

NEX METALS EXPLORATIONS LIMITED

ABN: 63 124 706 449

**Financial Report
For the year ended 30 June 2017**

Nex Metals Explorations Limited

ABN 63 124 706 449

CORPORATE DIRECTORY

DIRECTORS

Thomas F Percy QC

Kenneth Allen

Hock Hoo Chua

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

COMPANY SECRETARY

Kenneth Allen

PRINCIPAL OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

REGISTERED OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

AUDITORS

HLB Mann Judd

Level 4

130 Stirling Street

PERTH WA 6000

SHARE REGISTRY

Advanced Share Registry Services

110 Stirling Highway

NEDLANDS WA 6009

STOCK EXCHANGE LISTING

Australian Securities Exchange

Home Exchange: Perth, Western Australia

Code: NME

Nex Metals Explorations Limited

ABN 63 124 706 449

DIRECTORS' REPORT

The directors of Nex Metals Explorations Limited (the “company”) submit herewith the financial report for the financial year ended 30 June 2017 on the company and its controlled entity (the “consolidated entity”).

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

Name

Thomas F Percy

Kenneth M Allen

Hock Hoo Chua

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

Directors Qualifications and Experience

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

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

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

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

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

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

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

Prof. Dato' Dr. Chua Hock Hoo (Non-Executive Director)

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

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

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

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DIRECTORS' REPORT

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

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

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

Principal Activities

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

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

Operating Result

The profit after taxation of the consolidated entity for the year ended 30 June 2017 was \$1,730,514 (2016 : loss of \$356,262). The operating results for the year ended 30 June 2017 is summarised as follows:

	30 June 2017	30 June 2016
Profit/(Loss) before income tax benefit	1,425,499	(996,014)
Income Tax Benefit (being R & D tax offset received)	305,015	639,752
Profit/(Loss) for the year	1,730,514	(356,262)

Financial Position

The consolidated entity had net liabilities of \$2,439,758 as at 30 June 2017, a decrease of \$1,730,514 from net liabilities of \$4,170,272 at 30 June 2016.

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

Dividends Paid or Recommended

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

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DIRECTORS' REPORT

Review of Operations for the year ended 30 June 2017

Yundamindera and Kookynie Gold - Research and Development Work

The Company continued the Research and Development work on the Yundamindera and Kookynie Project with respect to gold Processing. During the year Scoping discussions were held with The Department of Minerals and Petroleum for processing of the tailings. Approval was applied and subsequently granted for a 10,000 tonne trial. A Permit of Works for the complete processing of the remainder is in process. The Company is working with Curtin University with respect to a complete approach to re-treating tailings and the environmental rehabilitation process.



Concurrent to activities at Yundamindera the Company has continued its field works at Cosmopolitan/Champion/McTavish and Leipold deposits. The Company continues to manage the Kookynie Gold project.

Evaluation of Projects

The Company continues to have projects presented to it for evaluation during the past year extending from Base Metals, Copper, Gold and Diamonds.

Research and Development Tax Incentive

The Company continues to undertake extensive research and development with respect to gold processing during the year. A further claim will be lodged in the last quarter of 2017 for the 2017 Income Tax year.

Legal Action

During the year the Company and Stone Resources Australia Limited (ASX:SHK) settled the Legal action commenced in the Supreme Court. Both Parties have agreed to finalise the proceedings with claim and counterclaim being dismissed with no order as to costs. This removes the relevant liabilities from the Financials of the Company.

Effective Completion of Sale of Kookynie Gold Project

The company received during the year the remaining \$1,000,000 from the sale of the Kookynie Gold Project and interest accrued. Outstanding adjustments of \$67,000 is still pending.

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DIRECTORS' REPORT

Concentrated Solar Thermal Research

The Company has been working with Curtin University on various research and development opportunities. The Company has continued background work with respect to power saving techniques during the research phase of the Kookynie Gold Project. Concentrated Solar Thermal was seen as one of the better alternate energy methods that could provide peak load (subject to scalability). The Company believes that in the near future mining would ultimately be required to be carbon neutral which is in line with the Company aspiring to have world best practice in environmental standards. The Company sees that this research will provide a future income stream to its Shareholders as the Company will have the marketing and development rights to the technological outcomes.

