

NEX METALS EXPLORATIONS LIMITED

ABN: 63 124 706 449

**Financial Report
For the year ended 30 June 2023**

Nex Metals Explorations Limited
ABN 63 124 706 449

CORPORATE DIRECTORY

DIRECTORS

Thomas F Percy KC
Kenneth Allen
Hock Hoo Chua
Raja Mohd Azmi bin Raja Razali (Alternative to Hock Hoo Chua)

COMPANY SECRETARY

Kenneth Allen

PRINCIPAL OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

REGISTERED OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

AUDITORS

Armada Audit and Assurance Pty Ltd
18 Sangiorgio Court
OSBORNE PARK WA 6017

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009

Telephone: 08 9389 8033

STOCK EXCHANGE LISTING

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

Nex Metals Explorations Limited

ABN 63 124 706 449

DIRECTORS' REPORT

The directors of Nex Metals Explorations Limited (the "company") submit herewith the financial report for the financial year ended 30 June 2023 on the company and its controlled entity (the "consolidated entity").

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

Name

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

Directors Qualifications and Experience

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

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

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

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

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

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

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

Prof. Dato' Dr. Chua Hock Hoo (Non-Executive Director) PhD, MBA, CA(M), FCPA, FCMA, FTII, CFP

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

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

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

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

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

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

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Principal Activities

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

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

Operating Result

The loss after taxation of the consolidated entity for the year ended 30 June 2023 was 1,044,818 (2022: loss of \$1,787,199). The operating results for the year ended 30 June 2022 are summarised as follows:

	30 June 2023	30 June 2022
Loss before income tax benefit	(1,044,818)	(1,787,199)
Income tax benefit	-	-
Loss for the year	(1,044,818)	(1,787,199)

Financial Position

The consolidated entity had net liabilities of \$390,125 as at 30 June 2023, a decrease of \$3,162,936 from net liabilities of \$3,553,061 at 30 June 2022. The reason for the decrease is due to settlement of liabilities satisfied by the issue of shares, in particular outstanding directors fees and related party loans at 30 June 2022

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

Dividends Paid or Recommended

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

Directors' Shareholdings

As at the date of this report the interests of the directors in the shares of the Company were:

Director	Ordinary Shares	Unquoted Options
Thomas F Percy	9,771,580	-
Kenneth M Allen	52,253,620	-
Hock Hoo Chua	860,000	-
Raja Mohd Azmi bin Raja Razali	7,600,000	-

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Review of Operations

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

13 September 2022 Substantial Extensions and Significant Gold Intersections at Champion

- Resource definition Reverse Circulation (RC) drillholes at the Champion Deposit of the Kookynie Gold Project have returned significant assay results, including:
 - CPCR0044 - 8m @ 3.86 g/t Au from 94m, including 1m @ 17.75 g/t Au from 96m o CPCR0046 - 4m @ 1.82 g/t Au from 85m, including 1m @ 3.93g/t Au from 86m
- These results are within the vicinity of our previous intercept of 28 metres @ 1.83 g/t Au from 72 metres¹.
- AirCore (AC) and RC drilling results also returned for Champion North and South Targets testing the Champion structure; highlights include:
 - CPCR0055 – 4m @ 1.79 g/t Au from 76m o CPCR0064 - 4m @ 1.24 g/t Au from 32m
- Champion North and South drilling targeted potential strike extensions to the Champion Deposit with down plunge opportunities still open at depth.
- Kookynie and Yundamindra Projects remain highly prospective elements of Metalicity's portfolio, alongside the recently acquired Mt Surprise and Georgetown lithium projects.

4 October 2022 Significant High-Grade Intercepts from McTavish South Resampling

1 metre resampling of 4 metre composite Air Core (AC) drilling sample results from the McTavish South Prospect, part of the Kookynie Gold Project¹, confirmed significant widths and better-defined high-grade intercepts, highlights include:

- MCTSAC0020 – 7m @ 2.40 g/t Au from 29 metres; including 2m @ 4.27 g/t Au from 30 metres o MCTSAC0021 – 10m @ 1.89 g/t Au from 69 metres; including 2m @ 5.33 g/t Au from 69m. o MCTSAC0024 – 8m @ 1.38 g/t Au from 21 metres; including 1m @ 4.14 g/t Au from 23 metres.
- MCTSAC0028 – 1m @ 4.2 g/t Au from 30 metres, 1m @ 7.61 g/t Au from 34 metres and 1m @ 2.4 g/t Au from 53 metres
- From the successful 31 drillhole first pass Air Core programme, 10 drillholes containing 4 metre composite samples with significant and anomalous gold mineralisation were selected for resampling and reanalysis.
- Final 1 metre assays indicate that there remains significant potential to expand upon these results and guide the next stage of exploration.
- All primary gold assays from drilling results from the 2022 programme have now been returned.

Responsibility Statement

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

Equity Transactions in the year ended 30 June 2023

- On 29 September 2022, \$1,445,974 of creditors and consultants were paid by issuance of 29,919,475 ordinary shares at \$0.05;
- On 5 December 2022 \$94,234 was raised via the issue of 3,247,387 shares in a rights issue;
- On 7 December 2022, Mr T Percy KC converted \$437,779 of unpaid directors fees to 8,755,580 ordinary fully paid shares;
- On 2 March 2023, Mr Kenneth Allen and related entities were issued 44,495,317 in shares at 5 cents per share to settle unpaid directors fees and loans of \$2,224,766

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Discussions with Respect to Tailings and Processing

The Company entered discussions during the year with an independent party with respect to the processing of the Tailings and the establishment of a processing facility at Kookynie. These are preliminary but cover completion of the Kookynie trial processing project and application for a permit of works to complete all remaining tailings on site, with ultimate relocation of tailings after processing away from the townsite of Kookynie and subsequent rehabilitation of the site. The party will provide all funding for the furtherment of the project. There is no certainty with respect to these discussions (particularly in light of the ongoing disputes between the JV partners) nor completion of due diligence by the party.

Outcome of challenging to Nex Metals, share issues and meetings

In August 2022, Metalicity Limited ("Meticity") (ASX: MCT) launched court action against Nex Metals Exploration Ltd's Managing Director Mr Ken Allen, Chairman Mr Tom Percy KC, 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). Amongst the claims, Metalicity was seeking a declaration that approximately 54 million votes 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. 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.

