

# **NEX METALS EXPLORATIONS LTD**

**ACN 124 706 449**

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## **RIGHTS ISSUE PROSPECTUS**

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For a pro-rata non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.031 per Share to raise up to approximately \$3,057,987 before costs (based on the number of Shares on issue as at the date of this Prospectus), with one (1) free attaching option for every three (3) shares subscribed for and issued, exercisable at \$0.10 on or by 31 October 2025 (**Offer**).

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered as highly speculative.

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## IMPORTANT NOTICE

This Prospectus is dated 4 October 2022 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

### No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to

subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

### Forward-looking statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

### Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would

be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered

address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 2.9.

### Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

### Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at [www.nexmetals.com](http://www.nexmetals.com). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 9221 6813 during office hours or by emailing the Company at [admin@nexmetals.com](mailto:admin@nexmetals.com).

The Company reserves the right not to accept an Application Form from a

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person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **Company Website**

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

#### **Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **Clearing House Electronic Sub Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

#### **Definitions and Time**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Western Standard Time.

#### **Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

#### **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 (08) 9221 6813.

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## CORPORATE DIRECTORY

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### Directors

Thomas F Percy KC  
*Chairman*

Kenneth Allen  
*Managing Director*

Dr Hock Hoo Chua  
*Non-Executive Director*

Raja Mohd Azmi Bin Raja Razali  
*Alternative Non-Executive Director to Hock Hoo Chua*

### Company Secretary

Kenneth Allen

### Registered Office

45 Guthrie Street  
OSBORNE PARK WA 6017

Email: [admin@nexmetals.com](mailto:admin@nexmetals.com)  
Website: [www.nexmetals.com](http://www.nexmetals.com)

### Australian Solicitors

Lawton Gillon  
Level 7,  
16 St Georges Terrace  
PERTH WA 6000

Telephone: +61 8 9221 5445  
Facsimile: +61 8 9221 4224

### ASX Code:

NME

### Share Registry\*

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009

Telephone: +61 8 9389 8033

### Auditor\*

Armada Audit and Assurance Pty Ltd  
18 Sangiorgio Court  
OSBORNE PARK WA 6017  
Telephone: +61 8 6165 4000

\*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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## 1. KEY OFFER INFORMATION

### 1.1 Timetable

<b>Announcement of Non-Renounceable Rights Issue and Appendix 3B</b>	30 September 2022
<b>Date of lodging Prospectus with ASIC &amp; ASX (Pre-Open)</b>	5 October 2022
<b>Ex Date</b>	7 October 2022
<b>Record Date to Determine entitlements to New Shares and New Options</b>	10 October 2022
<b>Invitation to participate in Entitlement Issue and Entitlement Acceptance Forms dispatched to Eligible Shareholders</b>	11 October 2022
<b>Last day to extend Closing Date</b>	2 November 2022
<b>Closing Date and final time for receipt of Entitlement and Acceptance Forms and payment in full for New Shares</b>	7 November 2022
<b>Announcement of results of the Non-Renounceable Rights Issue</b>	14 November 2022
<b>Issue of New Shares and New Options</b>	14 November 2022
<b>Holding Statements dispatched to Shareholders and commencement of trading</b>	15 November 2022

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Shares are expected to commence trading on ASX may vary.

### 1.2 Key terms of the Offer

<b>Fully Paid Ordinary Shares</b>	<b>Full Subscription (\$3,057,987)</b>
Offer Price per Share	\$0.031
Entitlement Ratio (based on existing Shares)	1:3
Shares currently on issue	295,934,243
Shares to be issued under the Offer	98,644,748
Gross proceeds of the issue of Shares	\$3,057,987
<b>Shares on issue Post-Offer</b>	<b>394,578,991</b>
<b>Free attaching Options</b>	
Offer Price per Option	\$Nil
Entitlement Ratio (based on shares subscribed for)	1:3
Options currently on issue	0
Options to be issued under the Offer	32,881,583
Gross proceeds of the issue of Options	\$Nil
<b>Options on issue Post-Offer</b>	<b>32,881,583</b>