During the year Curtin University continued the research under the Australian Research Council, Linkage Grant to carry on from the previous grant with respect to Concentrated Solar Thermal - high temperature storage using metal hydrides. Curtin University has been involved in hydrogen storage research since 1998 through Professor Craig Buckley, who has 25 years of experience in the field. The Hydrogen Storage Research Group (HSRG) at Curtin was formed in 2003. Since 2011, Curtin has performed research on utilising the ability of high-temperature metal hydrides to store significant amounts of heat. A large range of metal hydrides exist and they can store between 3 and 30 times more heat than the state-of-the-art technology based on molten salts. Initial testing shows that Curtin University has developed a method that allows sodium hydride to release and absorb hydrogen, and hence heat, over multiple cycles. Testing is continuing to determine cyclic stability over the projected 30-year lifetime of a concentrating solar thermal power station. The use of metal hydrides aim is to produce a storage system which will be at least two thirds less expensive than currently available systems.

Responsibility Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Rob L'Heureux, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (Canada). Mr. L'Heureux M.Sc., P.Geol., who is a full-time employee of APEX Geoscience Australia Pty Ltd., has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. L'Heureux consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Significant Changes in the State of Affairs

Income Tax Benefit

During the year ended 30 June 2017, the company applied for and received a rebate from the Australian Taxation Office of \$305,015, representing the tax value of research and development costs for the year ended 30 June 2016.

Other than the above, no significant changes in the company's state of affairs occurred during the financial year.

Significant Events After Balance Date

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

Future Developments

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

Environmental regulations

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

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DIRECTORS' REPORT

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were 2 circular resolutions passed.

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

Notes

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

B - Number of meetings attended.

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

Share Options

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

Remuneration Report (Audited)

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

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

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

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

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

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

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DIRECTORS' REPORT

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

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

Performance based remuneration

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

Additional information

The financial performance of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017	2016	2015	2014	2013
	\$	\$	\$	\$	\$
Revenue	588,483	411,349	575,777	1,803,755	679,220
EBITDA	1,304,017	(835,808)	(993,629)	(1,389,535)	(7,625,616)
EBIT	1,318,790	(844,510)	(1,004,812)	(1,414,326)	(7,906,253)
Profit/(Loss) after income tax	1,730,514	(356,262)	(211,674)	707,565	(3,394,712)

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

	2017	2016	2015	2014	2013
Share price at financial year end (\$)	0.01	0.008	0.004	0.080	0.015
Total dividends declared (cents per share)	-	-	-	-	-
Basic (loss)/earnings per share (cents per share)	1.13	(0.23)	(0.14)	0.46	(2.22)

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DIRECTORS' REPORT

(b) Directors and Key Management Personnel Compensation

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

Name of Director

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

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

Year ended 30 June 2017	Short-term		Post-employment	Total
	<i>Salary & Fees</i>	<i>Non Cash</i>	<i>Superannuation</i>	
	\$	\$	\$	\$
Directors				
T Percy	37,500	-	3,563	41,063
K Allen	122,004	-	11,590	133,594
H Chua	25,000	-	2,375	27,375
R Razali	-	-	-	-
	<u>184,504</u>	<u>-</u>	<u>17,528</u>	<u>202,032</u>

Year ended 30 June 2016	Short-term		Post-employment	Total
	<i>Salary & Fees</i>	<i>Non Cash</i>	<i>Superannuation</i>	
	\$	\$	\$	\$
Directors				
T Percy	37,500	-	3,563	41,063
K Allen	122,004	-	11,590	133,594
H Chua	25,000	-	2,375	27,375
R Razali	-	-	-	-
	<u>184,504</u>	<u>-</u>	<u>17,528</u>	<u>202,032</u>

