

Nex Metals Explorations Limited

ABN: 63 124 706 449

Interim Financial Report

for the half-year ended 31 December 2021

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Corporate Directory

DIRECTORS

Thomas F Percy QC
Kenneth M Allen
Hock Hoo Chua
Raja Mohd Azmi bin Raja Razali (Alternate Director to Hock Hoo Chua)

COMPANY SECRETARY

Kenneth M Allen

PRINCIPAL OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

REGISTERED OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

AUDITORS

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
PERTH WA 6000

SOLICITORS

Lawton Gillon
Level 7, 16 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009
Phone: (+618) 9389 8033

STOCK EXCHANGE LISTING

Australian Securities Exchange
Home Exchange: PERTH, Western Australia
Code: NME

Directors' Report

The directors of Nex Metals Explorations Limited ("Company") and its controlled entity ("Group") submit herewith the financial report for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of the directors who held office during or since the end of the half-year are:

Thomas F Percy

Kenneth M Allen

Hock Hoo Chua

Raja Mohd Azmi bin Raja Razali (Alternate Director to Hock Hoo Chua)

Operating Results

The operating loss of the Group for the half-year after providing for income tax amounted to \$601,778 (31 December 2020 – \$1,141,580).

Review of Operations

Re-Commencement of Tailings Trial and Commissioning of Plant

During the period the Company suspended the processing plant for the tailings processing trial at the Kookynie Tailings Research Project due to focus on the hostile takeover. The concentrate produced previously is held for reprocessing in Perth.



Photo 1: Equipment as arrived on site next to the historical Cosmopolitan Mine foundations and Dump 5.

About the Kookynie Tailings Research Project

As previously reported, in late October 2017 Nex Metals drilled a total of 81 aircore holes for 497 metres over the tailings stockpiles (Figure 1). There are six distinct tail stockpiles located on Cosmopolitan tenement M40/61.

Drilling was designed to test the full depth profile of these stockpiles which were up to seven metres high. Drilling confirmed the grades previously identified by the Nex Metals soil sampling program. The overall average grade of the Cosmopolitan tails is 0.69 g/t Au. However, examination of the individual tail's stockpiles indicate that certain stockpiles are higher grade than others. This is shown in Table 1, with stockpile 5 showing a mean grade of 1.33g/t Au.

Figures 1 shows representative cross sections through stockpiles 4, 5 and 6.

Area	Depth slices								Overall
	0-1m	1-2m	2-3m	3-4m	4-5m	5-6m	7-8m	8-9m	
Cosmo Dump 1	0.40	0.44	0.53	0.50	0.55	0.64	0.71	0.27	0.51
Cosmo Dump 2	0.54	0.61	0.63	0.67	0.48	0.77	0.77	0.30	0.61
Cosmo Dump 3	0.54	0.61	0.63	0.67	0.48	0.77	0.77	0.30	0.62
Cosmo Dump 4	0.82	0.65	0.92	0.29					0.68
Cosmo Dump 5	1.36	0.89	1.02	2.15	1.35	0.71			1.33
Cosmo Dump 6	0.76	0.51	0.88	1.02	0.63	1.54			0.83
Cosmo dispersed tails	0.57	0.80							0.69

Table 1. Average grade of Cosmopolitan samples broken down by depth.