On 12 December 2022 Nex Metals announced to the market that a decision was delivered in the Supreme Court of WA in the action commenced by Metalicity Limited against Nex Metals and twenty six others including the directors of Nex Metals and a number of shareholders of Nex Metals where Metalicity was seeking to set aside the results of two meetings of the members of Nex Metals and other relief including that the shares held by the members the subject of the proceedings vest in ASIC. In the meetings the subject of the proceedings Metalicity was seeking to overturn the results of shareholder meetings of Nex Metals where nominees of Metalicity failed to be elected to the board of Nex and where Metalicity failed to remove existing board members.

Nex Metals notes that each claim of Metalicity was comprehensively dismissed by the Court.

Furthermore, on 16 December 2022 awarded costs in Nex Metals favour and against Metalicity. The quantum of these costs are yet to be determined. However, subsequent to year end, Nex Metals has entered into a term sheet with Metalicity to settle its disputes. Full details are contained below.

Supreme Court Action by Metalicity against Nex for Joint Venture Costs

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 (the subject of a billing statement from the plaintiff to the defendant dated 11 March 2022). 3. The further amount of \$101,464 (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.

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.

As noted below, subsequent to year end, Nex Metals has entered into a term sheet with Metalicity to settle its disputes. Full details are contained below.

Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs occurred during the financial year not otherwise disclosed above.

Significant Events After Balance Date

On 28 September 2023, Nex Metals announced that a terms sheet ("Terms Sheet") has been entered into with Metalicity Limited ("MCT") regarding the Kookynie and Yundamindra Joint Venture ("JV") and the settlement of all disputes between the parties ("Disputes").

The effect of the Terms Sheet in respect of the JV is that on completion, MCT will cease to be a shareholder of NME (subject to shareholder approval), MCT will increase its hold to 80% interest in the JV with NME retaining the

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remaining 20%, with both parties to contribute to expenditure in accordance with their respective interests, and NME will acquire certain prospecting licences as to 100% and retain the tailing rights under formal terms.

In respect of the Disputes, being the Supreme Court action CIV 1582 of 2022 and all other matters in dispute between the parties, it has been agreed that on completion of the matters set out in the Terms Sheet, NME and MCT:

- (a) agree and acknowledge that any claim that they may have against the other party in relation to the Disputes will have been settled in full; and
- (b) unconditionally and irrevocably releases and discharges the other party from all future obligations and claims under, in relation to or in connection with the Disputes.

Under the Terms Sheet, in consideration for:

- (a) the parties settling all disputes relating to the JV, the Supreme Court action CIV 1582 of 2022 and all other matters in dispute between the parties;
- (b) MCT cancelling 100% of the fully paid ordinary shares that MCT owns in NME (~91m) and forgiving all outstanding cash calls owed by NME under the JV; and
- (c) NME forgiving all legal costs owed to it by MCT under all actions between MCT (its subsidiaries), NME and other third parties as at the date of completion of the settlement,

MCT has agreed to:

- (a) acquire and NME has agreed to transfer to MCT a 29% interest in the JV; and
- (b) sell and transfer to NME its interest in Prospecting Licences P40/1500, P40/1510, P40/1511 and P40/1499; and in the tailings materials located within the stockpiles at the Kookynie tenements.

The Terms Sheet is conditional on the following matters:

- (a) Approvals: each of NME and MCT having obtained all authorisations of any governmental or administrative agency or commission, which are necessary to implement the transactions contemplated by the Terms Sheet and the Formal Agreement
- (b) Formal Agreement: NME and MCT entering into a formal agreement to more specifically detail the matters agreed and set out in the Terms Sheet;
- (c) Share Cancellation: NME obtaining shareholder approval for and MCT cancelling 100% of the fully paid ordinary shares that MCT owns in NME;
- (d) Amendment of JV Agreement: the parties amending the JV Agreement, including for, but not limited to, the following matters:
 - (i) the Joint Venture Commencement Date being confirmed as 20 May 2021;
 - (ii) first rights of refusal to be given to each party for any proposed disposal, forfeit or relinquishment of any JV interest;
 - (iii) the dilution clause being amended to reflect an industry standard dilution clause; and
 - (iv) removing the area of influence clause in its entirety; and
- (e) Tailings Agreement: the parties entering into a tailings agreement on ordinary commercial terms which provides for NME to have unfettered access to the tailings, including the right to treat and process the tailings and be liable for environmental and rehabilitation obligations in respect of that area, for MCT to retain the priority right to explore the area where the tailings are located as reasonably required and discussed with NME or if appropriate, for NME to remove the tailings to a new location to be agreed, all parties acting reasonably.

Future Developments

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

Environmental regulations

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

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were 3 circular resolutions passed.

Directors	Board of directors	
	A	B
Thomas F Percy	9	9
Kenneth Allen	9	9

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Hock Hoo Chua	9	6
Raja Mohd Azmi bin Raja Razali	9	-

Notes

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

B - Number of meetings attended.

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

Share Options

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

Remuneration Report (Audited)

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

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

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

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

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

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 10.00%. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

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

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required however this was not required during the year ended 30 June 2023. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting (currently \$350,000). Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in prevailing employee option plans.

Performance based remuneration

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

(b) Directors and Key Management Personnel Compensation (Audited)

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

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

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

Year ended 30 June 2023	Short-term		Post- employment	Total	% Performance Related
	Salary & Fees	Non Cash	Superannuation		
	\$	\$	\$	\$	
Directors					
T Percy	37,500	-	3,938	41,438	-
K Allen	122,004	-	12,810	134,814	-
H Chua	25,000	-	2,625	27,625	-
R Razali	-	-	-	-	-
	<u>184,504</u>	<u>-</u>	<u>19,373</u>	<u>203,877</u>	<u>-</u>

Year ended 30 June 2022	Short-term		Post- employment	Total	% Performance Related
	Salary & Fees	Non Cash	Superannuation		
	\$	\$	\$	\$	
Directors					
T Percy	37,500	-	3,563	41,063	-
K Allen	122,004	-	11,590	133,594	-
H Chua	25,000	-	2,375	27,375	-
R Razali	-	-	-	-	-
	<u>184,504</u>	<u>-</u>	<u>17,528</u>	<u>202,032</u>	<u>-</u>

(c) Service agreements

The agreements related to remuneration are set out below:

- (i) The company has entered into an executive services agreement with Kenneth Malcolm Allen whereby the company has agreed to employ Kenneth Malcolm Allen as managing director for a period of 4 years commencing on 6 December 2007 on a salary of \$220,000 per annum (exclusive of superannuation) and \$24,000 motor vehicle allowances. In October 2008, Mr Allen agreed to reduce his total remuneration by 50% effective October 2008 until further notice. Mr Allen's term of agreement was extended on a monthly basis in November 2011.
- (ii) The company has entered into a letter agreement with Dr. Chua Hock Hoo, whereby the company has agreed to pay Dr Chua \$25,000 per annum, plus statutory entitlements, payable monthly in arrears for acting as a Non-Executive Director of the company.
- (iii) The company has entered into a letter agreement with Thomas Francis Percy whereby the company has agreed to pay Thomas Francis Percy director's fees of \$75,000 per annum, plus statutory entitlements, payable monthly in arrears, for acting as the non-executive chairman of the company. In October 2008, Mr Percy agreed to reduce his base remuneration by 50% effective October 2008 until further notice.
- (iv) The company has entered into a letter agreement with Raja Mohd Azmi bin Raja Razali, whereby the company has agreed to pay Mr Razali \$25,000 per annum, plus statutory entitlements, when Mr Razali stands in as an alternate for Dr Chua on a pro rata basis. No payments were made to Mr Razali during the year ended 30 June 2020 or 2021.