(c) Service agreements

The agreements related to remuneration are set out below

- (i) The company has entered into an executive services agreement with Kenneth Malcolm Allen whereby the company has agreed to employ Kenneth Malcolm Allen as managing director for a period of 4 years commencing on 6 December 2007 on a salary of \$220,000 per annum (exclusive of superannuation). In October 2008, Mr Allen agreed to reduce his total remuneration by 50% effective October 2008 until further notice. Mr Allen's term of agreement was extended on a monthly basis in November 2011.
- (ii) The company has entered into a letter agreement with Dr. Chua Hock Hoo, whereby the company has agreed to pay Dr Chua \$25,000 per annum, plus statutory entitlements, payable monthly in arrears for acting as a Non-Executive Director of the company.
- (iii) The company has entered into a letter agreement with Thomas Francis Percy whereby the company has agreed to pay Thomas Francis Percy director's fees of \$75,000 per annum, plus statutory entitlements, payable monthly in arrears, for acting as the non-executive chairman of the company. In October 2008, Mr Percy agreed to reduce his base remuneration by 50% effective October 2008 until further notice.

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DIRECTORS' REPORT

- (iv) The company has entered into a letter agreement with Raja Mohd Azmi bin Raja Razali, whereby the company has agreed to pay Mr Razali \$25,000 per annum, plus statutory entitlements, when Mr Razali stands in as an alternate for Dr Chua on a pro rata basis. No payments were made to Mr Razali during the year ended 30 June 2017.

(d) Option holdings of Key Management Personnel

There are no unissued ordinary shares under option during the year ended 30 June 2017.

(e) Share-based compensation of Key Management Personnel

There are no shares issued to the directors as part of compensation during the year ended 30 June 2017.

(f) Shareholdings of Key Management Personnel

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

(g) Related party disclosures

(a) Transactions with director related entities

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

	30 June 2017 \$	30 June 2016 \$
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	65,322	56,165
 (b) <i>Aggregate amounts payable to directors and their director related entities at balance date</i>		
<i>Current liabilities</i>		
Payables and accruals	1,199,985	997,953
Share applicable monies (i)	<u>328,000</u>	<u>328,000</u>
	<u>1,527,985</u>	<u>1,325,953</u>

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

(c) Directors loans

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

(d) Other related party transactions

Royalty obligations to RW Allen, a related party of Kenneth Allen, has been disclosed in Note 15.

[End of Remuneration Report]

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DIRECTORS' REPORT

Indemnification and insurance of officers

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

Indemnification and insurance of auditor

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

Proceedings on Behalf of the Company

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

The company was not a party to any such proceedings during the year except as disclosed in Note 16.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 4. The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 4 do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

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

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



Kenneth Allen
Managing Director

Perth, 29 September 2017

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DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Kenneth Allen
Managing Director

29 September 2017
Perth

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	30 June 2017 \$	30 June 2016 \$
Revenue	2(a)	37,631	7
Other income	2(b)	2,806,329	551,636
Occupancy expenses		(73,362)	(31,949)
Administration expenses		(107,928)	(140,384)
Consultants expenses	2(c)	(221,387)	(196,432)
Depreciation expenses		(14,773)	(8,702)
Employment and contractor expenses		(550,977)	(592,393)
Borrowing and finance costs		(151,709)	(151,504)
Travel expenses		(39,857)	(49,448)
Exploration and evaluation expenses	8	(207,968)	(376,845)
Research and development costs	2(c)	(50,500)	-
Profit/(Loss) before income tax benefit	3	1,425,499	(996,014)
Income tax benefit	3	305,015	639,752
Profit/(Loss) for the year			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit/(loss) for the year		1,730,514	(356,262)
Profit/(Loss) per share:			
Basic profit/(loss) (cents per share)	14	1.13	(0.23)

The accompanying notes form part of this financial report.

Nex Metals Explorations Limited
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents	20(a)	718,647	306,164
Receivables	5	225,523	114,368
Other assets	6	13,994	29,644
Total current assets		<u>958,164</u>	<u>450,176</u>
Non-current assets			
Receivables	5	-	1,000,000
Plant and equipment	7	55,353	27,403
Capitalised exploration and evaluation expenditure	8	269,664	269,664
Total non-current assets		<u>325,017</u>	<u>1,297,067</u>
Total assets		<u>1,283,181</u>	<u>1,747,243</u>
Current liabilities			
Payables	9	2,064,250	4,287,569
Interest-bearing liabilities	10	1,500,000	1,500,000
Provisions	11	158,689	129,946
Total current liabilities		<u>3,722,939</u>	<u>5,917,515</u>
Total liabilities		<u>3,722,939</u>	<u>5,917,515</u>
Net liabilities		<u>(2,439,758)</u>	<u>(4,170,272)</u>
Equity			
Issued capital	12(a)	18,884,107	18,884,107
Option reserve	13	2,260,245	2,260,245
Accumulated losses		<u>(23,584,110)</u>	<u>(25,314,624)</u>
Total deficit		<u>(2,439,758)</u>	<u>(4,170,272)</u>