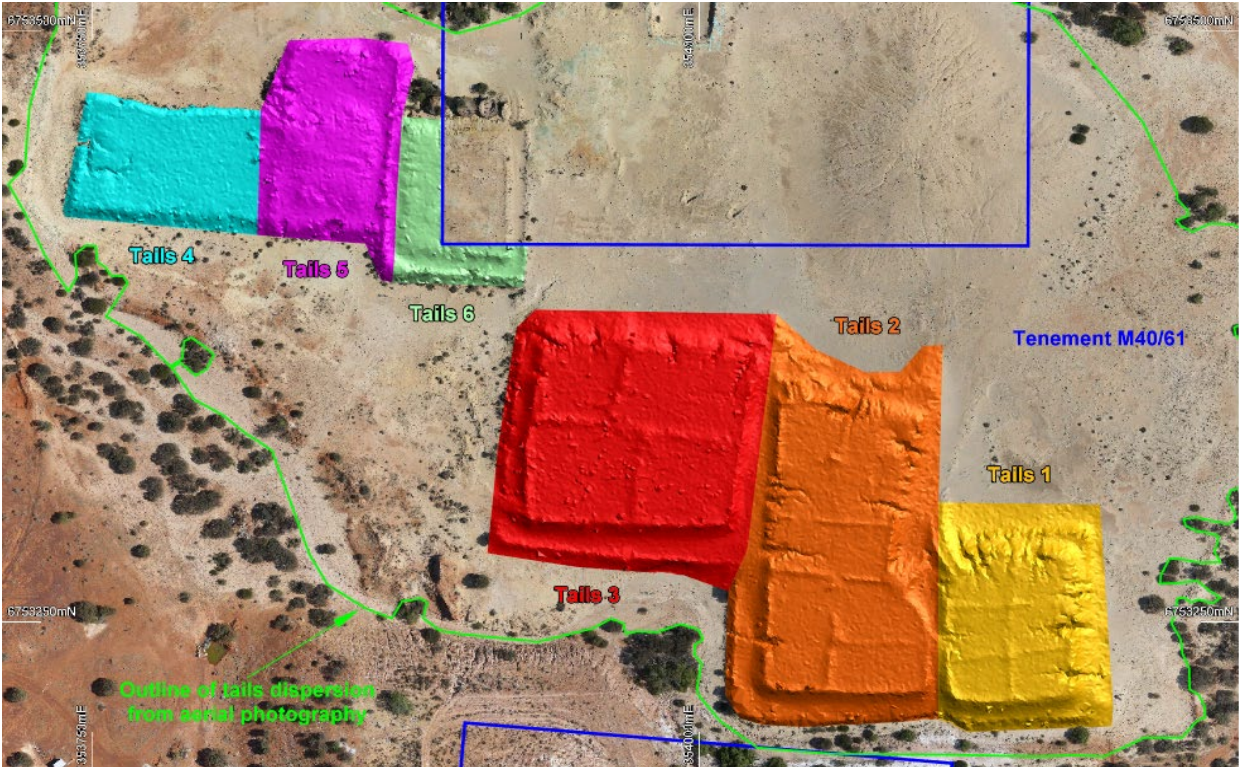


Photo 2: Cosmopolitan tailings Dump sites

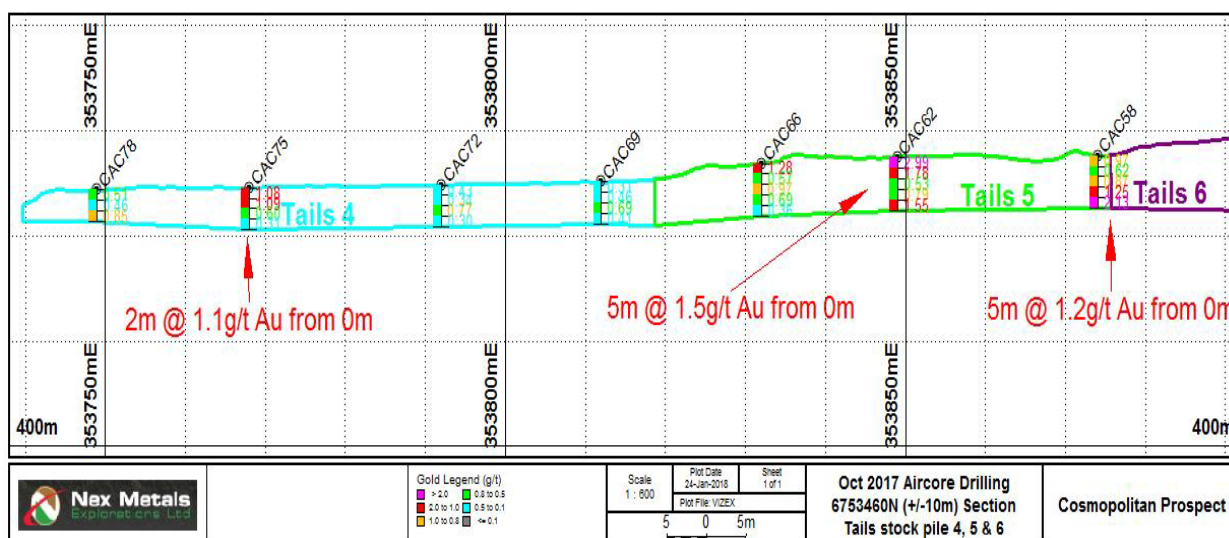


Figure 1. 6753430N Cross section (+/-10) showing aircore drilling across Cosmopolitan stockpiles 4, 5 & 6.

Drilling Results

During the half year Metalicity Ltd (AS:MCT) undertook a series of successful drilling campaigns which identified the High Grade and shallow nature of the mineralisation at the Kookynie Gold Project.