(d) Option holdings of Key Management Personnel

There are no unissued ordinary shares under option during the year ended 30 June 2023.

(e) Share-based compensation of Key Management Personnel

There are no shares issued to the directors as part of compensation during the year ended 30 June 2023.

(f) Shareholdings of Key Management Personnel

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	Balance at 01/07/22 No.	Exercise of Options No.	Other changes during the year No.	Balance at 30/06/23 No.
Directors				
T F Percy	1,016,000	-	8,755,580	9,771,580
K Allen	7,658,303	-	44,595,317	52,253,620
H H Chua	860,000	-	-	860,000
R Razali	7,600,000	-	-	7,600,000
	<u>17,134,303</u>	<u>-</u>	<u>53,350,897</u>	<u>70,485,200</u>

*During the year the Directors were issued the following shares at 5 cents per share in satisfaction of directors' fees owed at 30 June 2023

- Mr Tom Percy was issued 8,755,580 in shares at 5 cents a share on 7 December 2022 to settle unpaid directors' fees at 30 June 2022 of \$437,779;
- Mr Ken Allen was issued 28,461,848 in shares at 5 cents per share on 2 March 2023 as settlement of unpaid directors' fees of 1,423,092;
- Mr Ken Allen was issued 16,133,469 in shares at 5 cents per share to settle the loan owing to the Allen's Business Group Pty Ltd of \$806,673.

(g) Related party disclosures

(a) Transactions with director related entities

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

	30 June 2023 \$	30 June 2022 \$
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	84,427	84,427
 (b) <i>Aggregate amounts payable to directors and former directors and their director related entities at balance date:</i>		
Current liabilities		
Accrued directors' fees	495,739	2,211,067
Accrued office rent and accounting services payable to Allens Business Group Pty Ltd, a related company of Kenneth Allen	367,298	282,871
Share applicable monies ^	328,000	328,000
	<u>1,191,037</u>	<u>2,821,938</u>

^ This represents share application monies from Raja Mohd Azmi bin Raja Razali.

Unpaid Director's consists of:

- Chuah \$319,487
 - Tom \$41,438
 - Ken \$134,814
- Total \$495,739

(c) Directors loans

Loans existed during the year between the consolidated entity and Allens Business Group Pty Ltd an entity controlled by Mr Ken Allen and as at balance date the balance was \$257,897 (2022: \$806,673)

(d) Other related party transactions

RW Allen (deceased), a related party of Kenneth Allen, has been disclosed in Note 15. Additionally, the consolidated entity has a receivable of \$649 (2022: \$649) from RW Allen (deceased).

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Paddick Investments Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$5,863 (2022: \$5,353) from Paddick Investments Pty Ltd.

International Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$631 (2022: \$631) from International Mining Logistics Pty Ltd.

Australian Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$714 (2022: \$714) from Australian Mining Logistics Pty Ltd.

[End of Remuneration Report]

Indemnification and insurance of officers

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

Indemnification and insurance of auditor

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

Proceedings on Behalf of the Company

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

Non-Audit Services

The Directors review any non-audit services to be provided to ensure they are compatible with the general standard for independence for auditors imposed by the Corporations Act 2001.

During the year, the auditors did not provide any non-audit services to the consolidated entity.

Auditor's Independence Declaration

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

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



Kenneth Allen
Managing Director

Perth, 29 September 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

NEX METALS EXPLORATIONS LIMITED

I declare that, to the best of my knowledge and belief, during the audit for the year ended 30 June 2023 there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*Armada Audit
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Nigel Dias
Director Perth, 29 September 2023

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DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- having regard to the detailed factors set out in Note 1(b) to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Kenneth Allen
Managing Director

29 September 2023
Perth

Nex Metals Explorations Limited
ABN 63 124 706 449

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	30 June 2023 \$	30 June 2022 \$
Other income	2(a)	265,458	563,384
Occupancy expenses		(58,893)	(61,258)
Administration expenses		(133,207)	(148,899)
Legal expenses	2(c)	(333,784)	(1,492,842)
Business development expenses		-	-
Consultants expenses	2(b)	(292,799)	(158,209)
Depreciation expenses		(12,104)	(15,700)
Employment and contractor expenses		(455,957)	(434,938)
Borrowing and finance costs		(3,512)	(5,242)
Travel expenses		(20,020)	(33,495)
Exploration and evaluation expenses	8	-	-
Loss before income tax benefit		(1,044,818)	(1,787,199)
Income tax benefit	3	-	-
Loss for the year		(1,044,818)	(1,787,199)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(1,044,818)	(1,787,199)
Loss per share:			
Basic and diluted loss (cents per share)	14	(0.4)	(0.67)

The accompanying notes form part of this financial report.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		30 June 2023	30 June 2022
	Note	\$	\$
Current assets			
Cash and cash equivalents	20(a)	270,262	15,781
Receivables	5	-	547,688
Other assets	6	18,483	7,345
Total current assets		<u>288,745</u>	<u>570,814</u>
Non-current assets			
Plant and equipment	7	47,489	59,593
Capitalised exploration and evaluation expenditure	8	1,108,180	1,082,316
Total non-current assets		<u>1,155,669</u>	<u>1,141,909</u>
Total assets		<u>1,444,414</u>	<u>1,712,723</u>
Current liabilities			
Payables	9	1,308,443	4,217,116
Borrowings	10	257,897	806,673
Provisions	11	268,199	241,995
Total current liabilities		<u>1,834,539</u>	<u>5,265,784</u>
Total liabilities		<u>1,834,539</u>	<u>5,265,784</u>
Net liabilities		<u>(390,125)</u>	<u>(3,553,061)</u>
Equity			
Issued capital	12	28,266,507	24,058,753
Option reserve	13	2,260,245	2,260,245
Accumulated losses		<u>(30,916,876)</u>	<u>(29,872,059)</u>
Total deficit		<u>(390,125)</u>	<u>(3,553,061)</u>