The accompanying notes form part of this financial report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficit \$
Balance at 1 July 2015	18,884,107	2,260,245	(24,958,362)	(3,814,010)
(Loss) for the year	-	-	(356,262)	(356,262)
<i>Total comprehensive income for the year</i>	-	-	(356,262)	(356,262)
Transactions with owners in their capacity as owners				
Issue of shares for working capital	-	-	-	-
Share issue costs	-	-	-	-
Total contributions by owners	-	-	-	-
Balance at 30 June 2016	18,884,107	2,260,245	(25,314,624)	(4,170,272)

	Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficit \$
Balance at 1 July 2016	18,884,107	2,260,245	(25,314,624)	(4,170,272)
Profit for the year	-	-	1,730,514	1,730,514
<i>Total comprehensive income for the year</i>	-	-	1,730,514	1,730,514
Transactions with owners in their capacity as owners				
Issue of shares for working capital	-	-	-	-
Share issue costs	-	-	-	-
Total contributions by owners	-	-	-	-
Balance at 30 June 2017	18,884,107	2,260,245	(23,584,110)	(2,439,758)

The accompanying notes form part of this financial report.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities			
Other revenue		440,460	359,564
Amounts received for sale of mining tenements		1,000,000	-
Payments to suppliers and employees		(1,131,341)	(1,209,852)
Borrowing and finance costs paid		(136,707)	(136,176)
Interest received		37,631	7
Income tax refund (net of professional fees)		245,163	639,752
Net cash provided by/(used in) operating activities	20(b)	455,206	(346,705)
Cash flows from investing activities			
Payments for plant and equipment		(42,723)	(3,911)
Net cash used in investing activities		(42,723)	(3,911)
Cash flows from financing activities			
Receipt of loans advanced		-	300,000
Net cash provided by financing activities		-	300,000
Net increase/(decrease) in cash and cash equivalents		412,483	(50,616)
Cash and cash equivalents at the beginning of the financial year		306,164	356,780
Cash and cash equivalents at the end of the financial year	20(a)	718,647	306,164

The accompanying notes form part of this financial report.

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ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

The financial report of Nex Metals Explorations Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 29 September 2017.

1. Summary of Significant Accounting Policies

Basis of preparation

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

Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a net profit of \$1,730,514 and had net cash inflows from operating activities of \$455,206 for the year ended 30 June 2017. As of that date, the consolidated entity had net current liabilities of \$2,764,775 and net liabilities of \$2,439,758.

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

- \$328,000 of share application monies received from a Director, shown as a current liability in the statement of financial position as at 30 June 2017, will be transferred to equity when the shares are issued;
- Convertible notes with a face value of \$1,500,000 are recognised in current liabilities as it is repayable by 3 February 2018 (refer to Note 10). The directors are confident that the note holder will extend the convertible notes at repayment date as has occurred in the prior years;
- A research and development rebate claim will be lodged during the financial year ended 30 June 2018 with respect to research and development costs incurred for the year ended 30 June 2017;
- The possible sale of mining tenements, recognised as exploration and evaluation assets in the statement of financial position as at 30 June 2017, for cash as has occurred in the prior years; and
- Issue of shares for cash from capital raising to be conducted in accordance with the Corporations Act 2001.

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1. Summary of Significant Accounting Policies (continued)

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

The consolidated entity's ability to continue as a going concern is mainly dependent on the following factors;

- obtaining cash through a successful research and development rebate claim;
- extension of the repayment date of the convertible note; and
- raising further equity.

