NEX METALS EXPLORATIONS LIMITED

ABN: 63 124 706 449

Financial Report
For the year ended 30 June 2020

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Kenneth Allen

PRINCIPAL OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

REGISTERED OFFICE

45 Guthrie Street
OSBORNE PARK WA 6017

AUDITORS

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

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

The directors of Nex Metals Explorations Limited (the "company") submit herewith the financial report for the financial year ended 30 June 2020 on the company and its controlled entity (the "consolidated entity").

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

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

Directors Qualifications and Experience

Thomas Percy QC (Chairman) B.Juris., LL.B.
Mr Percy was born in Kalgoorlie where his family ran the Federal Hotel for over 60 years. Mr Percy attended Kalgoorlie Central Primary School 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 Malysia. 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.

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 2020 was $180,799 (2019 : loss of $2,222,065). The operating results for the year ended 30 June 2020 is summarised as follows:

	30 June 2020	30 June 2019
Profit/(Loss) before income tax benefit	(180,799)	(2,222,065)
Income Tax Benefit (being R & D tax offset received)	-	-
Profit/(Loss) for the year	(180,799)	(2,222,065)

Financial Position

The consolidated entity had net liabilities of $4,444,176 as at 30 June 2020, an increase of $180,799 from net liabilities of $4,318,377 at 30 June 2019.

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
Thomas F Percy	1,016,000
Kenneth M Allen	7,270,001
Hock Hoo Chua	860,000
Raja Mohd Azmi bin Raja Razali	7,600,000

Review of Operations

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

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

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

- Initial Placements:
  - An initial placement amount of NME's shares, taken by MCT for $50,000 upon execution of the agreement at a 20-day VWAP per NME share preceding the date of execution, plus a premium of 20%.
  - A second initial placement of NME shares to MCT, 6 months post the execution date of the agreement for a further $50,000 based on a 20-day VWAP preceding the 6-month anniversary.

- 51% Earn In:
  - An initial spend of minimum $500,000 to drill test the Projects within and up to 12 months from date of the agreement execution. This has now been achieved.
  - A total of $5 million spend within and up to 5 years to earn 51% of the Projects inclusive of the initial spend and time duration.

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

Drilling Results

During the year Metalicity undertook a series of successful drilling campaigns which identified the High Grade and shallow nature of the mineralisation at the Kookynie Gold Project.

Announcements for Shareholder reference:

Kookynie Drilling Campaign by Metalicity – 27 November 2019
https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02178460

Metalicity reports Drillhole Intercepts up to 80 g/t – 21 January 2020 (ASX:MCT)
https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02194162

Development Strategy and Exploration Target Update – 12 March 2020 (ASX:MCT)
https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02213186

Extremely High-Grade Gold from Historical Underground Sampling at the Cosmopolitan Gold Mine – 19 June 2020.
https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02242713

Kookynie continues to Deliver Spectacular Drill Hole Results – 25 June 2020
https://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=02248038