Please refer and read to the following announcements in their entirety:

NME 2 July 2021 Strong Assays extend Leipold Mineralisation up to 1 Km

- Final assays from recent drilling at the Leipold Prospect at the Kookynie Gold Project have been received with 17 out of 22 holes returning mineralised intercepts.
- Significant intercepts included:
 - LPRC0122 – 2 metres @ 4.7 g/t from 65 metres incl. 1 metre @ 8.4 g/t from 66 metres, o
 - LPRC0114 – 3 metres @ 3.3 g/t from 133 metres incl. 1 metre @ 6.4 g/t from 135 metres, o
 - LPRC0112 – 4 metres @ 3.4 g/t from 127 metres, o LPRC0123 – 6 metres @ 1.7 g/t from 26 metres, o LPRC0118 – 1 metres @ 7.4 g/t from 35 metres, and o LPRC0126 – 10 metres @ 1.1 g/t from 30 metres.
- Mineralisation extended the Leipold Prospect a further 200m and is now defined over nearly 1km to a vertical depth of only 130 metres, remaining open along strike to the North and at depth.
- With drilling demonstrating mineralisation continues to extend to the North, the further 2kms of strike between Leipold and McTavish remain open and are thought to be increasingly prospective for defining similar high-grade lodes along strike.
- A further 58 holes remain outstanding from McTavish, Champion and Cosmopolitan.
- Once all holes are received and reported, the Company intends to release its Maiden (JORC 2012) Resource Estimate for the Leipold, McTavish and Champion Prospects, which are all situated on mining leases.

NME 8 July 2021 McTavish delivers Bonanza Grades up to 91.2 g/t au

- Final assays from recent drilling at the McTavish Prospect at the Kookynie Gold Project have been returned delivering some of the best high-grade results at the Project to date.
- Spectacular intercepts include:
 - McTRC0049 - 5 metres @ 25.9 g/t from 28 metres incl:
 - 3 metres @ 41.5 g/t from 30 metres,
 - 1 metre @ 91.2g/t Au from 30 metres); o
 - McTRC0064 - 6 metres @ 20.6 g/t from 19 metres incl:

- 4 metres @ 29.1 g/t from 20 metres; o McTRC0044 - 3 metres @ 19.1 g/t from 88 metres incl:
- 1 metre @ 52.8 g/t from 89 metres; o McTRC0051 - 4 metres @ 3.5 g/t from 8 metres incl:
- 1 metre @ 11.4 g/t from 10 metres.
- Given the dip and angle of drilling, these intercepts are very close to true widths for the mineralisation observed at McTavish.
- These results extend the mineralisation to the south of McTavish, with 2kms of strike between McTavish and Leipold remaining open and becoming increasingly prospective for defining similar high-grade lodes.
- Metalicity is planning to prioritise McTavish and the 2km of untested strike between McTavish and Leipold in its next exploration efforts.
- A further 38 holes remain outstanding from Champion and Cosmopolitan.
- Once all holes are received and reported, the company intends to release, in due course, its Maiden JORC 2012 Mineral Resource Estimate for the Leipold, McTavish and Champion Prospects, which are all situated on mining leases.

NME 15 July 2021 Champion Delivers Consistent Grades at Significant Widths

- Final assays from recent drilling at the Champion Prospect at the Kookynie Gold Project¹ have been returned delivering consistent grades over good widths close to surface.
- Intercepts include:
 - CPRC0023 - 12 metres @ 2.04 g/t Au from 95 metres incl:
 - 5 metres @ 1.5 g/t from 95 metres and;
 - 4 metres @ 3.9 g/t from 104 metres incl:
 - CPRC0035 - 5 metres @ 2.1 g/t from 117 metres incl:
 - 1 metre @ 6.3 g/t from 120 metres.
 - CPRC0034 - 10 metres @ 1.6 g/t Au from 179 metres.
 - 4 metres @ 2.8 g/t from 185 metres o CPRC0037 - 3 metres @ 2.4 g/t from 45 metres o CPRC0039 - 3 Metres @ 2.5 g/t from 141 Metres
- Sixteen of the 24 drill holes returned a significant intercept.
- These results bode very well for the pending Mineral Resource Estimate for the Champion Prospect, which is being calculated along with the Leipold and McTavish Prospects, all situated on mining leases.
- A further 12 holes remain outstanding from Cosmopolitan.
- The Company is finalising plans for its next program with a focus on McTavish and the 2km of untested strike between McTavish and Leipold, where recent results included:
 - McTRC0049 - 5 metres @ 25.9 g/t from 28 metres o McTRC0064 - 6 metres @ 20.6 g/t from 19 metres o McTRC0044 - 3 metres @ 19.1 g/t from 88 metres

NME 28 July 2021 Cosmopolitan Gold Mine Drilling Results

- Final assays from the recent 12 hole drill programme at the Cosmopolitan Gold Mine at the Kookynie Gold Project¹ have been returned, with best intercepts including:
 - COSRC0026 - 1 metre @ 5.4 g/t from 193 metres and: - 1 metre @ 3.9 g/t from 202 metres.
 - COSRC0027 - 1 metre @ 4.4 g/t from 183 metres and: - 1 metre @ 7.7 g/t from 208 metres.
 - COSRC0029 - 2 metres @ 2.1 g/t from 165 metres. o COSRC0030 - 6 metres @ 1.4 g/t from 182 metres.
- These are the first 12 holes that have been drilled by the Company in and around the historic Cosmopolitan mine which produced 360,000 ounces at 15 g/t Au.