Should the consolidated entity not achieve appropriate level of funding from some or all of the factors set out above, there is a material uncertainty which may cast significant doubt about whether the consolidated entity will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

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

(a) Cash and cash equivalents

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

(b) Employee benefits

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

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

Other long-term employee benefits

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

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

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1. Summary of Significant Accounting Policies (continued)

(c) Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and their fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest method. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting periods. All other investments are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial statements that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Fair Value

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

Impairment of Assets

At the end of each reporting date, the directors assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(d) Goods and services tax

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

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

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

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

(e) Impairment of assets

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

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

(f) Income tax

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(f) Income tax (continued)

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

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

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

(g) Exploration and Evaluation Expenditure

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

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

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

The consolidated entity performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to profit or loss.

Expenditure is not carried forward in respect of any area of interest unless the consolidated entity's right of tenure to that area of interest is current. Expenditures incurred before the consolidated entity has obtained legal rights to explore a specific area is expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(h) Mine Development

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and capitalised exploration and evaluation expenditure transferred from capitalised exploration and evaluation expenditure account.

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

Mine properties are tested for impairment in accordance with the policy in note 1(e).

Costs of site restoration are provided for from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating to dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates of the future costs and current legal requirements and technology, discounted to present value. Any changes in the estimates for the costs are accounted for on a prospective basis.

(i) Payables

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

(j) Plant and equipment

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

Depreciation

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

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

(k) Provisions

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(l) Revenue recognition

Other revenue

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

Interest revenue

Interest revenue is recognised when earned.

(m) Borrowings

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

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

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

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

(n) Finance costs

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

All other finance costs are recognised in profit or loss in the financial period in which they are incurred.

(o) Leases

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

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(o) Leases (continued)

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

(p) Earnings per share

(i) Basic Earnings per share

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

(ii) Diluted Earnings per Share

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

(q) Trade and other receivables

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

(r) Issued capital

Ordinary shares are classified as equity.

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

(s) Principles of Consolidation

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

(t) Critical accounting judgments, estimates and assumptions

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

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

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(t) Critical accounting judgments, estimates and assumptions (continued)

Exploration and evaluation expenditure

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

Impairment - General

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

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

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The directors' assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of Significant Accounting Policies (continued)

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

(w) Comparative Figures

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

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	30 June 2017 \$	30 June 2016 \$
2. Loss before income tax		
(a) Revenue		
Interest revenue	37,631	7
(b) Other Income		
Sundry income	2,806,329 ⁺	551,636*
+ Includes \$2,255,477 write back of creditor due to settlement of legal dispute		
*Includes \$140,294 write back of creditor.		
(c) Expenses		
<i>Consultants expenses</i>		
Professional fees incurred in relation to the Research and Development tax rebate claim	59,852	-
Legal	50,000	2,673
Other	66,535	193,759
	176,387	196,432
Research and development costs	50,500	-
3. Income tax		
(a) No Income tax is payable by the consolidated entity as it incurred losses for income tax purposes for the year.		
(b) The prima facie income tax benefit on loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Profit/(Loss) from operations	1,425,499	(996,014)
Prima facie income tax benefit/(loss) at 27.5% (2016: 28.5%)	392,012	(283,864)
Tax effect of non-deductible items	-	(43,990)
Deferred tax asset not recognised	-	47,539
Adjustment for prior period	-	280,315
Timing difference	(22,365)	-
Utilisation of tax losses	(369,647)	-
Research & development rebate (see note 3(d))	305,015	639,752
Income tax benefit	305,015	639,752

(c) Unrecognised deferred tax balances

The directors estimate that the potential deferred tax benefits (at 27.5% for 2017; at 28.5% for 2016) not brought to account attributable to tax losses carried forward at balance date is approximately \$2,259,635 (2016: \$3,182,256). They will only be of benefit to the consolidated entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the consolidated entity is able to meet the continuity of ownership and/or business tests.

(d) Research & development rebate

During the year ended 30 June 2017, the consolidated entity applied for and received rebates from the Australian Taxation Office of \$305,015 representing the tax value of research and development costs for the year ended 30 June 2016. (2016: \$639,752) This amount is shown as an income tax benefit in the statement of profit or loss and other comprehensive income for the year ended 30 June 2017.

