

Nex Metals Explorations Limited

ABN: 63 124 706 449

Interim Financial Report

for the half-year ended 31 December 2020

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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

STOCK EXCHANGE LISTING

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

**Consolidated Condensed Statement of Profit or Loss
and Other Comprehensive Income
For the half-year ended 31 December 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Other income	2	54,675	79,676
Occupancy expenses		(33,326)	(30,875)
Administration expenses		(514,651)	(42,743)
Consultants expenses		(137,174)	(7,407)
Depreciation		(12,189)	(3,945)
Employment and contractor expenses		(318,367)	(277,540)
Borrowing expenses		(7,159)	(2,028)
Travel expenses		(10,082)	(8,462)
Exploration and evaluation expenses		(163,307)	(25,813)
Doubtful debts Provision	3	-	(60,154)
Loss before income tax expense		(1,141,580)	(379,291)
Income tax benefit		-	-
Loss for the period		(1,141,580)	(379,291)
Other comprehensive income for the period		-	-
Total comprehensive loss attributable to owners of Nex Metals Explorations Limited		(1,141,580)	(379,291)
Earnings per share:			
Basic and diluted loss per share (cents)		(0.46)	(0.20)

The accompanying notes form part of this interim financial report.

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Consolidated Condensed Statement of Financial Position As at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents		1,432,278	570,377
Receivables		3,546	22,683
Other current assets		15,507	4,506
Total current assets		<u>1,451,331</u>	<u>597,566</u>
Non-current assets			
Plant and equipment		66,585	20,356
Capitalised exploration and evaluation expenditure		703,453	269,664
Total non-current assets		<u>770,038</u>	<u>290,020</u>
Total assets		<u>2,221,369</u>	<u>887,586</u>
Current liabilities			
Payables		3,398,520	3,621,810
Interest-bearing liabilities		-	1,500,000
Provisions		282,099	264,952
Total current liabilities		<u>3,680,619</u>	<u>5,386,762</u>
Total liabilities		<u>3,680,619</u>	<u>5,386,762</u>
Net liabilities		<u>(1,459,250)</u>	<u>(4,499,176)</u>
Equity			
Issued capital	4	24,058,753	19,877,247
Option reserve		2,260,245	2,260,245
Accumulated losses		(27,778,248)	(26,636,668)
Total deficiency in equity		<u>(1,459,250)</u>	<u>(4,499,176)</u>

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Consolidated Condensed Statement of Changes in Equity For the half-year ended 31 December 2020

	Consolidated Attributable to equity holders			Total Equity \$
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	
Balance at 1 July 2019	19,877,247	2,260,245	(26,455,869)	(4,318,377)
Loss for the period	-	-	(379,291)	(379,291)
<i>Total comprehensive loss for the period</i>	-	-	(379,291)	(379,291)
Balance at 31 December 2019	19,877,247	2,260,245	(26,835,160)	(4,697,668)

	Consolidated Attributable to equity holders			Total Equity \$
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	
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)

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Consolidated Condensed Statement of Cash Flows For the half-year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities		
Other receipts	-	58,585
Payments to suppliers and employees	(528,700)	(53,937)
Receipts from Government grants	41,944	
Interest Paid	(415,413)	-
Income tax refund	578	-
Net cash (used in) operating activities	(901,591)	4,648
Cash flows from investing activities		
Property, plant and equipment	(108,418)	-
Payments for exploration expenditure	(547,096)	
Net cash used in investing activities	(655,514)	-
Cash flows from financing activities		
Shares issued	3,986,990	-
Share issues costs	(67,984)	-
Repayment of borrowings	(1,500,000)	-
Net cash provided by financing activities	2,419,006	-
Net increase in cash and cash equivalents	861,901	4,649
Cash and cash equivalents at the beginning of the period	570,377	14,231
Cash and cash equivalents at the end of the period	1,432,278	18,879

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Notes to the condensed interim financial statements For the half-year ended 31 December 2020

1. Basis of preparation

The half-year 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 half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 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 half-year 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 half-year financial report as were applied in the most recent annual financial report.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. 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 consolidated entity 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.

Notes to the condensed interim financial statements For the half-year ended 31 December 2020 (cont'd)

1. Basis of preparation (cont'd)

Going concern

The half-year 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 half-year financial report, the Group incurred a loss of \$1,141,580 and had net cash outflows from operating activities of \$901,591 for the half-year ended 31 December 2020. As at that date, the Group had net current liabilities of \$2,229,208 and net liabilities of \$1,459,250. 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 2020, 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 2020; and
- Issue of shares for cash from capital raising to be conducted in accordance with the Corporations Act 2001;
- Included in current payables is an amount of \$1,907,097 payable to the Directors of the Group. The Directors have agreed to not seek cash payments for their unpaid balances until the Group is in a financial position to pay;
- Included in current payables is an amount of \$535,620 payable to Allen's Business Group Pty Ltd, an entity controlled by the Director Ken Allen. Allen's Business Group Pty Ltd, after creditors have agreed to defer payment, have agreed to not seek cash payments for this balance for a period of 12 months; and
- Allen's Business Group Pty Ltd, an entity controlled by the Director, Ken Allen, has agreed to cover any short term funding needs up to \$400,000.

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 half-year 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; and
- Continual on-going support of the Directors.

Should the Group not achieve the factors set out above, there is significant uncertainty 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 half-year financial report.

The half-year 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 2020 (cont'd)**

2. Other Income

	31 December 2020	31 December 2019
	\$	\$
Reimbursement of farm-in expenditure	-	79,668
Other – Government Grants	54,675	-
Other – Foreign Exchange	-	8
	<u>54,675</u>	<u>79,676</u>

3. Receivables

	31 December 2020	30 June 2020
	\$	\$
Current		
Trade receivables	187,199	187,199
Sundry receivables	3,546	22,683
Less provision for doubtful debts	(187,199)	(187,199)
	<u>3,546</u>	<u>22,683</u>

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Notes to the condensed interim financial statements For the half-year ended 31 December 2020 (cont'd)

4. Issued Capital

Ordinary Shares

Movements in share capital during the six months periods were as follows:

Period ended 31 December 2019

		Issue Price	Fully Paid Ordinary Shares	\$
1 July 2019	Opening balance		192,747,348	19,877,247
31 December 2019	Closing balance		192,747,348	19,877,247

Period ended 31 December 2020

		Issue Price	Fully Paid Ordinary Shares	\$
1 July 2020	Opening balance		192,747,348	19,877,247
	Movements			
1 July 2020	Shares Issued		48,140,683	2,707,500
16 November 2020	Shares Issued		26,126,737	1,541,990
	Share Issuance Costs			(67,984)
31 December 2020	Closing balance		267,014,768	24,058,753

5. 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.

6. Contingencies

On 4 May 2018, the Company advised that they 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 has been various mentions during the half year. The Company believes there is no basis for the claim and continue to defend the matter in the normal course.

Other than the above, there are no other known significant contingencies as at 31 December 2020.

7. Subsequent events

There are no matters or circumstances that have arisen since 31 December 2020 that have or may significantly affect the operations, results, or state of affairs of the Group in future financials periods.

8. 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 and current payables are considered to be a reasonable approximation of their fair value.

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