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### 1.3 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

The predominant risks relating to the Company and the Offer are summarised below:

<b>Risk</b>	<b>Description</b>	<b>Further Information</b>
<b>Potential for dilution</b>	After the Offer each Share will represent a significantly lower proportion of the ownership of the Company.	Refer to Section 5.2(a)
<b>Additional Requirements for Capital</b>	Depending on the Company's ability to generate income from its operations, the Company is likely to require further financing in addition to amounts raised under the Offer.	Refer to Section 5.2(c)
<b>COVID-19 Risk</b>	The outbreak of the coronavirus disease ( <b>COVID-19</b> ) is impacting global economic markets.	Refer to Section 5.2(d)
<b>Exploration Success</b>	Mineral exploration and development are high-risk undertakings.	Refer to Section 5.2(e)
<b>Going Concern</b>	Notwithstanding the deficiency of net assets as at balance date, the Directors believe that there are reasonable grounds to believe that Consolidated Entity will be able to continue as a going concern after the company issued/or will issue ordinary shares for creditors and director loans (subject to shareholder approval <b>resulting</b> in a reduction of net current liabilities of \$4,823,118	Refer to Section 5.2(k)

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**1.4 Directors' Interests in Securities**

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Share Entitlement</b>	<b>Value of Share Entitlement (\$)</b>	<b>Options</b>
Thomas F Percy	1,016,000	Nil	338,667	\$10,498	112,889
Kenneth M Allen	7,658,303	Nil	2,552,768	\$79,135	850,923
Hock Hoo Chua	860,000	Nil	286,667	\$8,886	95,556
Raja Mohd Azmi bin Raja Razali	7,600,000	Nil	2,533,334	\$78,533	844,445



The Board recommends all Shareholders take up their Entitlements. The Directors presently intend to take up their respective Entitlement (in whole or in part).

## 1.5 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Metalicity Limited	91,340,106	34.21%
3B Prospecting Pty Ltd	17,000,000	5.74%

In the event that the Offer is fully subscribed (on the basis shortfall shares are subsequently placed) there will be no change to the interests of substantial holders on completion of the Offer and no change in control.

## 1.6 Potential dilution on non-participating Shareholders

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	7,000,000	2.37%	2,333,333	7,000,000	1.77%
Shareholder 2	3,000,000	1.01%	1,000,000	3,000,000	0.76%
Shareholder 3	1,000,000	0.34%	333,333	1,000,000	0.25%
Shareholder 4	500,000	0.17%	166,667	500,000	0.13%
Shareholder 5	200,000	0.07%	66,667	200,000	0.05%
<b>Total</b>	<b>295,934,243</b>		<b>98,644,748</b>		

### Notes:

1. This is based on a share capital of 295,934,243 Shares as at the date of the Prospectus and assumes no Options currently on issue are exercised, no Share Appreciation Rights vest and are converted into Shares and no other Shares are issued.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting.

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## 2. DETAILS OF THE OFFER

### 2.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by Shareholders registered at the Record Date at an issue price of \$0.031 per Share together with one (1) New Option for every three (3) Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 98,644,748 Shares and 32,881,583 New Options may be issued under the Offer to raise up to \$3,057,987 before costs.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

### 2.2 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

**The Entitlement and Acceptance Form, together with a copy of this Prospectus can be accessed at [www.advancedshare.com.au](http://www.advancedshare.com.au). If you wish to access the online application system, you will need to provide your Security holder Reference Number (SRN) or Holder Identification Number (HIN) and postcode and follow the instructions provided including making payment by BPAY®.**

Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
<b>Take up all of your Entitlement</b>	<ul style="list-style-type: none"><li>• Should you wish to accept all of your Entitlement, then your application for Shares under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</li><li>• Payment can be made by the methods set out in Section 2.3. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form.</li></ul>	Section 2.3 and Section 2.4.