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	30 June 2017 \$	30 June 2016 \$	
4. Remuneration of auditors			
Audit and review of the financial report	31,000	38,000	
5. Receivables			
Current			
Sundry receivables	225,523	114,368	
Non-Current			
Amount due under contract for sale of mining tenements	-	1,000,000	
6. Other assets			
Prepayments	13,994	29,644	
7. Plant and equipment			
	Motor Vehicles	Plant and Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2017			
Opening net book value	16,195	11,208	27,403
Additions	42,723	-	42,723
Depreciation charge for the year	(10,524)	(4,249)	(14,773)
Closing net book value	48,394	6,959	55,353
At 30 June 2017			
Cost	145,136	70,945	216,081
Accumulated depreciation	(96,742)	(63,986)	(160,728)
Net book value	48,394	6,959	55,353
Year ended 30 June 2016			
Opening net book value	21,720	10,474	32,194
Additions	-	3,911	3,911
Depreciation charge for the year	(5,525)	(3,177)	(8,702)
Closing net book value	16,195	11,208	27,403

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FOR THE YEAR ENDED 30 JUNE 2017

7. Plant and equipment (continued)

	Motor Vehicles	Plant and Office Equipment	Total
	\$	\$	\$
At 30 June 2016			
Cost	102,413	70,945	173,358
Accumulated depreciation	(86,218)	(59,737)	(145,955)
Net book value	<u>16,195</u>	<u>11,208</u>	<u>27,403</u>

	30 June 2017 \$	30 June 2016 \$
8. Capitalised exploration expenditure		
Opening balance	269,664	284,664
Current year expenditure	207,968	236,551
Current year expenditure written off	(207,968)	(251,551)
Closing balance	<u>269,664</u>	<u>269,664</u>

9. Payables

Current

Trade payables and accruals (i)	1,605,815	1,588,657
Trade payables in dispute (refer Note 16)(i)	-	2,255,477
Accrued interest	130,435	115,435
Share application monies	328,000	328,000
	<u>2,064,250</u>	<u>4,287,569</u>

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. The amount of payables at balance date exceeding normal trading terms is estimated at \$537,106.

	30 June 2017 \$	30 June 2016 \$
10. Interest-bearing liabilities		
Current		
Convertible note	10(a) <u>1,500,000</u>	<u>1,500,000</u>

(a) During the year, the consolidated entity renegotiated the convertible note and the terms were extended to 3 February 2018, unless the note holder elects to convert to ordinary share at the lower of \$0.03 per share or the 10 trading day volume weighted average price of shares traded on the ASX. Interest is payable at 10% per annum. Total interest accrued during the year ended 30 June 2017 was \$130,435 (2016: \$115,435). The consolidated entity paid a total of \$135,000 in interest during the year to the note holder.

	30 June 2017 \$	30 June 2016 \$
11. Provisions		
Employee entitlements	<u>158,689</u>	<u>129,946</u>

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

12. Issued Capital

Fully paid ordinary shares	18,884,107	18,884,107
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(a) Movements in issued capital:

	No of Shares	\$
Balance at 1 July 2015	152,716,956	18,884,107
Share issue costs	-	-
Balance at 30 June 2016	<u>152,716,956</u>	<u>18,884,107</u>
Balance at 1 July 2016	152,716,956	18,884,107
Share issue costs	-	-
Balance at 30 June 2017	<u>152,716,956</u>	<u>18,884,107</u>

(b) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

13. Reserves

	30 June 2017 \$	30 June 2016 \$
Option reserve	2,260,245	2,260,245
Option reserve		
Balance at beginning of financial year	2,260,245	2,260,245
Balance at end of financial year	<u>2,260,245</u>	<u>2,260,245</u>

This option issue reserve is used to recognise both the fair value or issue price of options issued.