The accompanying notes form part of this financial report.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficit \$
Balance at 1 July 2021	24,058,753	2,260,245	(28,084,860)	(1,765,862)
(Loss) for the year	-	-	(1,787,199)	(1,787,199)
<i>Total comprehensive (loss) for the year</i>	-	-	(1,787,199)	(1,787,199)
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
<i>Total contribution by owners</i>	-	-	-	-
Balance at 30 June 2022	24,058,753	2,260,245	(29,872,059)	(3,553,061)

	Attributable to equity holders			
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Deficit \$
Balance at 1 July 2022	24,058,753	2,260,245	(29,872,059)	(3,553,061)
(Loss) for the year	-	-	(1,044,818)	(1,044,818)
<i>Total comprehensive (loss) for the year</i>	-	-	(1,044,818)	(1,044,818)
Shares issued	4,207,754	-	-	4,207,754
Share issue costs	-	-	-	-
<i>Total contribution by owners</i>	4,207,754	-	-	4,207,754
Balance at 30 June 2023	28,266,507	2,260,245	(30,916,877)	(390,125)

The accompanying notes form part of this financial report.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
R&D tax rebate		818,600	-
Receipts from other income		10,242	250
Payments to suppliers and employees		(900,769)	(773,264)
Net cash (used in)/provided by operating activities	20(b)	<u>(71,927)</u>	<u>(773,014)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(8,299)
Payments for exploration expenditure		(25,864)	(156,725)
Net cash (used in)/provided by investing activities		<u>(25,864)</u>	<u>(165,024)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		94,375	-
Repayment of borrowings	20(c)	-	(29,026)
Proceeds from borrowings	20(c)	257,897	491,919
Share issue costs		-	-
Net cash provided by financing activities		<u>352,272</u>	<u>462,893</u>
Net (decrease)/increase in cash and cash equivalents		254,481	(475,145)
Cash and cash equivalents at the beginning of the financial year		<u>15,781</u>	<u>490,926</u>
Cash and cash equivalents at the end of the financial year	20(a)	<u>270,262</u>	<u>15,781</u>

The accompanying notes form part of this financial report.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

The financial report of Nex Metals Explorations Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 30 September 2023.

1. Summary of Significant Accounting Policies

(a) Basis of preparation

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

(b) Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$1,044,818 and had net cash outflows from operating activities of \$71,927 for the year ended 30 June 2023. As of that date, the consolidated entity had net current liabilities of \$1,545,794 and net liabilities of \$390,125. 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:

- The Directors have confirmed to the Company that \$495,739 of the accrued directors fee will not be called for repayment for a period of 12 months from the date of this report;
- Allen’s Business Group has confirmed that the loan of \$257,897 owing at 30 June 2023 will not be called for repayment for a period of 12 months from the date of this report;
- Accrued Rent and Accounting Fees owed to Allen’s Business Group of \$367,298 will not be called for repayment for a period of 12 months from the date of this report;
- Mr Ken Allen has agreed in writing to cover the \$328,000 in share application monies from Raja Mohd Azmi bin Raja Razali.
- Mr Kenneth Allen has agreed that annual leave owed to him of \$148,944 will not be called for repayment for a period of at 12 months from the date of this report
- Allens Business Group Pty Ltd (and Allen Family Trust) will provide financial support (line of credit) to Nex Metals Explorations Ltd over the next 12 months to 31 October 2024 to the extent of \$750,000;
- The Company has prepared a cash flow forecast which notes that the Company has plans to raise capital funding;
- On 28 September 2023, Nex Metals announced that a terms sheet (“Terms Sheet”) has been entered into with Metallicity Limited (“MCT”) regarding the Kookynie and Yundamindra Joint Venture (“JV”) and the settlement of all disputes between the parties (“Disputes”). The effect of the Terms Sheet in respect of the JV is that on completion, MCT will cease to be a shareholder of NME (subject to shareholder approval), MCT will increase its hold to 80% interest in the JV with NME retaining the remaining 20%, with both parties to contribute to expenditure in accordance with their respective interests, and NME will acquire certain prospecting licences as to 100% and retain the tailing rights under formal terms. Refer to Note 23 for further details.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(b) Going concern (continued)

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.

- a) If Allen's Business Group Pty Ltd is unable to provide further financial support
- b) If the Company is unable to secure capital funding;
- c) If the directors are unwilling to continue their support of the Company including conversion of any directors' fees to equity and/or deferral of unpaid directors' fees.

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 2023 financial report. The year ended 30 June 2023 financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

(c) Cash and cash equivalents

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

(d) Employee benefits

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

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

Other long-term employee benefits

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

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

(e) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The consolidated entity's cash and cash equivalents, trade and most other receivables as well as listed bonds fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The consolidated entity accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables and loan commitments.

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

The consolidated entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and

supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The consolidated entity makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The consolidated entity assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The consolidated entity's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the consolidated entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Classification and Subsequent Measurement

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Held-to-maturity investments

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

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial Liabilities

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

Fair Value

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

Impairment of Assets

At the end of each reporting date, the directors assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(f) Goods and services tax

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

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

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

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

(g) Impairment of assets

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

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

(h) Income tax

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

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

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(h) Income tax (continued)

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

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

(i) Exploration and Evaluation Expenditure

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

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

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

The consolidated entity performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the statement of profit or loss and other comprehensive income. Expenditure is not carried forward in respect of any area of interest unless the consolidated entity's right of tenure to that area of interest is current. Expenditures incurred before the consolidated entity has obtained legal rights to explore a specific area is expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

(j) Payables

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

(k) Plant and equipment

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

Depreciation

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

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

Plant and equipment is tested for impairment in accordance with the policy in note 1(g).

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(l) Provisions

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

(m) Revenue recognition

Other revenue

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

Interest revenue

Interest revenue is recognised when earned.

(n) Borrowings

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

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

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

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

(o) Finance costs

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

All other finance costs are recognised in the statement of profit or loss and other comprehensive income in the financial period in which they are incurred.

(p) Leases

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

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

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

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

(q) Earnings per share

(i) Basic Earnings per share

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

(ii) Diluted Earnings per Share

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

(r) Trade and other receivables

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

The consolidated entity measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The consolidated entity writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

(s) Issued capital

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

(t) Principles of Consolidation

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

(u) Critical accounting judgments, estimates and assumptions

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

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

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

Share-based payment transactions

The Company measures the cost of equity-settled transactions with suppliers by reference to the fair value of the equity instruments at the date at which they are granted.