<b>Option</b>	<b>Key Considerations</b>	<b>For more information</b>
<b>Take up all of your Entitlement and also apply for Shortfall Shares</b>	<ul style="list-style-type: none"> <li>• Should you wish to accept all of your Entitlement and apply for Shortfall Shares, then your application for your Entitlement and additional Shortfall Shares under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</li> <li>• Payment can be made by the methods set out in Section 2.3. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying.</li> <li>• If you apply for Shortfall Shares beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Shares is at the sole discretion of the Underwriter, following reasonable consultation with the Company, as per the allocation policy set out in Section 2.6. Accordingly, your application for additional Shortfall Shares may be scaled-back.</li> <li>• The Company's decision on the number of Shortfall Shares to be allocated to you will be final.</li> </ul>	Sections 2.3, 2.4 and 2.6.
<b>Take up a proportion of your Entitlement and allow the balance to lapse</b>	<ul style="list-style-type: none"> <li>• If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Shares you wish to take up and making payment using the methods set out in Section 2.3 below. As set out in Section 2.3, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form.</li> </ul>	Section 2.3 and Section 2.4
<b>Allow all or part of your Entitlement to lapse</b>	<ul style="list-style-type: none"> <li>• If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.</li> </ul>	N/A

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

## 2.3 Payment options

### (a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Shares (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

### Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

### (b) By Electronic Funds Transfer

For payment by Electronic Funds Transfer (**EFT**), please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

(c) **By Cheque**

Payment by cheque will not be accepted.

**2.4 Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received or been given access to a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

**2.5 Minimum subscription**

There is no minimum subscription in respect of the Offer.

**2.6 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall Shares**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.031 being the price at which Shares have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

***Eligible Shareholders resident in jurisdictions outside Australia should note that their participation in the Shortfall Offer may be restricted by Australia's foreign investment laws. The Company reserves the right to not issue Shortfall Shares to an Eligible Shareholder where it reasonably believes that doing so may infringe on Australia's foreign investment laws.***

**2.7 ASX listing**

Application for Official Quotation of the Shares and options offered pursuant to this Prospectus will be made in accordance with the timetable set out at Section 1.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares and options is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## **2.8 Issue of Securities**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act (Cth). The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

## **2.9 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

### ***New Zealand***

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### 3. PURPOSE AND EFFECT OF THE OFFER

#### 3.1 Purpose of the offer

The purpose of the Offer is to raise up to \$3,057,987 before costs.

The funds raised from the Offer are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1	JVA Budget 50% Share	1,100,000	35.97%
2	Tailings Works	492,000	16.09%
3	Potential costs of evaluation of projects in the future	375,000	12.26%
4	Expenses of the Offer	44,939	1.47%
6	Working Capital	1,046,048	34.21%
	<b>Total</b>	<b>3,057,987</b>	<b>100.00%</b>

#### Notes:

1. Refer to Section 6.7 for further details relating to the estimated expenses of the Offer.

It should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its proposed exploration and work program.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis including, without limitation, using additional funds from the sale of non-core assets to expedite its exploration program at the Menzies project.

#### 3.2 Effect of the Offer

The principal effect of the Offer, assuming the Offer is fully subscribed and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$3,013,048 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 295,934,243 as at the date of this Prospectus to 394,578,991 Shares; and
- (c) new options will increase to 32,881,583.

### 3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming the Offer is fully subscribed and no Shares are issued on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

#### Shares

	<b>Number</b>
Shares currently on issue	295,934,243
Shares offered pursuant to the Offer	98,644,748
<b>Total Shares on issue after completion of the Offer</b>	<b>394,578,991</b>

#### Options

	<b>Number</b>
Options currently on issue	Nil
Options offered pursuant to the Offer	32,881,583
<b>Total Options on issue after completion of the Offer</b>	<b>32,881,583</b>

#### Notes:

The capital structure on a fully diluted basis as at the date of this Prospectus would be 295,934,243 Shares and on completion of the Offer (assuming all Entitlements are accepted and no additional Shares are issued prior to the Record Date) would be 394,578,991 Shares.