- The Company is highly encouraged by the initial scout drilling conducted and about the potential for high grade extensions to the old mine; with more work programmes now planned to follow.
- All assays from the recent drilling programme across the wider Project have been returned and the Company will commence its next programme shortly with a focus on McTavish and the 2km of untested strike between McTavish and Leipold, where recent results included:
 - McTRC0049 - 5 metres @ 25.9 g/t from 28 metres
 - McTRC0064 - 6 metres @ 20.6 g/t from 19 metres
 - McTRC0044 - 3 metres @ 19.1 g/t from 88 metres

NME 9 September 2021 Recommence Drilling at McTavish

Following the completion of a successful \$3m capital raising in June 2020 arrangements are being finalised for RC Drilling to re commence at the MacTavish Prospect, by end of the week, to follow up on the previously reported Bonanza Gold Intersections including':

- McTRC0049 - 5 metres @ 25.9 g/t from 28 metres incl:
 - 3 metres @ 41.5 g/t from 30 metres,
 - 1 metre @ 91.2g/t Au from 30 metres;
- McTRC0064 - 6 metres @ 20.6 g/t from 19 metres incl
 - 4 metres @ 29.1 g/t from 20 metres;
- McTRC0044 - 3 metres @ 19.1 g/t from 88 metres incl:
 - 1 metre @ 52.8 g/t from 89 metres;

Drilling will also test the 2km of strike between the McTavish and Leipold Trends at the Kookynie Gold Project, for which both the McTavish and Leipold prospects remain open along strike and at depth'.

The programme is initially planned to incorporate 19 drill holes for a combined circa 2,100 metres of RC and diamond core but may be extended depending on results.

The Company is close to finalising, it's Maiden JORC 2012 Mineral Resource Estimate for the Leipold, McTavish and Champion Prospects, which are all situated on mining leases.

Following the completion of a successful \$3m capital raising in June, Metalicity Limited (ASX: MCT) ("MCT" or "Company") is pleased to announce that the Company will re commence drilling at the McTavish, Leipold and O1 Champion prospects at the Kookynie Gold Project (Kookynie), located approximately 50km south of the WA Goldfields town of Leonora

NME 6 October 2021 Diamond Drilling to Commence at the Kookynie Gold Project

Diamond drilling at the Kookynie Gold Project is due to commence later this week/early next week.

The Reverse Circulation (RC) drilling component of the programme is now complete with results expected by November.

The current drilling follows up the MacTavish Prospect, with previously reported Bonanza Gold Intersections announced on 8 July 2021.

To date a total of 18 holes have been drilled for 1,408 metres of RC, with approximately 7 diamond core holes to be finalised for circa 650 metres. RC drilling to recommence after a short break.

The MRE is dependent on core density measurements, which will be available after the completion of the core drilling.

MCT/NME 17 November 2021 Diamond Hole- Leipold May Extend Mineralisation at Depth

- First diamond hole at the Leipold Prospect intersects an exciting 12.25 metre intercept of Leipold mineralisation encountered from 191.45 to 203.7.
- Whilst assays are pending, the laminated quartz veining, intense alteration and a wide suite of sulphide mineralogy confirm this is the Leipold lode.
- This is the deepest hole drilled to date at Leipold and may have extended mineralisation for at least a further 50 metres down dip and vertically from surface to approximately 180 metres.
- Information derived from this core hole will assist in the Mineral Resource Estimation ("MRE") of Leipold, which is subject to the completion of further diamond drilling currently underway.
- Further infill diamond drilling is scheduled, including another hole to extend this intercept a further 100 metres down dip.
- Assays from the RC component of the recent drilling programme are expected to be available in late November/early December.