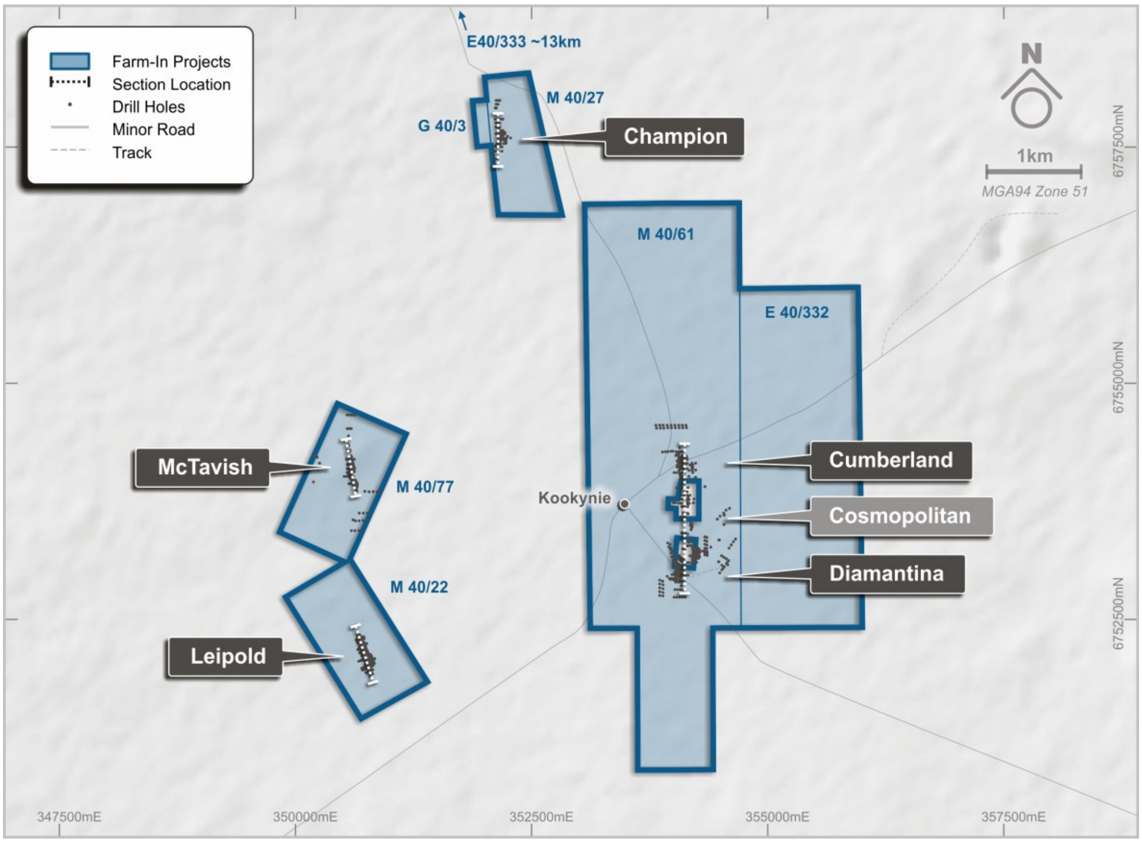

Figure 1 – Kookynie Prospect Locality Map.

Corporate

During the June quarter outstanding receivables were received of $580,000 (inclusive of interest and legal fees).

Capital Raising

During the month of June, the Company commenced a capital raising which raised $2,445,000, subsequent to the end of the financial year. (ASX: NME announcement 2 July 2020)

Conversion of Convertible Note

The Company announced on 12 November 2019 that the Convertible Noteholder has elected to convert the outstanding Note of $1,500,000 with accrued interest of $272,506.85 to 1 November 2019. Subsequent to end of the financial year, the Noteholder elected to no longer convert and received payment of these outstanding amounts (ASX: NME announcement 8 September 2020).

Covid-19

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

Applications for Forfeiture on Yundamindra Tenements

The applications for Forfeiture lodged by MCA Nominees Pty Ltd in the previous year has had a number of Wardens Court mention hearings during the year and is progressing through the system. The tenements concerned are on Yundamindra tenements M39/84, M39/274, M39/406, M39/407, M39/408, M39/409, M39/410, M39/839, M39/840. The applicant is by MCA Nominees Pty Ltd who hold the tenements immediately north of Nex Yundamindra Tenements. During the year there were a number of mention hearings at the Wardens Court and it continues to progress. The Company believes there is no basis for the claim and is defending the matter in the normal course. As the tenements are under application for forfeiture the Mining Act/regulations permit that no expenditure commitments are not required to be met on the concerned tenements.

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

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Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs occurred during the financial year.

Significant Events After Balance Date

In July 2020, the consolidated entity issued 44,454,538 shares at $0.055 to raise $2,445,000 before costs, 1,998,145 shares to Meatalcity at $0.02517 in relation to an agreement dated 4 May 2019, and 1,700,000 shares at a deemed price of $0.055 to satisfy outstanding creditors.

On 7 September 2020, the consolidated entity repaid $1,915,356 to extinguish the Convertible Note with a face value of $1,500,000 and interest of $415,356.

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

Future Developments

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

Environmental regulations

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

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.