### 3.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet as at 30 June 2022 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.



	<b>Audited Accounts 30 June 2022</b>	<b>Subsequent Events<sup>2</sup></b>	<b>Fully Subscribed Entitlement Offer</b>	<b>Pro Forma Balance Sheet assuming Fully Subscribed Entitlement Offer</b>
	<b>AUD\$</b>	<b>AUD\$</b>	<b>AUD\$</b>	<b>AUD\$</b>
<b>Current Assets</b>				
Cash and cash equivalents	15,781	-	3,013,048	3,028,829
Receivables	547,688	-	-	547,688
Other Assets	7,345	-	-	7,345
<b>Total Current Assets</b>	<b>570,814</b>	<b>-</b>	<b>3,013,048</b>	<b>3,583,862</b>
<b>Non-Current Assets</b>				
Plant and Equipment Exploration and evaluation expenditure	59,593	-	-	59,593
Capitalised Exploration and evaluation expenditure	1,082,316	-	-	1,082,316
<b>Total Non-Current Assets</b>	<b>1,141,909</b>	<b>-</b>	<b>-</b>	<b>1,141,909</b>
<b>Total Assets</b>	<b>1,712,723</b>	<b>-</b>	<b>3,013,048</b>	<b>4,725,771</b>
<b>Current Liabilities</b>				
Payables	4,217,116	(1,445,974) <sup>1</sup>	-	2,771,142
Borrowings	806,673	-	-	806,673
Provisions	241,995	-	-	241,995
<b>Total Current Liabilities</b>	<b>5,265,784</b>	<b>(1,445,974)</b>	<b>-</b>	<b>3,819,810</b>
<b>Total Liabilities</b>	<b>5,265,784</b>	<b>(1,445,974)</b>	<b>-</b>	<b>3,819,810</b>
<b>Net Assets / (Liabilities)</b>	<b>(3,553,061)</b>	<b>1,445,974</b>	<b>3,013,048</b>	<b>905,961</b>
<b>Equity</b>				
Issued Capital	24,058,753	1,445,974	3,013,048	28,517,775
Reserve	2,260,245	-	-	2,260,245
Accumulated losses	(29,872,059)	-	-	(29,872,059)
<b>Total Equity / (Deficit)</b>	<b>(3,553,061)</b>	<b>1,445,974</b>	<b>3,013,048</b>	<b>905,961</b>

**Notes:**

1. Conversion of payables to equity per ASX announcement dated 3 October 2022.
2. Does not include conversion of Directors' payables and related party loans to equity as announced on 30 September 2022 as this is subject to shareholder approval.

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## 4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 4.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### (b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### (c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## **5. RISK FACTORS**

### **5.1 Introduction**

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

### **5.2 Company specific**

#### **(a) Potential for dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no additional Shares are issued prior to the Record Date the number of Shares in the Company will increase from 295,934,243 currently on issue to 394,578,991. This means that immediately after the Offer each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company, a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.035 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### **(b) Litigation**

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject to, could have a material effect on the Company's operations, financial position, and the value of the Company's securities.

On September 14 2021, a takeover bid was launched by Metalicity Limited (Joint Venture partner) to acquire Nex shares based upon 4.81 Metalicity shares for every 1 Nex shares. The takeover Lapsed on 29 August 2022.