MCT/NME 23 November 2021 Potential 100m Ext of Leipold Mineralisation Down Dip

- The second diamond hole at the Leipold Prospect, drilled 100m down dip from the first diamond hole, intersects an exciting 8.92 metre intercept of Leipold mineralisation encountered from 270.33 to 279.25 metres depth
- It appears to be an extension of the Leipold Lode given the laminated quartz veining, intense alteration and a wide suite of sulphide mineralogy observed, assays are pending
- This is the deepest hole drilled to date at Leipold and may have extended mineralisation:
 - at least a further 100 metres down dip from our first diamond hole (LPRD0002)1
 - vertically from surface to approximately 270 metres depth
- The first two diamond holes have extended and defined the Leipold Lode down dip from surface to 370 metres and remains open
- Diamond drilling is scheduled to continue with 5 holes at Leipold and 2 holes at McTavish planned within the anticipated mineral resource zone for density and metallurgical test work

MCT/NME 6 December 2021 Bonanza Gold Grades east of the main Leipold lode
RC Drilling Results

- New gold zone identified ~200 metres east of the 1km long Leipold lode sitting outside the Leipold mineralised zone subject to Mineral Resource work.
- RC Drilling in the new zone returned:
 - LPRD0002 - 10 metres @ 8.34 g/t Au from 64 metres including:
 - 1 metre @ 77.4 g/t Au from 74 metres; and
 - LPRD0005 - 3 metres @ 3.05 g/t Au from 73 metres including:
 - 1 metre @ 5.3 g/t Au from 74 metres.
- These significant new assays indicate a possible new parallel lode to the main Leipold Lode and demonstrate that the Leipold area is still very prospective for further high-grade mineralisation.
- Final assays from recent RC drilling at the Leipold Prospect at the Kookynie Gold Project1 have been returned delivering consistent grades over good widths close to surface. Significant intercepts from Leipold include:
 - LPRC0135 - 3 metres @ 5.86 g/t Au from 38 metres including:
 - 1 metre @ 12.25 g/t Au from 39 metres; and
 - LPRC0137 - 5 metres @ 2.69 g/t Au from 82 metres including:
 - 1 metre @ 10.27 g/t Au from 82 metres.
- Diamond drilling assay results, including those that appear to have extended the main Leipold Lode 150m down dip, are still pending.
- The Company also recently announced that the offer for NME is now unconditional, and encourages all NME shareholders to accept the Offer ahead of the Closing Date (unless extended) of 5:00pm (Perth time)

on 15 December 2021

MCT/NME 13 December 2021 Champion and McTavish Deliver Significant Widths and Intercepts
RC Drilling Results

- RC Drilling results for the Champion Prospect at the Kookynie Gold Project¹ have returned significant widths and high-grade intercepts including:
 - CPRC0041 - 28 metres @ 1.83 g/t Au from 72 metres (thickest intercept to date at Kookynie and are estimated to be close to true width);
 - CPRC0040 - 4 metres @ 3.97 g/t Au from 59 metres; and CPRC0042 - 3 metres @ 1.89 g/t Au from 78 metres.
- Final assays from recent RC drilling at the McTavish Prospect have returned consistent grades over good widths close to surface, including:
 - MCTRC0065 - 3 metres @ 4.06 g/t Au from 36 metres; and o
 - MCTRC0066 - 1 metre @ 9.93 g/t Au from 60 metres.
- Diamond core drilling is progressing well at McTavish with two diamond tails completed as part of our Mineral Resource Estimation work. Assays are pending for all diamond holes.
- The Company also recently announced that the offer for NME is now unconditional, and encourages all NME shareholders to accept the Offer ahead of the Closing Date (unless extended) of 5:00pm (Perth time) on 15 December 2021.

