSR. (Vendetta PR 11/21/13)	Vendetta Mining Corp	100%	4.04	386,099	149,707	$10.47	$24.80

Project	Commodity	Date	Location	DESCRIPTION	BUYER	Equity Acquired	VALUE (A$ M)	Total Contained Zinc	Contained Zinc (M&I Resources)	Zn Multiple $/t	Normalised Zn Multiple $/t
Myrtle	Zinc	17/12/2008	Northern Territory	An MoU was signed for the sale of the project however it was never progressed – Exclude from the analysis.	Rox Resources	80%	12.50	2,000,000		$7.81	$31.89

Based on the transactions above (with the exception of the Myrtle MoU) VRM has determined the following statistics which have been used to determine the base Resource Multiple per tonne of contained Zinc.

Admiral Bay Comparable Transactions		
	Zinc Multiples	Normalised Zinc Multiples
Average	$7.83	$13.95
Median	**$7.35**	**$9.69**
25th percentile	$2.70	$4.30
75th percentile	$12.94	$25.54
Minimum	$0.40	$0.57
Maximum	$15.86	$31.11
Count	9	9

Due to the technical challenges associated with the Admiral Bay deposit, especially with the depth of the target unit, the temperature of the rocks at that depth, the hydrology, and significant aquifers above the mineralisation and the very wide spacing of the exploration drilling used to define the mineralisation VRM considers that an 80% discount of the normalised Zinc Resource Multiple is reasonable. This discount is supported by the lack of offers apparently received by Metalicity associated with their attempts to divest the project. VRM did consider a higher discount however does not believe that the technical challenges with the deposit justify a higher discount

Appendix C - Geoscientific Valuation

Project / Tenements	BAC (AUS$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation (A$)			Fair Market Valuation (A$)		
			Low	High	Low	High	Low	High	Low	High	Lower (AUS$)	Preferred (AUS$)	Upper (AUS$)	Lower	Preferred	Upper
Admiral Bay																
E04/1610	126,000	80.30%	3.0	3.5	2.0	2.5	1.5	2.0	1.0	1.5	$910,602	$1,783,262	$2,655,923	$1,047,192	$2,050,752	$3,054,311
M04/244	79,700	80.30%	3.0	3.5	2.0	2.5	1.5	2.0	1.0	1.5	$575,992	$1,127,984	$1,679,976	$662,391	$1,297,182	$1,931,973
M04/249	84,400	80.30%	3.0	3.5	2.0	2.5	1.5	2.0	1.0	1.5	$609,959	$1,194,503	$1,779,047	$701,453	$1,373,678	$2,045,903
Total Admiral Bay											$2,096,553	$4,105,749	$6,114,945	$2,411,036	$4,721,611	$7,032,187
Kookynie																
E 40/289	70,000	100%	2.0	2.5	1.5	2.0	1	1.5	1.5	2	$315,000	$682,500	$1,050,000	$362,250	$784,875	$1,207,500
E 40/332	50,000	100%	1.5	2.0	2.5	3.0	1.5	2.0	1.0	1.5	$281,250	$590,625	$900,000	$323,438	$679,219	$1,035,000
E 40/387	10,000	100%	1.0	1.5	1.0	1.4	1	1.5	1.0	1.2	$10,000	$23,900	$37,800	$11,500	$27,485	$43,470
E 40/390	20,000	100%	1.0	1.5	1.0	1.5	1	1.5	0.9	1	$18,000	$42,750	$67,500	$20,700	$49,163	$77,625
M 40/61	83,300	100%	2.5	3.0	2.0	2.5	1.5	2.0	2.0	2.5	$1,249,500	$2,186,625	$3,123,750	$1,436,925	$2,514,619	$3,592,313
P 40/1331	6,480	100%	1.0	1.2	1.0	1.2	1	1.5	1.0	1.5	$6,480	$13,738	$20,995	$7,452	$15,798	$24,144
P 40/1407	2,000	100%	1.0	1.5	1.3	1.7	1	1.5	1.0	1.5	$2,600	$7,038	$11,475	$2,990	$8,093	$13,196
P 40/1430	2,000	100%	1.0	1.5	1.3	1.7	1	1.5	1.0	1.5	$2,600	$7,038	$11,475	$2,990	$8,093	$13,196
P 40/1499	2,000	100%	1.0	1.2	1.0	1.2	1	1.5	1.0	1.5	$2,000	$4,240	$6,480	$2,300	$4,876	$7,452
P 40/1500	2,000	100%	1.0	1.5	1.0	1.2	1	1.5	1.0	1.5	$2,000	$5,050	$8,100	$2,300	$5,808	$9,315
P 40/1501	2,000	100%	1.0	1.5	1.0	1.2	1	1.5	1.0	1.5	$2,000	$5,050	$8,100	$2,300	$5,808	$9,315
P 40/1510	8,000	100%	1.0	1.4	1.0	1.4	1	1.5	1.0	1.5	$8,000	$21,640	$35,280	$9,200	$24,886	$40,572
P 40/1511	7,160	100%	1.5	2.0	1.0	1.2	1	1.5	1.0	1.5	$10,740	$24,702	$38,664	$12,351	$28,407	$44,464
E40/350	50,000	100%	1.0	1.5	1.0	1.4	1	1.5	1.0	1.4	$50,000	$135,250	$220,500	$57,500	$155,538	$253,575
E40/357	30,000	100%	1.0	1.5	1.0	1.4	1	1.5	1.0	1.2	$30,000	$71,700	$113,400	$34,500	$82,455	$130,410
Total Kookynie ex M40/61											$740,670	$1,635,220	$2,529,769	$851,771	$1,880,503	$2,909,235
Yundamindra																
E 39/1773	50,000	100%	1.0	1.5	1.0	1.5	1	1.4	1.0	1.4	$50,000	$135,250	$220,500	$40,250	$108,876	$177,503
E 39/1774	70,000	100%	1.5	1.8	1.0	1.4	1	1.4	1.0	1.5	$105,000	$237,720	$370,440	$84,525	$191,365	$298,204
M 39/274	22,500	100%	1.5	2.0	2.0	2.5	1.2	1.5	1.0	1.5	$81,000	$167,063	$253,125	$65,205	$134,485	$203,766
M 39/406	12,500	100%	1.5	2.0	1.5	2.2	1.2	1.5	1.0	1.5	$33,750	$78,750	$123,750	$27,169	$63,394	$99,619