	Board of directors	
Directors	**A**	**B**
Thomas F Percy	14	14
Kenneth Allen	14	14
Hock Hoo Chua	14	4
Raja Mohd Azmi bin Raja Razali	14	-

Notes

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

B - Number of meetings attended.

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

Share Options

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

Remuneration Report (Audited)

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

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

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

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

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

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

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

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 2019. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting (currently $350,000). Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in prevailing employee option plans.

Performance based remuneration

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

Additional information

The financial performance of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020	**2019**	**2018**	**2017**	**2016**
	$	$	$	$	$
Revenue	-	-	3	37,631	7
EBITDA	(83,151)	(2,056,246)	(1,026,228)	1,591,981	(835,808)
EBIT	(90,973)	(2,067,357)	(1,042,292)	1,577,208	(844,510)
Profit/(Loss) after income tax	(180,799)	(2,222,065)	(649,694)	1,730,514	(356,262)

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

	2020	**2019**	**2018**	**2017**	**2016**
Share price at financial year end ($)	0.12	0.013	0.015	0.01	0.008
Total dividends declared (cents per share)	-	-	-	-	-
Basic (loss)/earnings per share (cents per share)	(0.09)	(1.17)	(0.43)	1.13	(0.23)

(b) Directors and Key Management Personnel Compensation

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

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

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

Year ended 30 June 2020	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	-	-	-	-	-
	184,504	-	17,528	202,032	-

Year ended 30 June 2019	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	-	-	-	-	-
	184,504	-	17,528	202,032	-

(c) Service agreements

The agreements related to remuneration are set out below

(i) The company has entered into an executive services agreement with Kenneth Malcolme Allen whereby the company has agreed to employ Kenneth Malcolme 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 2019 or 2020.

(d) Option holdings of Key Management Personnel

There are no unissued ordinary shares under option during the year ended 30 June 2020.

(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 2020.

(f) Shareholdings of Key Management Personnel

	Balance at 01/07/19 No.	**Exercise of Options No.**	**Other changes during the year No.**	**Balance at 30/06/20 No.**
Directors				
T F Percy	1,016,000	-	-	1,016,000
K Allen	7,270,001	-	-	7,270,001
H H Chua	860,000	-	-	860,000
R Razali	7,600,000	-	-	7,600,000
	16,746,001	-	-	16,746,001

(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 2020 $	**30 June 2019 $**
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	123,796	123,796

(b) *Aggregate amounts payable to directors and former directors and their director related entities at balance date*		
Current liabilities		
Payables and accruals	1,806,081	1,604,049
Share applicable monies ^	328,000	328,000
	2,134,081	1,932,049

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

(c) *Directors loans*

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

(d) *Other related party transactions*

Allen and Co, Accountants, a related party of Kenneth Allen, is owed $536,420 (2019: $255,016)

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

[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.

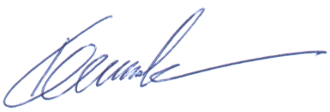
During the year, the auditors did not provide any non-audit services to the consolidated entity.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 4.

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 2020

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 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Kenneth Allen
Managing Director