Metalicity currently has before the Supreme Court an action claiming the following;—

- I. In August 2022, Metalicity Limited launched court action against Nex Metals Exploration Ltd's Managing Director Mr Ken Allen, Chairman Mr Tom Percy QC, Non-Executive Director Mr Hock Hoo Chua and a number of Nex Metals shareholders. Together these shareholdings represent approximately 60 million shares (being 22.28% of Nex Metals).
- II. The court action alleges that Mr Ken Allen purported to lodge proxy voting instructions online "on behalf" of a large number of shareholders without clear authority at the recent Nex Metals AGM.
- III. Amongst other claims, Metalicity is seeking a declaration that approximately 54 million votes purportedly cast by Mr Allen on behalf of others be declared invalid, with a subsequent impact as to the results of the Nex Metals AGM held on 31 March 2022. Similar declarations are sought for the EGM held on 25 July 2022. Similar declarations are also sought in relation to the other shares for whom proxies were purportedly lodged online from the same IP address.
- IV. Metalicity is also seeking an order that approximately 60 million shares held by the defendants be vested with Australian Securities and Investments Commission (ASIC) and sold.
- V. Metalicity's claim is brought on two bases: first, that the proxies purportedly lodged online on behalf of shareholders (rather than by the shareholders themselves) for the AGM were invalid; and second, that Mr Allen and other shareholders are, and have been for some time, undisclosed associates in breach of various provisions of the Corporations Act.
- VI. Nex Metals denies the claim and whilst it believes the claim has no merit, cannot currently assess the financial impact at this stage.

On 4 October Metalicity Ltd launched Supreme Court action and is seeking the following orders

- 1 An order pursuant to s 233 of the Corporations Act 2001 (Cth) ("the Act") declaring the issue of 28,919,475 shares in the capital of the first defendant as first announced by the first defendant on 29 September ("the Placement") to be invalid.
2. In the alternative to order 1 an order pursuant to s 233 of the Act declaring That part of the Placement which comprised the issue of shares to any director of the first defendant or any associate of any director of the first defendant to be invalid.
3. An order permanently restraining the first defendant whether by its servants, agents or otherwise from proceeding with each of the share issues announced on 30 September 2022.
4. An order that the shares in the capital of the first defendant held by each of the second to fourth defendants be vested in the Australian Securities and Investments Commission ("ASIC") by the transfer of those shares by the holders thereof to ASIC for ASIC to:
  - a. sell the vested shares;
  - b. subject to any requirement arising under any law relating to taxation, account to the persons who, immediately before the making of this order, were the registered holders of the vested shares for the proceeds of sale, net of the costs, fees and expenses of the sale and any costs, fees and

- expenses incurred by ASIC or which ASIC reasonably incurs or estimates it will incur, in complying with these orders.
5. An order prohibiting each of the second to fourth defendants from acting as a director of the first defendant for two years from the making of these orders.
  6. Alternatively to orders 1 to 5, an order pursuant to s 233 of the Corporations Act 2001 (Cth) ("the Act") that the first defendant be wound up.
  7. Such further or alternative orders as this Honourable Court deems fit.
  8. Costs

Further Action in the Supreme Court by Metalicity Ltd (MCT):

MCT claims that \$1.28 million is due to it from NME, arising from the provisions of the farm-in and joint venture agreement made on or about 4 May 2019 ("the JVA") between MCT and NME.

MCT claims the following amounts from NME: –

1. The amount of \$188,618 (the subject of a billing statement from the plaintiff to the defendant dated 3 March 2022).
2. The further amount of \$989,712.22 (the subject of a billing statement from the plaintiff to the defendant dated 11 March 2022).
3. The further amount of \$101,464.04 (the subject of another billing statement from the plaintiff to the defendant dated 11 March 2022) and therefore a total amount of \$1,279,794.26.

The aforementioned claims by MCT are disputed by NME on the basis inter alia, the amounts were never authorised as part of an approved budget and accordingly are at MCT own expense. MCT and NME until recently had been engaged in a dispute resolution process pursuant to the provisions of the JVA.

NME disputes the claims by MCT. The Company after consulting its legal counsel believes it will be successful. A mediation session is listed for 11 November 2022.