The Company measures the cost of equity-settled share-based payments with suppliers at fair value at the grant date.

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FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (continued)

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

Exploration and evaluation expenditure

The directors determine when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. This decision is made after considering the likelihood of finding commercially viable reserves. The carrying value of the exploration asset relates to a 49% stake in the Kookynie and Yundamindra projects. Subsequent to year end, Nex Metals announced that a terms sheet ("Terms Sheet") has been entered into with Metalicity Limited ("MCT") regarding the Kookynie and Yundamindra Joint Venture ("JV") and the settlement of all disputes between the parties ("Disputes"). The effect of the Terms Sheet in respect of the JV is that on completion, MCT will cease to be a shareholder of NME (subject to shareholder approval), MCT will increase its hold to 80% interest in the JV with NME retaining the remaining 20%, with both parties to contribute to expenditure in accordance with their respective interests, and NME will acquire certain prospecting licences as to 100% and retain the tailing rights under formal terms. Refer to Note 23 for further details. Under the terms of this arrangement the directors have assessed the impact and no immaterial impairment triggers were noted regarding the capitalised exploration costs at 30 June 2023.

Impairment - General

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

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

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the following new and revised Standards and Interpretations on the consolidated entity and, therefore, no material changes necessary to the entity's accounting policies.

(w) 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 year ended 30 June 2023. 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 consolidated entity's business and, therefore, no change is necessary to the entity's accounting policies.

(x) Comparative Figures

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

(y) Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

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	30 June 2023 \$	30 June 2022 \$
2. Loss before income tax		
(a) Other Income		
Interest income	1,102	40
Research and Development tax rebate	264,146	554,454
Fuel Tax	-	8,640
Sundry	210	250
	<u>265,458</u>	<u>563,384</u>
(b) Expenses		
<i>Consultants expenses</i>		
Accounting	132,145	72,165
Other	160,654	86,044
	<u>292,799</u>	<u>158,209</u>
(c) Significant Items		
<i>Expenses</i>		
Legal expenses	333,784	1,492,842
	<u>333,784</u>	<u>1,492,842</u>

3. Income tax

(a) No income tax is payable by the consolidated entity as it incurred losses for income tax purposes for the year.

(b) The prima facie income tax benefit on loss from operations reconciles to the income tax benefit in the financial statements as follows:

	30 June 2023 \$	30 June 2022 \$
Loss from operations	(1,044,818)	(1,787,199)
Prima facie income tax at 30% (2022:25%)	(313,445)	(446,800)
Tax effect of non-deductible items	100,203	373,211
Deferred tax asset not recognised	253,770	93,332
Timing difference- exploration expenditure	(7,159)	(42,255)
Timing difference - other	(33,369)	22,512
Income tax benefit	<u>-</u>	<u>-</u>

(c) Unrecognised deferred tax balances

The directors estimate that the potential deferred tax benefits not brought to account attributable to tax losses carried forward at balance date is approximately \$3,744,115 (2022: \$2,712,196). They will only be of benefit to the consolidated entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and subject to the consolidated entity meeting the continuity of ownership and/or similar business tests.

(d) Research & development rebate

There was no rebate claimed in the current year.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023 \$	30 June 2022 \$
4. Remuneration of auditors		
Remuneration for audit of financial reports by Armada Audit & Assurance Pty Ltd	32,250	35,000
Remuneration for audit and review of financial reports by HLB Mann Judd for 31 December 2021 and Armada Audit and Assurance for 31 December 2022	11,500	9,165
	43,750	44,165

	30 June 2023 \$	30 June 2022 \$
5. Receivables		
Current		
Trade receivables	223,499	771,187
Sundry receivables	-	-
Less provision for expected credit loss (i)	(223,499)	(223,499)
	-	547,688

- (a) During the year ended 30 June 2023, an allowance for expected credit loss was recognised as trade and sundry receivables exceeded 120 days. An allowance for expected credit loss is made for the lifetime expected credit loss. Refer to Note 21 for the Company's financial risk management and policies.

		> 30 days past due	> 60 days past due	> 90 days past due	> 120 days past due
30 June 2023	Current				
Expected loss rate	0%	0%	100%	100%	100%
Gross carrying amount	-	-	-	-	223,499
Loss allowing provision	-	-	-	-	(223,499)
30 June 2022	Current				
Expected loss rate	0%	0%	100%	100%	100%
Gross carrying amount	547,688	-	-	-	223,499
Loss allowing provision	-	-	-	-	(223,499)

	30 June 2023 \$	30 June 2022 \$
6. Other assets		
Loans	13,042	-
Prepayments	5,441	7,345
	18,483	7,345

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. Plant and equipment

	Motor Vehicles	Plant and Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2023			
Opening net book value	21,790	37,803	59,593
Additions	-	-	-
Depreciation charge for the year	(5,760)	(6,344)	(12,104)
Closing net book value	16,030	31,459	47,489
At 30 June 2023			
Cost	165,036	118,304	283,340
Accumulated depreciation	(149,006)	(86,845)	(235,851)
Net book value	16,030	31,459	47,489
	Motor Vehicles	Plant and Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2022			
Opening net book value	29,651	38,201	67,852
Additions	-	7,441	7,441
Depreciation charge for the year	(7,861)	(7,839)	(15,700)
Closing net book value	21,790	37,803	59,593
At 30 June 2022			
Cost	165,036	118,304	283,340
Accumulated depreciation	(143,246)	(80,501)	(223,747)
Net book value	21,790	37,803	59,593
	30 June 2023	30 June 2022	
	\$	\$	

8. Capitalised exploration expenditure

Exploration and evaluation phases:

Opening balance	1,082,316	913,296
Current year expenditure	25,864	169,020
Current year expenditure written off (i)	-	-
Closing balance	<u>1,108,180</u>	<u>1,082,316</u>