Project / Tenements	BAC (AUS$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation (A$)			Fair Market Valuation (A$)		
			Low	High	Low	High	Low	High	Low	High	Lower (AUS$)	Preferred (AUS$)	Upper (AUS$)	Lower	Preferred	Upper
M 39/407	89,300	100%	1.5	2.0	1.5	2.0	1.2	1.5	1.0	1.5	$241,110	$522,405	$803,700	$194,094	$420,536	$646,979
M 39/408	78,500	100%	1.5	2.0	1.5	2.0	1	1.4	1.0	1.4	$176,625	$396,033	$615,440	$142,183	$318,806	$495,429
M 39/409	95,800	100%	1.5	2.0	1.5	2.0	1.2	1.5	1.2	1.4	$310,392	$557,556	$804,720	$249,866	$448,833	$647,800
M 39/410	97,900	100%	1.8	2.0	2.0	2.2	1.2	1.5	1.2	1.5	$507,514	$738,362	$969,210	$408,548	$594,381	$780,214
M 39/839	10,000	100%	1.5	2.0	1.2	1.8	1	1.3	1.0	1.4	$18,000	$41,760	$65,520	$14,490	$33,617	$52,744
M 39/84	37,900	100%	1.5	2.0	2.0	2.5	1.2	1.5	1.0	1.5	$136,440	$281,408	$426,375	$109,834	$226,533	$343,232
M 39/840	10,000	100%	1.5	2.0	1.2	1.8	1	1.3	1.0	1.4	$18,000	$41,760	$65,520	$14,490	$33,617	$52,744
P 39/6126	2,000	100%	1.5	1.8	1.0	1.5	1	1.2	1.0	1.3	$3,000	$5,712	$8,424	$2,415	$4,598	$6,781
P 39/6127	2,000	100%	1.5	1.8	1.0	1.5	1	1.2	1.0	1.3	$3,000	$5,712	$8,424	$2,415	$4,598	$6,781
Total Yundamindra											$1,683,831	$3,209,489	$4,735,148	$1,355,484	$2,583,639	$3,811,794
Total											$4,521,053	$8,950,458	$13,379,863	$4,618,290	$9,185,753	$13,753,216

Notes

Kookynie

L40/9, G40/3 were not included in the valuation as they do not allow the holder any rights to the underlying minerals, M40/22,M40/27 and M40/77 were not valued using the Kilburn or Geoscientific method as they were valued using a Comparable transaction (resource Multiple method as a primary method and a Yardstick as a secondary method), M40/61 is not included in the Kookynie Total due to it being valued separately using a Kilburn as a primary method and a Yardstick as a secondary method with the yardstick being based on the reported Exploration Target on the tenement.

Yundamindra

L39/34, L39/52 and L39/258 were not included in the valuation as they do not allow the holder any rights to the underlying minerals,

A 15% premium was applied to the Technical Valuation to account for the currently elevated gold and zinc prices, no premium or discount was applied to the technical valuation for any environmental or geopolitical (locational) risks while a 30% reduction was applied to the technical valuation for the Yundamindra project to account for the tenement security risk associated with the plaints.