**(c) Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company is likely to require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

**(d) Coronavirus (COVID-19)**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

As announced on 28 April 2020, the direct impacts on the Company from COVID-19 have been minimal. The Company's staff and contractors have been able to continue to carry out their duties whilst adhering to governmental directs. The Company has implemented working-from-home procedures as required.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and any adverse impact on the Company. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.

**(e) Exploration success**

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The tenements held by the Company are at various stages of exploration and development, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. In addition, the resources may become depleted, resulting in a reduction of the value of those tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(f) New projects and acquisitions**

The Company has to date and will continue to actively pursue and assess other new project opportunities. These new project opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

The acquisition of projects or other assets (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects or assets, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Any new project acquisition may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involving a new commodity and/or changes to the Company's capital/funding requirements. Should the



Company propose or complete the acquisition of a new project, investors should re-assess their investment in the Company in light of the new project.

**(g) Tenement applications and license renewal**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. The Company has yet to receive regulatory and environmental approval to convert all of its exploration licences into mining licences. There is a risk that these approvals may not be obtained.

**(h) Access Risk**

The Company's access to the tenements may be affected by landholder and pastoralist approvals, native title rights and/or the terms of native title agreements. While the Company intends to do those things necessary to minimise these risks, it cannot guarantee that the access it has to tenements in which it has an interest will remain unfettered in the future.

**(i) Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

**(j) Environmental risks**

Exploration programmes impact on the environment. These impacts are minimised by the Company's application of best practice principles. The Company will be subject to environmental laws and regulations in connection with activities and operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject it to extensive liability.

Approval may be required from the relevant authorities before the Company can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

**(k) Going concern**

The company's 2022 financial report included a note on the possible material uncertainty regarding the Consolidated Entity's ability to continue as a going concern, as follows:

As disclosed in the 30 June 2022 financial statements, the Consolidated Entity incurred a net loss of \$1,787,199 and had net cash outflows from operating activities of \$773,014 for the year ended 30 June 2022. As of that date, the Consolidated Entity had net current liabilities of \$4,694,970 and net liabilities of \$3,553,061.

Notwithstanding this deficiency of net assets as at balance date, 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 events that have occurred after balance date, resulting in a reduction of net current liabilities of \$4,823,118 as follows:

On 29 September 2022, the Company issued 28,919,475 shares at \$0.05 cents to satisfy payments to trade and other payables to third parties, totalling \$1,445,974. Refer Note 23(d) for details.	\$1,445,974
On 30 September 2022, the Company announced that director's fees and related party loans totalling \$2.96M will be converted to equity at \$0.05 per share, subject to shareholder approval. Additionally, in the event that the resolution is unsuccessful, the Directors and related party have agreed to defer repayment until at least 31 October 2023. Refer Note 23(b) for details.	\$2,959,406
Accrued Rent and Accounting Fees owed to Allen's Business Group. On 30 September 2022, the Company has received written confirmation these payables will not be called for repayment until at least 31 October 2023.	\$282,871
Annual Leave Liability owing to Director Ken Allen, the director has provided a written confirmation to the Company to defer repayment until at least 31 October 2023.	\$134,867

Furthermore, other factors leading to the decision that the Consolidated Entity will be able to continue as a going concern include:

- (a) On 30 September 2022, the Company announced that it is undertaking a capital raising via a non-renounceable rights issue ("Rights Issue") to raise up to \$3.058M before costs. Proceeds from the Rights Issue will be used predominantly to raise working capital to advance the Company's joint venture with Metalicity Limited at the Kookynie and Yundramindra Gold Projects.
- (b) Allens Business Group Pty Ltd, an entity controlled by the Director, Ken Allen, has agreed in writing to continue to cover any short term funding needs up to a further \$750,000 to assist with payment of current payables.
- (c) The Company after consulting its legal counsel and lawyers believe it will be successful in defending a claim by Metalicity of \$1,279,794.26 as disclosed in Note 16.

The Directors of the Company have considered the material uncertainties that exists regarding going concern. In the event of one or a combination of these events occurring, the Company may not be able to continue as a going concern.