14. Profit/ (Loss) per share

	2017 Cents Per Share	2016 Cents Per Share
Basic profit/(loss) loss per share:	1.13	(0.23)

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

	30 June 2017 \$	30 June 2016 \$
Profit/(loss) for the year after income tax	1,730,514	(356,262)
Weighted average number of ordinary shares for the purposes of basic profit/ (loss) per share	<u>152,716,956</u>	<u>152,716,956</u>

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15. Commitments for expenditure	30 June 2017 \$	30 June 2016 \$
<u>(a) Exploration commitments</u>		
The consolidated entity has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
Not later than 1 year	98,823	95,213
Later than 1 year and not later than 2 years	98,376	93,806
Later than 2 years and not later than 5 years	285,492	280,851
	<u>482,691</u>	<u>469,870</u>
<u>(b) Other commitments</u>		
Commitments in relation to the Solar Thermal Energy Research and Development project with Curtin University:		
Not later than 1 year	246,000	50,500
Later than 1 year and not later than 2 years	-	246,500
Later than 2 years and not later than 5 years	-	3,000
	<u>246,000</u>	<u>300,000</u>
<u>(c) Royalty Commitments</u>		
(i) The consolidated entity has royalty obligations to RW Allen pursuant to mining tenement acquisition agreements. The royalty under the agreements are as follows:		
(a) \$1.00 per tonne for any gold bearing ore extracted from the tenements;		
(b) for uranium, 5% of the sale price if the market price is up to USD50.00 per pound, 7.5% of the sale price if the market price ranges between USD50.01 to USD99.99 per pound, and 10% of the sale price if the market price is USD100.00 or above per pound, less selling costs in all cases; and		
(c) 1% of gross sales of extracted metals for any other mineral		
(ii) The consolidated entity has various royalty commitments in relation to tenements acquired in the Kookynie and Yundamindera area. These commitments vary. Based on average grades and the budgeted areas to be mined, the Directors consider that royalties payable for the next 2-3 years will be insignificant.		

16. Contingencies

- (a) During and subsequent to the financial year end, the Company settled its dispute with a creditor for an amount of \$2,255,477.

Both parties have agreed to finalise the proceedings with a claim and counterclaim being dismissed with no order as to costs.

There were no contingencies as at 30 June 2017.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. Key Management Personnel Disclosures

Refer to Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the company's Key Management Personnel for the year ended 30 June 2017.

Compensation of Key Management Personnel

	30 June 2017	30 June 2016
	\$	\$
Short term employee benefits	184,504	184,504
Post-employment benefits	17,528	17,528
	<u>202,032</u>	<u>202,032</u>

18. Related Party Disclosures

(a) *Transactions with director related entities*

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

- (i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen

65,322	56,165
--------	--------

(b) *Aggregate amounts payable to directors and their director related entities at balance date*

Current liabilities

Payables and accruals

1,199,985	997,953
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Share applicable monies (i)

328,000	328,000
---------	---------

<u>1,527,985</u>	<u>1,325,953</u>
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- (i) This represents share application monies from Raja Mohd Azmi Bin Raja Razali.

(c) *Directors loans*

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

(d) *Other related party transactions*

Royalty obligations to RW Allen, a related party of Kenneth Allen, has been disclosed in Note 15.

19. Controlled Entity

Name	Country of Incorporation	Percentage Interests Held		Cost of Parent Entity Investment	
		2017	2016	2017	2016
				\$	\$
Ausnational Investments Pty Ltd	Australia	100%	100%	1	1

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FOR THE YEAR ENDED 30 JUNE 2017

20. Cash Flow Information	30 June 2017	30 June 2016
	\$	\$
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	718,647	306,164
	<u>718,647</u>	<u>306,164</u>
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Profit/(loss) for the year	1,730,514	(356,262)
Impairment of capitalised exploration costs	-	15,000
Depreciation	14,773	8,702
Changes in assets and liabilities		
Receivables	1,083,457	(62,823)
Prepayments	15,650	8,554
Payables and provisions	(2,389,188)	40,124
Net cash provided by/(used in) operating activities	<u>455,206</u>	<u>(346,705)</u>

Non Cash Financing and Investing Activities

There were no non-cash financing and investing activities for the year ended 30 June 2017 and 30 June 2016.

21. Financial risk management and policies

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

The consolidated entity holds the following financial instruments:

Financial assets

Cash and cash equivalents	718,647	306,164
Receivables	225,523	1,114,368
	<u>944,170</u>	<u>1,420,532</u>

Financial liabilities

Payables	2,064,250	4,287,569
Borrowings – Convertible note	1,500,000	1,500,000
	<u>3,564,250</u>	<u>5,787,569</u>

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

21. Financial risk management and policies (continued)

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

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

(a) Credit risk

Management does not actively manage credit risk.