- (a) The recoupment of cost carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The exploration asset relates to a 49% share held by Nex Metals Explorations Limited in the Kookynie and Yundamindra Joint Venture ("JV"); and
- (b) Subsequent to year end, Nex Metals announced that a terms sheet ("Terms Sheet") has been entered into with Metalicity Limited ("MCT") regarding the Kookynie and Yundamindra Joint Venture ("JV") and the settlement of all disputes between the parties ("Disputes"). The effect of the Terms Sheet in respect of the JV is that on completion, MCT will cease to be a shareholder of NME (subject to shareholder approval), MCT will increase its hold to 80% interest in the JV with NME retaining the remaining 20%, with both parties to contribute to expenditure in accordance with their respective interests, and NME will acquire certain prospecting licences as to 100% and retain the tailing rights under formal terms. Refer to Note 23 for further details. the directors have assessed the impact of this agreement on the carrying value of the exploration assets and based on their assessment no impairment triggers were noted regarding the capitalised exploration costs at 30 June 2023.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023 \$	30 June 2022 \$
9. Payables		
Current		
Trade payables and accruals (i)	484,704	1,678,049
Accrued director fees (ii)	495,739	2,211,067
Share applicable monies (iii)	328,000	328,000
	<u>1,308,443</u>	<u>4,217,116</u>
<p>(i) Trade payables are non-interest bearing and are normally settled on 30–60-day terms. The amount of payables at balance date exceeding normal trading terms is estimated at \$14,359.</p> <p>(ii) Amount of \$495,739 is payable to the current Directors of the consolidated entity. The Directors have agreed to not seek cash payments for their unpaid balances of until the consolidated entity is in a financial position to pay.</p> <p>(iii) This represents share application monies from Raja Mohd Azmi bin Raja Razali. Mr Ken Allen has provided a written confirmation that he will cover the payment of this amount.</p>		
	30 June 2023 \$	30 June 2022 \$
10. Borrowings		
Current		
Loans – related parties (a)	257,897	806,673
Loans – other (b)	-	-
	<u>257,897</u>	<u>806,673</u>
<p>(a) This loan is interest free and is with Allens Business Group Pty Ltd, an entity controlled by Mr Ken Allen. Allens Business Group Pty Ltd have agreed to not seek cash payments for their unpaid balances until the consolidated entity is in a financial position to pay. The prior year loan balance of 806,673 was converted to equity.</p> <p>(b) The loans from unrelated parties are unsecured and interest free.</p>		
	30 June 2023 \$	30 June 2022 \$
11. Provisions		
Employee entitlements	<u>268,199</u>	<u>241,995</u>
Balance at beginning of financial year	241,995	264,810
Movement for year	<u>26,204</u>	<u>(22,815)</u>
Balance at end of financial year	<u>268,199</u>	<u>241,995</u>

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	30 June 2023	30 June 2022
	\$	\$
12. Issued Capital		
Fully paid ordinary shares	<u>28,266,507</u>	<u>24,058,753</u>
(a) Movements in issued capital:		
	<u>Issue Price</u>	<u>No of Shares</u>
		<u>\$</u>
Balance at 1 July 2022		24,058,753
Shares issued for debt consideration	\$0.05	82,270,372
Rights Issue		3,247,387
		94,235
Balance at 30 June 2023	<u>352,532,527</u>	<u>28,266,507</u>
Balance at 1 July 2022	<u>267,014,768</u>	<u>24,058,753</u>
Balance at 30 June 2023	<u>352,532,527</u>	<u>28,266,507</u>
13. Reserves	30 June 2023	30 June 2022
	\$	\$
Option reserve	<u>2,260,245</u>	<u>2,260,245</u>
Option reserve		
Balance at beginning of financial year	<u>2,260,245</u>	<u>2,260,245</u>
Balance at end of financial year	<u>2,260,245</u>	<u>2,260,245</u>
This option issue reserve is used to recognise both the fair value or issue price of options issued. There are no unissued ordinary shares of the Company under option as at 30 June 2022.		
	30 June 2023	30 June 2022
	Cents Per Share	Cents Per Share
14. Loss per share		
Basic undiluted loss per share:	<u>(0.4)</u>	<u>(0.67)</u>
The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
	30 June 2023	30 June 2022
	\$	\$
Loss for the year after income tax	<u>(1,044,818)</u>	<u>(1,787,199)</u>
	No	No
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>309,537,036</u>	<u>267,014,768</u>

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15. Commitments for expenditure

	30 June 2023	30 June 2022
	\$	\$
(a) <u>Exploration commitments</u>		
The consolidated entity has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
Not later than 1 year	300,668	300,668
Later than 1 year and not later than 2 years	300,668	300,668
Later than 2 years and not later than 5 years	841,440	841,440
	<u>1,442,776</u>	<u>1,442,776</u>

- (i) The consolidated entity has various royalty commitments in relation to tenements acquired in the Kookynie and Yundamindera area. These commitments vary. Based on average grades and the budgeted areas to be mined, the Directors consider that royalties payable for the next 2-3 years will be insignificant.

16. Contingencies

Outcome of challenging to Nex Metals, share issues and meetings

In August 2022, Metalicity Limited ("Metalicity") (ASX: MCT) launched court action against Nex Metals Exploration Ltd's Managing Director Mr Ken Allen, Chairman Mr Tom Percy KC, 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). Amongst the claims, Metalicity was seeking a declaration that approximately 54 million votes 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. 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.

On 12 December 2022 Nex Metals announced to the market that a decision was delivered in the Supreme Court of WA in the action commenced by Metalicity Limited against Nex Metals and twenty six others including the directors of Nex Metals and a number of shareholders of Nex Metals where Metalicity was seeking to set aside the results of two meetings of the members of Nex Metals and other relief including that the shares held by the members the subject of the proceedings vest in ASIC. In the meetings the subject of the proceedings Metalicity was seeking to overturn the results of shareholder meetings of Nex Metals where nominees of Metalicity failed to be elected to the board of Nex and where Metalicity failed to remove existing board members.

Nex Metals notes that each claim of Metalicity was comprehensively dismissed by the Court.

Furthermore, on 16 December 2022 awarded costs in Nex Metals favour and against Metalicity. The quantum of these costs are yet to be determined. However, subsequent to year end, Nex Metals has entered into a term sheet with Metalicity to settle its disputes. Full details are contained below

Supreme Court Action by Metalicity against Nex for Joint Venture Costs

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 (the subject of a billing statement from the plaintiff to the defendant dated 11 March 2022). 3. The further amount of \$101,464 (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.

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.

Subsequent to year end, Nex Metals has entered into a binding term sheet with Metalicity to settle its disputes refer to Note 23 Subsequent Events

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17. Key Management Personnel Disclosures

Refer to Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the company's Key Management Personnel for the year ended 30 June 2023.