- If Nex is not successful in defending a claim by Metalicity of \$1,279,794.26 as disclosed in Note 16 of the 30 June 2022 Financial Statements;
- If the capital raising announced on 30 September 2022 is not successful;
- If the legal fees from defending the takeover by Metalicity as well as other legal matters are significantly higher than the forecast;
- If Nex is not successful in defending Metalicity's ability to block its attempts to raise capital, convert payables to equity, and convert director's payables and loans;
- If future creditors are not willing to accept payment via shares;
- If Allens Business Group Pty Ltd is unable to provide further financial support; and
- If Nex is not successful in defending any ongoing threats by Metalicity to stifle the Company's progress.

Based on the factors above there is a material uncertainty that may cast significant doubt about whether the Consolidated Entity 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 year ended 30 June 2022 financial report.

**(l) Further risks specific to the Company**

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) alteration to exploration and production programmes and budgets;
- (iii) unanticipated operational and technical difficulties;
- (iv) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (v) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (vi) prevention or restriction of access due to inability to obtain consents or approvals (including access agreements entered into with Native Title claimants); and
- (vii) uninsured losses or liabilities.

**5.3 Industry specific**

**(a) Commodity price risk**

Changes in commodity prices of base and precious metals, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition in the future, if and when the Company enters production. The Company's revenues, profitability and viability would depend on the market price of base metals produced from the Company's projects. The market prices of base and precious metals is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for base and precious metals and industrial products containing metals, base and precious metals production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of base and precious metals in response to any of the above factors, and global and regional political and economic factors.

Should the Company eventually enter a production phase, a decline in the market price of base and precious metals below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of base and

precious metals may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if future revenue from any future base and precious metals sales decline, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower prices on recoverability and therefore, on cut-off grades and the level of any future mineral reserves and resources.

(b) **Mineral Resources Estimate**

Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) **Native title and Aboriginal Heritage**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(d) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

## **5.4 General risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with agents, contractors or third parties in respect of land access to its tenements. Any such litigation or dispute could involve significant economic costs and damage to relationships with agents, contractors other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## 5.5 **Speculative investment**

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Shares offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Shares.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

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## 6. ADDITIONAL INFORMATION

### 6.1 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
4 October 2022	Metalicity Ltd Commences Further Proceedings
3 October 2022	Appendix 3B
3 October 2022	Shareholder Update
3 October 2022	Cancel – Proposed issue of securities
3 October 2022	Proposed issue of Securities
3 October 2022	Amendment to Significant Reduction in Creditors
3 October 2022	Full Year Statutory Accounts

30 September 2022	Amended Pro Rata Rights Issue
30 September 2022	Pro Rata Rights Issue
30 September 2022	Proposed Director Debt Conversion
29 September 2022	Reduction of Liabilities and Cleansing Statement
29 September 2022	Proposed issue of Securities
29 September 2022	Proposed Issue of Securities
29 September 2022	Disclosure Document
13 September 2022	MCT: Substantial Extensions and Significant Gold Intersections at Champion
29 August 2022	Amended 5B 30 June 2022
16 August 2022	Supreme Court Proceedings Update
12 August 2022	Second Supplementary Notice
12 August 2022	Supplementary Targets Statement
5 July 2022	Meeting Clarification
30 June 2022	Supreme Court Orders
30 June 2022	Orders Justice Hill 22 June 2022
14 June 2022	Second Supplementary Bidders Statement
3 June 2022	Notice of General Meeting/Proxy Form
3 June 2022	Change of Auditor
27 May 2022	Correction to Media Release
29 April 2022	Postponement of 249F Meeting
29 April 2022	Quarterly Activities /Cashflow Report
31 March 2022	Chairs Address 2021 AGM
29 March 2022	NME Rebuttal of MCT Announcement
24 March 2022	Letter to Shareholders
22 March 2022	Amended Appendix 5B
21 March 2022	Panel Receive Application
17 March 2022	Notice to Shareholders
17 March 2022	Replacement Target Statement