Appendix D - PEM Valuation

Project / Tenements	5-year Expenditure Total	Equity	PEM Low	PEM High	Technical Valuation			Fair Market Valuation (A$)		
			Low	High	Lower (AUS$)	Preferred (AUS$)	Upper (AUS$)	Lower	Preferred	Upper
Admiral Bay										
E04/1610	$346,450	80.30%	1.0	1.3	$278,200	$319,929	$361,659	$319,929	$367,919	$415,908
M04/244	$371,573	80.30%	1.0	1.3	$298,373	$343,129	$387,885	$343,129	$394,598	$446,068
M04/249	$387,774	80.30%	1.0	1.3	$311,382	$358,090	$404,797	$358,090	$411,803	$465,517
Admiral Bay Total					$887,955	$1,021,148	$1,154,342	$1,021,148	$1,174,321	$1,327,493
Kookynie										
E 40/289	$554,707	100%	0.9	1.3	$499,236	$610,178	$721,119	$574,122	$701,705	$829,287
E 40/332	$582,378	100%	1.3	1.5	$757,091	$815,329	$873,567	$870,655	$937,628	$1,004,602
E 40/387	$5,719	100%	0.8	1.0	$4,576	$5,147	$5,719	$5,262	$5,920	$6,577
E 40/390	$27,426	100%	0.8	1.0	$21,941	$24,684	$27,426	$25,232	$28,386	$31,540
M 40/61	$2,254,243	100%	1.3	1.5	$2,930,516	$3,155,941	$3,381,365	$3,370,094	$3,629,332	$3,888,570
P 40/1331	$35,582	100%	1.0	1.5	$35,582	$44,478	$53,374	$40,920	$51,150	$61,380
P 40/1407	$16,470	100%	0.5	1.0	$8,235	$12,352	$16,470	$9,470	$14,205	$18,940
P 40/1430	$18,075	100%	0.5	1.0	$9,037	$13,556	$18,075	$10,393	$15,590	$20,786
P 40/1499	$6,038	100%	0.5	1.0	$3,019	$4,528	$6,038	$3,472	$5,207	$6,943
P 40/1500	$6,037	100%	0.5	1.0	$3,019	$4,528	$6,037	$3,471	$5,207	$6,943
P 40/1501	$6,153	100%	0.5	1.0	$3,077	$4,615	$6,153	$3,538	$5,307	$7,076
P 40/1510	$2,331	100%	0.5	1.0	$1,165	$1,748	$2,331	$1,340	$2,010	$2,681
P 40/1511	$2,527	100%	0.5	1.0	$1,264	$1,895	$2,527	$1,453	$2,180	$2,906
E40/350	$341,362	100%	0.8	1.0	$273,090	$307,226	$341,362	$314,053	$353,310	$392,566
E40/357	$152,888	100%	0.8	1.0	$122,310	$137,599	$152,888	$140,657	$158,239	$175,821
Kookynie Total					$1,742,642	$1,987,864	$2,233,086	$2,004,038	$2,286,044	$2,568,049
Yundamindra										
E 39/1773	$87,331	100%	0.8	1.0	$69,865	$78,598	$87,331	$56,241	$63,271	$70,301
E 39/1774	$133,123	100%	0.8	1.0	$106,498	$119,811	$133,123	$85,731	$96,448	$107,164

M 39/274	$71,459	100%	1.0	1.3	$71,459	$82,178	$92,897	$57,524	$66,153	$74,782
M 39/406	$43,693	100%	1.0	1.3	$43,693	$50,247	$56,801	$35,173	$40,449	$45,725
M 39/407	$253,285	100%	1.0	1.3	$253,285	$291,278	$329,271	$203,894	$234,479	$265,063
M 39/408	$137,461	100%	0.5	1.0	$68,731	$103,096	$137,461	$55,328	$82,992	$110,656
M 39/409	$247,932	100%	0.5	1.0	$123,966	$185,949	$247,932	$99,793	$149,689	$199,585
M 39/410	$303,436	100%	1.0	1.3	$303,436	$348,951	$394,467	$244,266	$280,906	$317,546
M 39/839	$31,812	100%	0.5	1.0	$15,906	$23,859	$31,812	$12,804	$19,206	$25,609
M 39/84	$231,478	100%	1.0	1.3	$231,478	$266,200	$300,921	$186,340	$214,291	$242,242
M 39/840	$31,643	100%	0.5	1.0	$15,822	$23,732	$31,643	$12,736	$19,104	$25,473
P 39/6126	$2,492	100%	0.5	1.0	$1,246	$1,869	$2,492	$1,003	$1,505	$2,006
P 39/6127	$2,142	100%	0.5	1.0	$1,071	$1,607	$2,142	$862	$1,293	$1,724
Yundamindra Total					$1,306,455	$1,577,374	$1,848,292	$1,051,696	$1,269,786	$1,487,875
Total					$3,937,052	$4,586,386	$5,235,720	$4,076,883	$4,730,150	$5,383,418

Notes

Kookynie

L40/9, G40/3 were not included in the valuation as they do not allow the holder any rights to the underlying minerals, M40/22,M40/27 and M40/77 were not valued using the PEM as they were valued using a Comparable transaction (resource Multiple method as a primary method and a Yardstick as a secondary method), M40/61 is not included in the Kookynie Total due to it being valued separately using a Kilburn as a primary method and a Yardstick as a secondary method with the yardstick being based on the reported Exploration Target on the tenement.

Yundamindra

L39/34, L39/52 and L39/258 were not included in the valuation as they do not allow the holder any rights to the underlying minerals,

A 15% premium was applied to the Technical Valuation to account for the currently elevated gold and zinc prices, no premium or discount was applied to the technical valuation for any environmental or geopolitical (locational) risks while a 30% reduction was applied to the technical valuation for the Yundamindra project to account for the tenement security risk associated with the plaints.