29 September 2020
Perth

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Other income	2(a)	523,765	343,400
Occupancy expenses		(64,348)	(83,852)
Administration expenses		(66,944)	(79,099)
Consultants expenses	2(b)	(44,927)	(259,676)
Depreciation expenses		(7,822)	(11,111)
Employment and contractor expenses		(500,311)	(555,077)
Borrowing and finance costs		(145,919)	(154,707)
Travel expenses		(22,305)	(26,916)
Exploration and evaluation expenses	8	(82,448)	(773,748)
Research and development costs	2(b)	-	(203,621)
Recovery of/(Provision for) doubtful debts		230,460	(417,658)
(Loss) before income tax benefit	3	(180,799)	(2,222,065)
Income tax benefit	3	-	-
(Loss) for the year		(180,799)	(2,222,065)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit/(loss) for the year		(180,799)	(2,222,065)
(Loss) per share:			
Basic profit/(loss) (cents per share)	14	(0.09)	(1.17)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	20(a)	570,377	14,231
Receivables	5	22,683	21,268
Other assets	6	4,506	4,628
Total current assets		597,566	40,127
Non-current assets			
Plant and equipment	7	20,356	28,178
Capitalised exploration and evaluation expenditure	8	269,664	269,664
Total non-current assets		290,020	297,842
Total assets		887,586	337,969
Current liabilities			
Payables	9	3,621,810	2,921,313
Interest-bearing liabilities	10	1,500,000	1,500,000
Provisions	11	264,952	235,033
Total current liabilities		5,386,762	4,656,346
Total liabilities		5,386,762	4,656,346
Net liabilities		(4,499,176)	(4,318,377)
Equity			
Issued capital	12	19,877,247	19,877,247
Option reserve	13	2,260,245	2,260,245
Accumulated losses		(26,636,668)	(26,455,869)
Total deficit		(4,499,176)	(4,318,377)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Attributable to equity holders			
	Issued Capital $	**Option Reserve $**	**Accumulated Losses $**	**Total Deficit $**
Balance at 1 July 2018	18,884,107	2,260,245	(24,233,804)	(3,089,452)
(Loss) for the year	-	-	(2,222,065)	(2,222,065)
Total comprehensive (loss) for the year	-	-	(2,222,065)	(2,222,065)
Shares issued	998,565	-	-	998,565
Share issue costs	(5,425)	-	-	(5,425)
Total contribution by owners	993,140	-	-	993,140
Balance at 30 June 2019	19,877,247	2,260,245	(26,455,869)	(4,318,377)

	Attributable to equity holders			
	Issued Capital $	**Option Reserve $**	**Accumulated Losses $**	**Total Deficit $**
Balance at 1 July 2019	19,877,247	2,260,245	(26,455,869)	(4,318,377)
(Loss) for the year	-	-	(180,799)	(180,799)
Total comprehensive (loss) for the year	-	-	(180,799)	(180,799)
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
Total contribution by owners	-	-	-	-
Balance at 30 June 2020	19,877,247	2,260,245	(26,636,668)	(4,499,176)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from other income		560,048	236,202
Payments to suppliers and employees		(537,958)	(522,895)
Receipts from Government grants		13,944	-
Interest received		56,136	-
Net cash provided by/(used in) operating activities	20(b)	92,170	(286,693)
Cash flows from investing activities			
Proceeds from sale of exploration tenements		120,000	-
Proceeds from exploration investment		-	50,000
Net cash provided by investing activities		120,000	50,000
Cash flows from financing activities			
Proceeds from borrowings		343,976	200,000
Share issue costs		-	(5,425)
Net cash provided by financing activities		343,976	194,575
Net increase/(decrease) in cash and cash equivalents		556,146	(42,118)
Cash and cash equivalents at the beginning of the financial year		14,231	56,349
Cash and cash equivalents at the end of the financial year	20(a)	570,377	14,231

The accompanying notes form part of this financial report.

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 2020 was authorised for issue in accordance with a resolution of the directors on 29 September 2020.

1. Summary of Significant Accounting Policies

Basis of preparation

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

Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a net loss of $180,799 and had net cash inflows from operating and investing activities of $566,146 for the year ended 30 June 2020. As of that date, the consolidated entity had net current liabilities of $4,789,196 and net liabilities of $4,499,176.