The consolidated entity has no significant exposure to credit risk from external parties at year end. The maximum exposure to credit risk at the reporting date is equal to the carrying value of financial assets at 30 June 2017.

Cash at bank is held with internationally regulated banks.

Other receivables are of a low value and all amounts are current. There are no trade receivables.

(b) Capital risk

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(c) Liquidity risk

Maturity profile of financial instruments

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

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

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

21. Financial risk management and policies (continued)

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

As at 30 June 2017	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	718,647	-	-	718,647	0.0%
Receivables	225,523	-	-	225,523	-
	<u>944,170</u>	<u>-</u>	<u>-</u>	<u>944,170</u>	<u>-</u>
Financial Liabilities:					
Payables	2,064,250	-	-	2,064,250	-
Borrowings – Convertible note	1,500,000	-	-	1,500,000	10%
	<u>3,564,250</u>	<u>-</u>	<u>-</u>	<u>3,564,250</u>	<u>-</u>
As at 30 June 2016					
Financial Assets:					
Cash	306,164	-	-	306,164	0.0%
Receivables	114,368	1,000,000	-	1,114,368	-
	<u>420,532</u>	<u>1,000,000</u>	<u>-</u>	<u>1,420,532</u>	<u>-</u>
Financial Liabilities:					
Payables	4,287,569	-	-	4,287,569	-
Borrowings – Convertible note	1,500,000	-	-	1,500,000	10%
	<u>5,787,569</u>	<u>-</u>	<u>-</u>	<u>5,787,569</u>	<u>-</u>

Sensitivity analysis – interest rates

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

(d) Net fair value of financial assets and liabilities

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

Nex Metals Explorations Limited
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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

22. Segment Reporting

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

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

23. Subsequent Events

Since the end of the financial year, there has not arisen any item, transactions or event of a material and unusual nature likely, in the opinion of the directors, which will affect substantially the operations of the consolidated entity in subsequent financial years.

24. Parent Entity Disclosures

	2017 \$	2016 \$
<i>Financial Position</i>		
Assets		
Current assets	958,164	450,176
Non-current assets	557,554	1,478,782
Total assets	<u>1,515,718</u>	<u>1,928,958</u>
Liabilities		
Current liabilities	3,722,939	5,917,515
Total liabilities	<u>3,722,939</u>	<u>5,917,515</u>
Equity		
Issued capital	18,884,107	18,884,107
Reserves	2,260,245	2,260,245
Accumulated losses	(23,351,573)	(25,132,909)
Total equity	<u>(2,207,221)</u>	<u>(3,988,557)</u>
<i>Financial Performance</i>		
Profit/(loss) for the year	1,730,514	(356,262)
Other comprehensive income	-	-
Total comprehensive income	<u>1,730,514</u>	<u>(356,262)</u>

a) Contingent liabilities

Refer to Note 16 for details of contingent liabilities.

b) Commitments

Refer to Note 15 for details of commitments.

Nex Metals Explorations Limited

ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

25. Company Details

The registered office and principal place of business of the Company is:

45 Guthrie Street
OSBORNE PARK WA 6017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Nex Metals Explorations Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
29 September 2017

B G McVeigh
Partner

INDEPENDENT AUDITOR'S REPORT

To the members of Nex Metals Explorations Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Nex Metals Explorations Limited ("the Company") and its controlled entities ("the Consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

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

Key audit matters

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

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

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 1(g) of the financial report	At 30 June 2017, the exploration and evaluation expenditure was carried at \$269,664 (2016: \$269,664). In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the consolidated entity capitalises acquisition costs of rights to explore and applies the cost model after recognition. Our audit focussed on the consolidated entity's assessment of the carrying amount of the capitalised exploration and evaluation asset. We considered this to be a key audit matter because this is one of the significant assets of the consolidated entity. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We obtained evidence that the consolidated entity has current rights to tenure of its area of interest; • We examined the exploration budget for 2017/18 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the consolidated entity had not decided to discontinue exploration and evaluation at its area of interest; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the consolidated entity audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report*Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Nex Metals Explorations Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



HLB Mann Judd
Chartered Accountants



B G McVeigh
Partner

Perth, Western Australia
29 September 2017