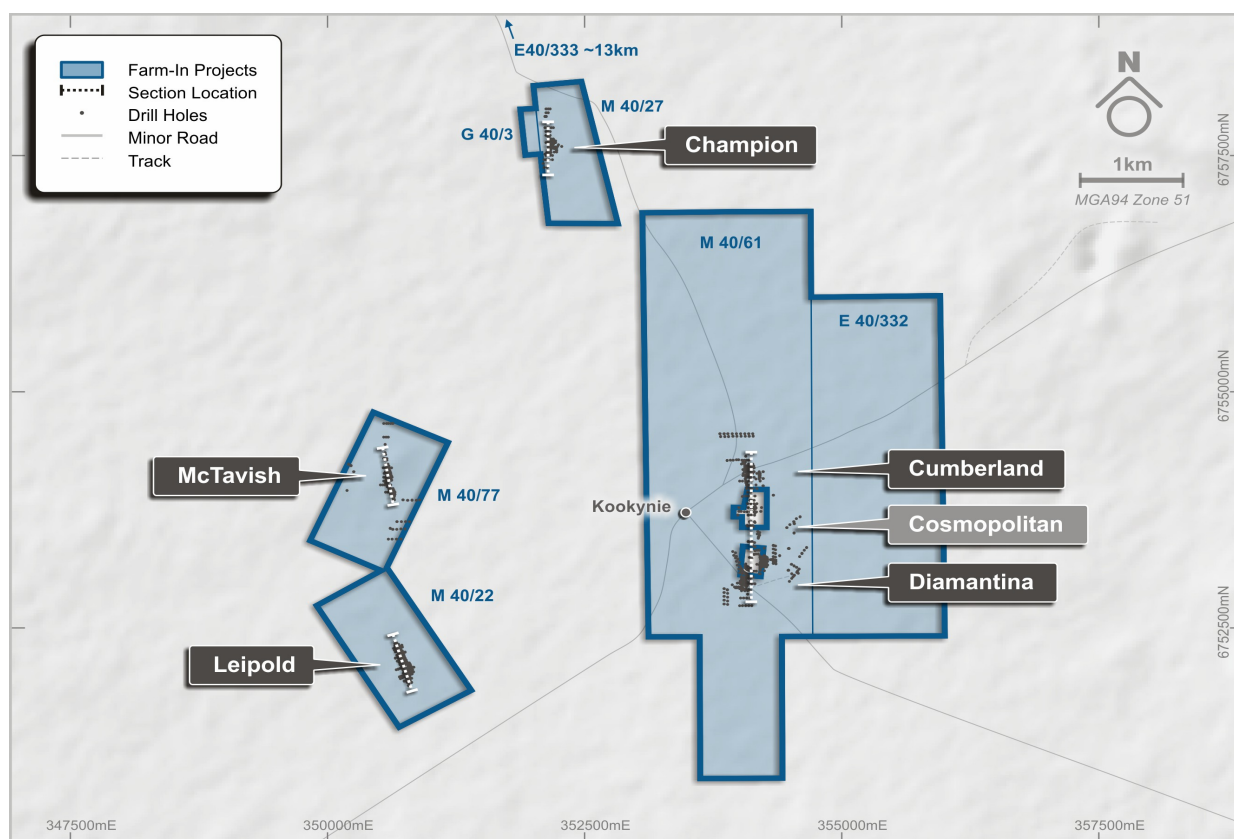


Figure 1 – Kookynie Prospect Locality Map.

Covid-19

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

Applications for Forfeiture on Yundamindra Tenements

The applications for forfeiture lodged by MCA Nominees Pty Ltd in the previous 6 months have had a number of Wardens Court mention hearings during the period and are progressing through the system. The tenements concerned are on Yundamindra tenements M39/84, M39/274, M39/406, M39/407, M39/408, M39/409, M39/410, M39/839, M39/840. The applications are by MCA Nominees Pty Ltd who hold the tenements immediately north of Nex Yundamindra Tenements. The Company believes there is no basis for the claim and is defending the matter in the normal course. As the tenements are under application for forfeiture, the Mining Act/regulations do not require expenditure commitments to be met on the concerned tenements.

Details of Farm-in Agreement

Metalicity Ltd Farm-In Agreement on Kookynie and Yundamindra Projects - Progress

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

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

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

During the period Metalicity undertook a number of drilling programs over the tenements subject to the Farm-in Agreement (refer to drilling results above). The resultant expenditure including that of any tenement acquisitions within the region forms part of the \$5m spend.

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

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

Subsequent events


There are no matters or circumstances that have arisen since 31 December 2021 that have or may significantly affect the operations, results, or state of affairs of the Group in future financials periods.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* has been received and is included on the following page.

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

On behalf of the Directors



Kenneth Allen
Managing Director
Perth, 16 March 2022

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Nex Metals Explorations Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
16 March 2022

D I Buckley
Partner

hlb.com.au

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

Consolidated Condensed Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Other income	2	5,327	54,675
Occupancy expenses		(29,404)	(33,326)
Administration expenses		(227,319)	(514,651)
Consultants expenses		(65,044)	(137,174)
Depreciation		(7,856)	(12,189)
Employment and contractor expenses		(251,229)	(318,367)
Borrowing expenses		(2,851)	(7,159)
Travel expenses		(23,402)	(10,082)
Exploration and evaluation expenses	4	-	(163,307)
(Loss) before income tax expense		(601,778)	(1,141,580)
Income tax benefit		-	-
(Loss) for the period		(601,778)	(1,141,580)
Other comprehensive income for the period		-	-
Total comprehensive (loss) attributable to owners of Nex Metals Explorations Limited		(601,778)	(1,141,580)
Earnings per share:			
Basic and diluted (loss) per share (cents)		(0.23)	(0.46)

The accompanying notes form part of this interim financial report.