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

- Subsequent to balance date the Company issued 1,989,145 fully paid ordinary shares (Shares) at an issue price of $0.02517 (2.517 cents) per share in relation to placement under an agreement dated 4 May 2019 and issued on July 1 2020 with Metalicity Ltd (ASX: MCT). The issue of 44,454,538 fully paid ordinary shares at a placement price of $0.055 (5.5 cents) under the Company's placement capital and issued on 1 July 2020 to raise $2,445,000 before costs The issue of 1,700,000 fully paid ordinary shares at a price of $0.055 (5.5 cents) for services rendered by a creditor and issued on 1 July 2020.
- $328,000 of share application monies received from a Director, shown as a current liability in the statement of financial position as at 30 June 2020, will be transferred to equity when the shares are issued;
- The convertible note with a face value of $1,500,000, recognised in current liabilities at 30 June 2020, was repaid on 7 September 2020 with accrued interest of $415,356.
- The possible sale of mining tenements, recognised as exploration and evaluation assets in the statement of financial position as at 30 June 2020, for cash as has occurred in the current year and in prior years; and
- Issue of shares for cash from capital raising to be conducted in accordance with the Corporations Act 2001;
- Included in current payables is an amount of $1,748,944 payable to the Directors of the consolidated entity. The Directors have agreed to not seek cash payments for their unpaid balances until the consolidated entity is in a financial position to pay.
- Included in current payables is an amount of $536,420 payable to Allen and Co, Accountants, an entity controlled by the Director,Ken Allen. Allen and Co, Accountants, have agreed to not seek cash payments for this unpaid balance until the consolidated entity is in a financial position to pay

1. Summary of Significant Accounting Policies (continued)

Going concern (continued)

- Allens Business Group Pty Ltd, an entity controlled by the Director, Ken Allen, has provided a letter of support to Nex Metals Explorations Ltd for $400,000.

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

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

- continued support from the holder of the convertible note;
- raising further equity; and
- continual on-going support of the Directors.

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

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

(a) Cash and cash equivalents

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

(b) Employee benefits

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

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

Other long-term employee benefits

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

1. Summary of Significant Accounting Policies (continued)

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.

(c) 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.

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 fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

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.

1. Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

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'. This replaced AASB 139's 'incurred loss model'.

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

Recognition of credit losses is no longer dependent on the consolidated entity first identifying a credit loss event. Instead 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 matured are amortised cost using the effective interest method. Held-to-maturity investments are included in non-current assets where they are expected to mature

1. Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

within 12 months after the end of the reporting periods. All other investments are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial statements that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity not fixed or determinable payments.

Financial Liabilities

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

Fair Value

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

Impairment of Assets

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

(d) Goods and services tax

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

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

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

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

(e) Impairment of assets

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

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

(f) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially

1. Summary of Significant Accounting Policies (continued)

(f) Income tax (continued)

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

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

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

(g) Exploration and Evaluation Expenditure

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

(h) 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.

(i) 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(e).

(j) 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.

(k) 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.

(l) Borrowings

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

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

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

1. Summary of Significant Accounting Policies (continued)

(m) Finance costs

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

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

(n) 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.

(n) Leases (continued)

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.

(o) 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.

(p) Trade and other receivables

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

The Company 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 Company 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.

(q) 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.

1. Summary of Significant Accounting Policies (continued)

(r) 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.

(s) 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.

Exploration and evaluation expenditure

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

Impairment - General

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

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

In the year ended 30 June 2020, 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:

AASB 16 Leases

AASB Leases supersedes AASB 117 Leases. The consolidated entity has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the consolidated entity is the lessee being recognised

1. Summary of Significant Accounting Policies (continued)

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

in the Statement of Financial Position and removes the former distinction between 'operating' and 'finance' leases.

The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The consolidated entity has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on accumulated losses, and comparatives have not been restated.

Impact on adoption of AASB 16
All consolidated entity leases have a term of less than 12 months or relate to low value assets and the consloidated entity has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Therefore, the adoption of AASB 16 resulted in the recognition of right-of-use assets of $nil and lease liabilities of $nil in respect of all operating leases.

The net impact on accumulated losses on 1 July 2019 was $nil.

(u) 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 2020. As a result of this the Director 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.

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

(w) Research and Development
Expenditure on research activities is recognized as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognized, development expenditure is recognized as an expense in the period as incurred.

(x) Coronavirus (COVID -19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had or may have, on the consolidated entity based on known information. This consideration extends to the nature of products and services offered, customers ,supply chain, staffing and geographic regions in which the consolidated entity operates . Other than addresses in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as result of the Coronavirus (COVID) pandemic.