Compensation of Key Management Personnel

	30 June 2023	30 June 2022
	\$	\$
Short term employee benefits	184,504	184,504
Post-employment benefits	19,373	17,528
	<u>203,877</u>	<u>202,032</u>

18. Related Party Disclosures

During the year the Directors were issued the following shares at 5 cents per share in satisfaction of directors' fees owed at 30 June 2023

- Mr Tom Percy was issued 8,755,580 in shares at 5 cents a share on 7 December 2022 to settle unpaid directors' fees at 30 June 2022 of \$437,779;
- Mr Ken Allen was issued 28,461,848 in shares at 5 cents per share on 2 March 2023 as settlement of unpaid directors' fees of 1,423,092;
- Mr Ken Allen was issued 16,133,469 in shares at 5 cents per share to settle the loan owing to the Allen's Business Group Pty Ltd of \$806,673

	30 June 2023	30 June 2022
	\$	\$
(a) <i>Transactions with director related entities</i>		
Transactions with director related entities are on commercial terms no more favorable than those available to other persons unless otherwise stated.		
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	84,427	84,427
(b) <i>Aggregate amounts payable to directors and former directors and their director related entities at balance date</i>		
<i>Current liabilities</i>		
Accrued directors' fees		
• Ken Allen	495,739	1,423,092
Accrued office rent and accounting services payable to Allens Business Group Pty Ltd, a related company of Kenneth Allen	367,298	282,871
Share applicable monies ^	328,000	328,000
	<u>1,191,037</u>	<u>2,033,963</u>

^ This represents share application monies from Raja Mohd Azmi Bin Raja Razali.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
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18. Related Party Disclosures (continued)

(c) *Directors loans*

Loans existed during the year between the consolidated entity and Allens Business Group Pty Ltd an entity controlled by Mr Ken Allen and as at balance date the balance was \$257,897 (2022: \$806,673).

(d) *Other related party transactions*

RW Allen (deceased), a related party of Kenneth Allen, has been disclosed in Note 15. Additionally, the consolidated entity has a receivable of \$649 (2022: \$649) from RW Allen (deceased).

Paddick Investments Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$5,863 (2022: \$5,353) from Paddick Investments Pty Ltd.

International Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$631 (2022: \$631) from International Mining Logistics Pty Ltd.

Australian Mining Logistics Pty Ltd is a related party of Kenneth Allen. The consolidated entity has a receivable of \$714 (2022: \$714) from Australian Mining Logistics Pty Ltd.

19. Controlled Entity

Name	Country of Incorporation	Percentage Interests Held		Cost of Parent Entity Investment	
		2023	2022	2023	2022
				\$	\$
Ausnational Investments Pty Ltd	Australia	100%	100%	1	1

20. Cash Flow Information

	30 June 2023	30 June 2022
	\$	\$
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	270,262	15,781
	<u>270,262</u>	<u>15,781</u>
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(1,044,818)	(1,787,199)
Depreciation	12,104	15,700
Share based payments	-	-
Exploration expenditure written off	-	-
Changes in assets and liabilities		
Receivables	-	(547,688)
Prepayments	(5,441)	(3,468)
Payables and provisions	1,110,082	1,549,641
Net cash (used in)/provided by operating activities	<u>(71,927)</u>	<u>(773,014)</u>

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	30 June 2023	30 June 2022
	\$	\$

20. Cash Flow Information (continued)

(c) Non cash financing and investing activities

Issue of shares for debt consideration	4,113,558	-
	<u>4,113,558</u>	<u>-</u>

During the year 82,270,372 shares were issued at 5 cents per share to settled creditors, unpaid directors' fees and related party loans at 30 June 2022.

21. Financial risk management and policies

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

The consolidated entity holds the following financial instruments:

	30 June 2023	30 June 2022
	\$	\$
Financial assets		
Cash and cash equivalents	270,262	15,781
Receivables and other assets	-	547,688
	270,262	563,469
Financial liabilities		
Payables	1,308,443	4,217,116
Borrowings	257,897	806,673
	1,566,340	5,023,789

The consolidated entity's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to fund the consolidated entity's operations.

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

(a) Credit risk

Management does not actively manage credit risk.

The consolidated entity has no significant exposure to credit risk from external parties at year end. The maximum exposure to credit risk at the reporting date is equal to the carrying value of financial assets at 30 June 2023.

Cash at bank is held with internationally regulated banks.

Other receivables are of a low value and all amounts are current.

(b) Capital risk

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

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

21. Financial risk management and policies (continued)

(c) Liquidity risk

Maturity profile of financial instruments

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

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

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

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

As at 30 June 2023	< 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:							
Cash	270,262	-	-	-	-	270,262	0%
Receivables	-	-	-	-	-	-	-
	<u>270,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,262</u>	<u>-</u>
Financial Liabilities:							
Payables	1,308,443	-	-	-	-	1,308,443	-
Borrowings – interest free	257,897	-	-	-	-	257,897	0%
	<u>1,566,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,566,340</u>	<u>-</u>
As at 30 June 2022	< 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:							
Cash	15,781	-	-	-	-	15,781	0%
Receivables	547,688	-	-	-	-	547,688	-
	<u>563,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,469</u>	<u>-</u>
Financial Liabilities:							
Payables	4,217,116	-	-	-	-	4,217,116	-
Borrowings – interest free	806,673	-	-	-	-	806,673	0%
	<u>5,023,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,023,789</u>	<u>-</u>

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
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21. Financial risk management and policies (continued)

Sensitivity analysis – interest rates

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

Fair value

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

22. Segment Reporting

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

23. Subsequent Events

Significant Events After Balance Date

On 28 September 2023, Nex Metals announced that a terms sheet ("Terms Sheet") has been entered into with Metalicity Limited ("MCT") regarding the Kookynie and Yundamindra Joint Venture ("JV") and the settlement of all disputes between the parties ("Disputes").

The effect of the Terms Sheet in respect of the JV is that on completion, MCT will cease to be a shareholder of NME (subject to shareholder approval), MCT will increase its hold to 80% interest in the JV with NME retaining the remaining 20%, with both parties to contribute to expenditure in accordance with their respective interests, and NME will acquire certain prospecting licences as to 100% and retain the tailing rights under formal terms.

In respect of the Disputes, being the Supreme Court action CIV 1582 of 2022 and all other matters in dispute between the parties, it has been agreed that on completion of the matters set out in the Terms Sheet, NME and MCT:

- (a) agree and acknowledge that any claim that they may have against the other party (and their related parties) in relation to the Disputes will have been settled in full; and
- (b) unconditionally and irrevocably releases and discharges the other party (and their related parties) from all future obligations and claims under, in relation to or in connection with the Disputes.