Consolidated Condensed Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
Current assets			
Cash and cash equivalents	3	52,714	490,926
Receivables		3,204	3,204
Other current assets		22,034	3,877
Total current assets		<u>77,952</u>	<u>498,007</u>
Non-current assets			
Plant and equipment		67,437	67,852
Capitalised exploration and evaluation expenditure	4	<u>1,010,379</u>	<u>913,296</u>
Total non-current assets		<u>1,077,816</u>	<u>981,148</u>
Total assets		<u>1,155,768</u>	<u>1,479,155</u>
Current liabilities			
Payables	5	2,776,505	2,636,427
Borrowings	6	475,087	343,780
Provisions		<u>271,816</u>	<u>264,810</u>
Total current liabilities		<u>3,523,408</u>	<u>3,245,017</u>
Total liabilities		<u>3,523,408</u>	<u>3,254,017</u>
Net liabilities		<u>(2,367,640)</u>	<u>(1,765,862)</u>
Equity			
Issued capital	7	24,058,753	24,058,753
Option reserve		2,260,245	2,260,245
Accumulated losses		<u>(28,686,638)</u>	<u>(28,084,860)</u>
Total deficiency in equity		<u>(2,367,640)</u>	<u>(1,765,862)</u>

The accompanying notes form part of this interim financial report.

Consolidated Condensed Statement of Cash Flows

For the half-year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Other receipts	250	-
Payments to suppliers and employees	(313,001)	(528,700)
Receipts from Government grants	-	41,944
Interest paid	-	(415,413)
Income tax refund	-	578
Net cash (used in) operating activities	(312,751)	(901,591)
Cash flows from investing activities		
Payments for property, plant and equipment	(8,299)	(58,418)
Payments for exploration expenditure	(88,136)	(597,096)
Net cash (used) in investing activities	(96,435)	(655,514)
Cash flows from financing activities		
Proceeds from the issue of shares	-	3,986,990
Payments for share issue costs	-	(67,984)
Repayment of borrowings	(29,026)	(1,500,000)
Net cash provided by/(used in) financing activities	(29,026)	2,419,006
Net (decrease)/increase in cash and cash equivalents	(438,212)	861,901
Cash and cash equivalents at the beginning of the period	490,926	570,377
Cash and cash equivalents at the end of the period	52,714	1,432,278

The accompanying notes form part of this interim financial report.

Consolidated Condensed Statement of Changes in Equity For the half-year ended 31 December 2021

	Consolidated Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficiency in Equity \$
Balance at 1 July 2020	19,877,247	2,260,245	(26,636,668)	(4,499,176)
Loss for the period	-	-	(1,141,580)	(1,141,580)
<i>Total comprehensive loss for the period</i>	-	-	(1,141,580)	(1,141,580)
<i>Transactions with owners in their capacity as owners</i>				
Shares issued	4,249,490	-	-	4,249,490
Share issue costs	(67,984)	-	-	(67,984)
<i>Total contributions by owners</i>	4,181,506	-	-	4,181,506
Balance at 31 December 2020	24,058,753	2,260,245	(27,778,248)	(1,459,250)

	Consolidated Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficiency in Equity \$
Balance at 1 July 2021	24,058,753	2,260,245	(28,084,860)	(1,765,862)
Loss for the period	-	-	(601,778)	(601,778)
<i>Total comprehensive loss for the period</i>	-	-	(601,778)	(601,778)
Balance at 31 December 2021	24,058,753	2,260,245	(28,686,638)	(2,367,640)

The accompanying notes form part of this interim financial report.

Notes to the condensed interim financial statements

For the half-year ended 31 December 2021

1. Basis of preparation

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The interim financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Nex Metals Explorations Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The interim financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value for certain classes of assets. The accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial report.

Standards and Interpretations in issue not yet adopted

The Directors have reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2021. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

Statement of Compliance

The interim financial statements were authorised for issue on 16 March 2022.

Significant estimates and judgements

The preparation of the interim financial statements requires management to make judgements and estimates that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The judgements and estimates applied in the interim financial statements were the same as those applied to the company last annual report for the year ended 30 June 2021.

For purposes of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

Notes to the condensed interim financial statements For the half-year ended 31 December 2021 (cont'd)

1. Basis of preparation (cont'd)

Going concern

The interim financial report has 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 interim financial report, the Group incurred a loss of \$601,778 and had net cash outflows from operating activities of \$312,751 for the half-year ended 31 December 2021. As at that date, the Group had net current liabilities of \$3,173,640 and net liabilities of \$2,367,640. Notwithstanding the current cash position of the Group, the directors believe there are reasonable grounds to believe that the Group 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 31 December 2021, will be transferred to equity when the shares are issued;
- The possible sale of mining tenements, recognised as exploration and evaluation assets in the statement of financial position as at 31 December 2021;
- Issue of shares for cash from capital raising to be conducted in accordance with the Corporations Act 2001;
- Included in current borrowings is an amount of \$2,109,590 payable to the Directors of the Company. The Directors have agreed not to seek cash payments for their unpaid balances until the Group is in a financial position to pay;
- Included in current borrowings is an amount of \$438,095 payable to Allen's Business Group Pty Ltd, an entity controlled by Director Ken Allen. Allen's Business Group Pty Ltd, after creditors have agreed to defer payment, has agreed not to seek cash payments for this balance for at least a period of 12 months; and
- Allen's Business Group Pty Ltd has agreed to cover any short term funding needs up to \$750,000.