	30 June 2020 $	30 June 2019 $
2. Loss before income tax		
(a) Other Income		
Sundry Income	-	343,300
Reimbursement of expenses	320,954	-
Interest income	56,136	-
Gain on disposal of exploration tenements	120,000	-
Cash flow boost subsidy	26,675	-
	523,765	343,400
(b) Expenses		
Consultants expenses		
Legal	6,700	137,214
Other	38,227	122,462
	44,927	259,676
Research and development costs	-	203,621

3. Income tax

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

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

Profit/(Loss) from operations	(180,799)	(2,222,065)
Prima facie income tax benefit/(expense) at 27.5%	(49,720)	(611,068)
Tax effect of non-deductible items	1,843	37,745
Deferred tax asset not recognised	61,533	539,550
Timing difference	(63,376)	33,773
Income tax benefit	-	-

(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 $2,728,544 (2019: $2,728,544). They will only be of benefit to the consolidated entity if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the consolidated entity is able to meet the continuity of ownership and/or business tests.

(d) **Research & development rebate**

There was no rebate claimed in the current year.

	30 June 2020 $	30 June 2019 $
4. Remuneration of auditors		
Audit and review of the financial report	35,000	24,200

	30 June 2020 $	30 June 2019 $
5. Receivables		
Current		
Trade receivables	187,199	244,666
Sundry receivables	22,683	194,260
Less provision for expected credit loss (i)	(187,199)	(417,658)
	22,683	21,268

During the year ended 30 June 2020 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 June 2020	Current	> 30 days past due	> 60 days past due	> 90 days past due	> 120 days past due
Expected loss rate	0%	0%	100%	100%	100%
Gross carrying amount	2,683	20,000	-	-	187,199
Loss allowing provision	-	-	-	-	(187,199)

30 June 2019	Current	> 30 days past due	> 60 days past due	> 90 days past due	> 120 days past due
Expected loss rate	0%	100%	100%	100%	100%
Gross carrying amount	21,268	24,281	39,466	22,510	331,401
Loss allowing provision	-	(24,281)	(39,466)	(22,510)	(331,401)

	30 June 2020 $	30 June 2019 $
6. Other assets		
Prepayments	4,506	4,628

7. Plant and equipment

	Motor Vehicles $	Plant and Office Equipment $	Total $
Year ended 30 June 2020			
Opening net book value	24,521	3,657	28,178
Additions	-	-	-
Depreciation charge for the year	(7,044)	(778)	(7,822)
Closing net book value	17,477	2,879	20,356
At 30 June 2020			
Cost	145,136	70,945	216,081
Accumulated depreciation	(127,659)	(68,066)	(195,725)
Net book value	17,477	2,879	20,356

7. Plant and equipment (continued)

Year ended 30 June 2019			
Opening net book value	34,433	4,856	39,289
Additions	-	-	-
Depreciation charge for the year	(9,912)	(1,199)	(11,111)
Closing net book value	24,521	3,657	28,178
At 30 June 2019			
Cost	145,136	70,945	216,081
Accumulated depreciation	(120,615)	(67,288)	(187,903)
Net book value	24,521	3,657	28,178

		30 June 2020 $	**30 June 2019** $
8. Capitalised exploration expenditure			
Opening balance		269,664	269,664
Current year expenditure		82,448	773,748
Current year expenditure written off (i)		(82,448)	(773,748)
Closing balance		269,664	269,664

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

9. Payables

Current			
Trade payables and accruals (i) (iv)		485,953	451,385
Accrued director fees (ii)		1,806,081	1,604,049
Accrued interest	10(a)	415,356	295,435
Loans – other (iii)		914,420	570,444
		3,621,810	2,921,313

(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 $535,566.

(ii) The Directors have agreed to not seek cash payments for their unpaid balances until the consolidated entity is in a financial position to pay.

(iii) The loans from unrelated parties are unsecured and interest free.

(iv) Included in the trade payables and accruals is a balance of $536,420 (2019:$255,016) with Allen and Co Accountants, an entity controlled by Mr Ken Allen. Allen and Co Accountants have agreed to not seek cash payments for their unpaid balances until the consolidated entity is in a financial position to pay.