16 March 2022	Half Year Accounts
3 March 2022	Notice of Annual General Meeting and Proxy Form
1 February 2022	Quarterly Activities Report and Appendix 5B
27 January 2022	Annual General Meeting and Director Nomination
27 January 2022	MCT: Change in substantial holding
23 January 2022	TOV: Variation of Orders
14 January 2022	Consent to Extension Request
14 January 2022	MCT: Issue of 2 <sup>nd</sup> Tranche of Shares
12 January 2022	MCT: Takeover Bid for NME Extension of Offer Period
12 January 2022	MCT: Change in substantial holding
04 January 2022	MCT: Issue of First Tranche of Shares
17 December 2021	Takeovers Panel – Additional Orders
16 December 2021	MCT: Change in substantial holding
15 December 2021	MCT: Takeover Bid for NME Extension of Offer Period
15 December 2021	MCT: Change in substantial holding
13 December 2021	MCT: Champion and McTavish Delivers Significant Widths and Intercepts
13 December 2021	TOV: Panel Declines to Conduct Proceedings
10 December 2021	MCT: Change in substantial holding
7 December 2021	Shareholder Update
7 December 2021	MCT: MCT Takeover of NME – Letter to NME Shareholders
7 December 2021	MCT: status of Defeating Conditions
6 December 2021	MCT: Bonanza Gold Grades east of the main Leipold Lode
3 December 2021	MCT: Metalicity bid for NEX now unconditional
1 December 2021	MCT: Update on MCT and NME regulatory items
30 November 2021	Reinstatement to Quotation
30 November 2021	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.



The announcements are also available through the Company's website [www.nexmetals.com](http://www.nexmetals.com).

## 6.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.036	9 September 2022
Lowest	\$0.025	21 September 2022
Last	\$0.035	3 October 2022

## 6.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.4.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed an amount as may be determined by the Directors.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors.

Director	Proposed 2023			2022		
	Salary and Fees \$	Superannuation \$	Total \$	Salary and Fees \$	Superannuation \$	Total \$
T Percy	37,500	3,563	41,063	37,500	3,563	41,063
K Allen	122,004	11,590	133,594	122,004	11,590	133,594
H Chua	25,000	2,375	27,375	25,000	25,000	27,375
R Razali	Nil	Nil	Nil	Nil	Nil	Nil

#### 6.4 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:

- (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

## 6.5 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 6.6 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$44,939 (excluding GST) and are expected to be applied towards the items set out in the table below:

Costs Items	\$
ASIC fees	3,206
ASX fees	11,733
Legal fees	10,000
Printing and distribution	15,000
Miscellaneous	5,000
<b>Total</b>	<b>44,939</b>

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Notes: These are estimates only, they may vary based on the time that they are incurred.

## 7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Kenneth M Allen**  
**For and on behalf of**  
**NEX METALS EXPLORATIONS LTD**

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## 8. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at Section 1 (unless extended).

**Company** means NEX METALS EXPLORATIONS LTD (ACN 124 706 449).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder as at the Record Date who is eligible to participate in the Offer.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Material Adverse Effect means:**

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Offer Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Offer Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of this Agreement; or
- (d) a material adverse effect on the tax position of either:

- (i) the Company and its subsidiaries either individually or taken as a whole;  
or
- (ii) an Australian resident shareholder in the Company.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Prescribed Occurrence** means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of Shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
  - (i) entering into a buy-back agreement or;
  - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act.
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer, terms of the Underwriting Agreement, or upon the exercise of any Options currently on issue;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at Section 1.

**Section** means a section of this Prospectus.

**Securities** means Shares as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the Shortfall Offer application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.6.

**Shortfall Securities** means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

**Total Proceeds** means \$3,057,987.

**WST** means Western Standard Time as observed in Perth, Western Australia.