Accordingly, the Directors believe that the Group 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 interim financial report.

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

- Raising further equity;
- Continual on-going support of the Directors; and
- Short term funding facility being available.

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

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

Notes to the condensed interim financial statements For the half-year ended 31 December 2021 (cont'd)

2. Other Income

	31 December 2021 \$	31 December 2020 \$
Government Grants	-	54,675
Other	5,327	-
	<u>5,327</u>	<u>54,675</u>

3. Cash and equivalents

	31 December 2021 \$	30 June 2021 \$
Cash and cash equivalents	<u>52,714</u>	<u>490,926</u>

4. Capitalised exploration expenditure

	Half Year to 31 December 2021 \$	Year to 30 June 2021 \$
Opening balance	913,296	269,664
Current year expenditure	97,083	757,574
Current year expenditure written off (i)	-	(113,942)
Closing balance	<u>1,010,379</u>	<u>913,296</u>

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

Notes to the condensed interim financial statements

For the half-year ended 31 December 2021 (cont'd)

5. Payables

	31 December 2021 \$	30 June 2021 \$
Trade payables and accruals (i)	333,464	300,314
Accrued director fees (ii)	2,109,590	2,008,113
Accrued interest	-	-
Shares application monies	328,000	328,000
	<u>2,771,053</u>	<u>2,636,427</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 \$333,464 (30 June 2021: \$300,314)
- (ii) The Current Directors have agreed not to seek cash payments for their unpaid balances totalling \$2,109,590 (30 June 2021:\$2,008,113) until the Group is in a financial position to pay.

6. Borrowings

	31 December 2021 \$	30 June 2021 \$
Borrowings	<u>475,087</u>	<u>343,780</u>
Current		
Loans – related parties (a)	438,095	306,788
Loans – other (b)	<u>36,992</u>	<u>36,922</u>
	<u>475,087</u>	<u>343,780</u>

- (a) This loan is interest free and is with Allens Business Group Pty Ltd, an entity controlled by Mr Ken Allen. Allens Business Group Pty Ltd has agreed to not seek cash payments for its unpaid balances until the group is in a financial position to pay.
- (b) The loans from unrelated parties are unsecured and interest free.

Notes to the condensed interim financial statements

For the half-year ended 31 December 2021 (cont'd)

7. Issued Capital

Ordinary Shares

Movements in share capital were as follows:

Year ended 30 June 2021

		Fully Paid Ordinary Shares	\$
1 July 2020	Opening balance	192,747,348	19,877,247
1 July 2020	Shares issued under Share Placement (i)	46,440,683	2,495,000
1 July 2020	Shares issued as payment to consultants	1,700,000	212,500
16 November 2020	Shares issued under Securities Purchase Plan	26,126,737	1,541,990
	Share issuance Costs		(67,984)
30 June 2021	Closing balance	267,014,768	24,058,753

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

Period ended 31 December 2021

		Fully Paid Ordinary Shares	\$
1 July 2021	Opening balance	267,014,768	24,058,753
31 December 2021	Closing balance	267,014,768	24,058,753

8. Segment Reporting

The Directors have considered the requirements of AASB 8 "Operating Segments" and the internal reports that are reviewed by the chief operating decision maker, the board of directors, in allocating resources and have concluded that at this time there are no separately identifiable segments.

Throughout the half-year, the Group remained focused on mineral exploration over a number of areas of interest in Western Australia.

9. Contingencies

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

The applications for forfeiture lodged by MCA Nominees Pty Ltd over the Yundamindera tenements continue to process through the Wardens Court. There have been various Wardens Court mention hearings during the half year. The Company believes there is no basis for the claim and continues to defend the matter in the normal course.

Other than the above, there are no other known significant contingencies as at 31 December 2021.

10. Subsequent events

There are no matters or circumstances that have arisen since 31 December 2021 that have or may significantly affect the operations, results, or state of affairs of the Group in future financials periods.

11. Financial Instruments

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables, current payables and borrowings are considered to be a reasonable approximation of their fair value.

Directors' Declaration

The directors of the Company declare that:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Kenneth Allen
Managing Director
Perth, 16 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nex Metals Explorations Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Nex Metals Explorations Limited ("the company") which comprises the consolidated condensed statement of financial position as at 31 December 2021, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nex Metals Explorations Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

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

Responsibility of the directors for the financial report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

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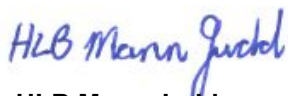
Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
16 March 2022



D I Buckley
Partner