Terms Sheet

Under the Terms Sheet, in consideration for:

- (a) the parties settling all disputes relating to the JV, the Supreme Court action CIV 1582 of 2022 and all other matters in dispute between the parties;
- (b) MCT cancelling 100% of the fully paid ordinary shares that MCT owns in NME (~91m) and forgiving all outstanding cash calls owed by NME under the JV; and
- (c) NME forgiving all legal costs owed to it by MCT under all actions between MCT (its subsidiaries), NME and other third parties as at the date of completion of the settlement,

MCT has agreed to:

- (a) acquire and NME has agreed to transfer to MCT a 29% interest in the JV; and
- (b) sell and transfer to NME its interest in Prospecting Licences, P40/1500, P40/1510, P40/1511 and P40/1499 (to the extent they are not already 100% held by NME) ; and in the tailings materials located within the stockpiles at the Kookynie tenements.

The Terms Sheet is conditional on the following matters:

- (a) Approvals: each of NME and MCT having obtained all authorisations of any governmental or administrative agency or commission, which are necessary to implement the transactions contemplated by the Terms Sheet and the Formal Agreement;
- (b) Formal Agreement: NME and MCT entering into a formal agreement to more specifically detail the matters agreed and set out in the Terms Sheet;
- (c) Share Cancellation: NME obtaining shareholder approval for and MCT cancelling 100% of the fully paid ordinary shares that MCT owns in NME;

Nex Metals Explorations Limited
ABN 63 124 706 449

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

23. Subsequent Events (continued)

- (d) Amendment of JV Agreement: the parties amending the JV Agreement, including for, but not limited to, the following matters:
- (i) the Joint Venture Commencement Date being confirmed as 20 May 2021;
 - (ii) first rights of refusal to be given to each party for any proposed disposal, forfeit or relinquishment of any JV interest;
 - (iii) the dilution clause being amended to reflect an industry standard dilution clause; and
 - (iv) removing the area of influence clause in its entirety; and
- (e) Tailings Agreement: the parties entering into a tailings agreement which provides for NME to have unfettered access to the tailings, including the right to treat and process the tailings and be liable for environmental and rehabilitation obligations in respect of the tailings, for MCT to retain the priority right to explore the area where the tailings are located as reasonably required and discussed with NME or if appropriate, for NME to remove the tailings to a new location to be agreed, all parties acting reasonably.

24. Parent Entity Disclosures

	2023	2022
	\$	\$
<i>Financial Position</i>		
Assets		
Current assets	288,745	570,814
Non-current assets	1,155,669	1,141,909
Total assets	<u>1,444,414</u>	<u>1,712,723</u>
Liabilities		
Current liabilities	1,834,538	5,265,784
Total liabilities	<u>1,834,538</u>	<u>5,265,784</u>
Equity		
Issued capital	28,266,506	24,058,753
Reserves	2,260,245	2,260,245
Accumulated losses	(30,916,876)	(29,872,059)
Total deficit	<u>(390,125)</u>	<u>(3,553,061)</u>
<i>Financial Performance</i>		
Loss for the year	(1,044,818)	(1,787,199)
Other comprehensive income	-	-
Total comprehensive income	<u>(1,044,818)</u>	<u>(1,787,199)</u>

25. Company Details

The registered office and principal place of business of the Company is:
45 Guthrie Street
OSBORNE PARK WA 6017

Independent Auditor's Report To the Members of Nex Metals Explorations Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Nex Metals Explorations Limited and its subsidiaries ('the "Group"') which, comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Nex Metals Explorations Limited is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023, and of its financial performance for the year then ended and;
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 (b) in the financial report, which indicates that the Group the consolidated entity incurred a net loss of \$1,044,818 and had net cash outflows from operating activities of \$71,927 for the year ended 30 June 2023. As of that date, the consolidated entity had net current liabilities of \$1,545,794 and net liabilities of \$390,125. As stated in Note 1 (b), these events or conditions, along with other matters as set forth in Note 1 (b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separated opinion on these matters.

Key Audit Matter

Going Concern – Note 1 (b)

As disclosed in Note 1 (b) to the financial statements, As disclosed in the financial statements, the consolidated entity incurred a net loss of \$1,044,818 and had net cash outflows from operating activities of \$71,927 for the year ended 30 June 2023. As of that date, the consolidated entity had net current liabilities of \$1,545,794 and net liabilities of \$390,125. Therefore, as a result going concern was considered a key audit matter.

How our audit addressed the key audit matter

Our Procedures, amongst others, included:

- Sighting the letter of financial support provided by Allens Business Group Pty Ltd to the Company and checking that Allens Business Group Pty Ltd has the financial capacity to provide the funding of \$750,000;
- Sighting the agreements provided by the directors and related parties to the Company confirming that accrued director fees, related party loans and payables including accrued rent and accounting fees will be deferred for payment for a period of at least 12 months from the date of the financial report;
- Obtaining the cash flow forecast prepared by management and verifying the reasonableness of the assumptions based on our understanding of the Group;
- Verifying the status and position of the Company's contingencies and legal claims up to the date of the audit report;
- Assessing the disclosures in the annual report regarding going concern; and
- We included a Material Uncertainty Regarding Going Concern (above) to highlight that there is a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Contingencies – (Note 16)

As disclosed in Note 16 the Group has several contingencies that as 30 June 2023. This has been identified as a key audit matter due to the material nature of the contingencies on the financial report.

Our Procedures, amongst others, included:

- Reading the ASX announcements and board minutes to obtain an understanding on the nature of the contingencies at the reporting date;
- For the dispute with the Company's major shareholder, we obtained the binding settlement deed as audit evidence of the settlement to the legal disputes;
- Considering of other evidence subsequent to the reporting date regarding all the contingencies disclosed in the annual report; and;
- Assessing the disclosures regarding the contingencies in the financial report.



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Exploration Assets (Note 8)

At 30 June 2023, the Company's carrying value of exploration and evaluation assets was \$1,108,180.

The exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amount. Any impairment losses are then measured in accordance with AASB 136 *Impairment of Assets*.

This area is a key audit matter as significant judgement is required in determining whether:

Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*

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strength in numbers
Our Procedures, amongst others, included:

- Confirming whether the rights to tenure for the areas of interest were current at the reporting date as well as confirming that the rights to tenure are expected to be renewed for tenements that will expire in the near future;
- Obtaining evidence of the Company's intention to carry out exploration and evaluation activities in the relevant areas of interest.
- Evaluating Company documents such as announcements made by the Company to the ASX and board minutes to check that the Group had not decided to discontinue exploration and evaluation activities at its area of interest.;
- Considering and assessing the impact of the settlement agreement between Nex Metals and its shareholder subsequent the reporting date on the carrying value of the exploration and evaluation assets; and
- Assessing the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

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Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Nex Metals Explorations Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

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Nigel Dias
Director Perth, 29 September 2023