	30 June 2020 $	30 June 2019 $
10. Interest-bearing liabilities		
Current		
Convertible note (a)	1,500,000	1,500,000

(a) After year end, the consolidated entity repaid the convertible note on 7 September 2020. The amount repaid was $1,915,356 inclusive of $415,356 of accrued interest. (Note 9)

The principal sum in respect of the convertible note and related unpaid interest are secured by a charge over the assets of the consolidated entity.

	30 June 2020 $	30 June 2019 $
11. Provisions		
Employee entitlements	264,952	235,033
Balance at beginning of financial year	235,033	205,728
Movement for year	29,919	29,305
Balance at end of financial year	264,952	235,033

	30 June 2020 $	30 June 2019 $
12. Issued Capital		
Fully paid ordinary shares	19,877,247	19,877,247

(a) **Movements in issued capital:**

	Issue Price	No of Shares	$
Balance at 1 July 2018		152,716,956	18,884,107
Shares Issued for debt consideration, loan And interest payments	$0.025	37,942,596	948,564
Shares issued as part of Farm-In Agreement	$0.0239	2,087,796	50,000
Share issue costs		-	(5,424)
Balance at 30 June 2019		192,747,348	19,877,247
Balance at 1 July 2019		192,747,348	19,877,247
Balance at 30 June 2020		192,747,348	19,877,247

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

13. Reserves	**30 June 2020 $**	**30 June 2019 $**
Option reserve	2,260,245	2,260,245
Option reserve		
Balance at beginning of financial year	2,260,245	2,260,245
Balance at end of financial year	2,260,245	2,260,245

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 2020.

	30 June 2020 Cents Per Share	**30 June 2019 Cents Per Share**
14. Profit/ (Loss) per share		
Basic profit/(loss) loss per share:	(0.09)	(1.17)

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

	30 June 2020 $	**30 June 2019 $**
Profit/(loss) for the year after income tax	(180,799)	(2,222,065)
Weighted average number of ordinary shares for the purposes of basic profit/ (loss) per share	192,747,348	189,380,547

15. Commitments for expenditure	**30 June 2020 $**	**30 June 2019 $**
(a) Exploration commitments 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	112,059	108,007
Later than 1 year and not later than 2 years	112,059	107,853
Later than 2 years and not later than 5 years	336,004	323,514
	560,122	539,374

(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

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

The Company believes there is no basis for the claim and is defending the matter in the normal course.

There were no other contingencies as at 30 June 2020.

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 2020.

Compensation of Key Management Personnel

	30 June 2020 $	30 June 2019 $
Short term employee benefits	184,504	184,504
Post-employment benefits	17,528	17,528
	202,032	202,032

18. Related Party Disclosures

	30 June 2020 $	30 June 2019 $
(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 2020 $	30 June 2019 $
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	123,796	123,796
(b) *Aggregate amounts payable to directors and former directors and their director related entities at balance date*		
Current liabilities		
Payables and accruals	1,806,081	1,604,049
Share applicable monies ^	328,000	328,000
	2,134,081	1,932,049

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

(c) *Directors loans*

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

(a) *Other related party transactions*

Royalty obligations to RW Allen, a related party of Kenneth Allen, have been disclosed in Note 15. Allen and Co Accountants, an entity controlled by Mr Ken Allen is owed a balance of $536,420 (2019: $255,016).

19. Controlled Entity

Name	Country of Incorporation	Percentage Interests Held 2020	Percentage Interests Held 2019	Cost of Parent Entity Investment 2020 $	Cost of Parent Entity Investment 2019 $
Ausnational Investments Pty Ltd	Australia	100%	100%	1	1

20. Cash Flow Information

	30 June 2020 $	30 June 2019 $
(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:

	30 June 2020 $	30 June 2019 $
Cash and cash at bank	570,377	14,231
	570,377	14,231

	30 June 2020 $	30 June 2019 $
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Profit/(loss) for the year	(180,799)	(2,222,065)
Depreciation	7,822	11,111
(Recovery of)Provision for doubtful debts	(230,460)	417,658
Gain on disposal of exploration tenements	(120,000)	-
Changes in assets and liabilities		
Receivables	229,045	(106,664)
Prepayments	124	(874)
Payables and provisions	386,438	1,614,141
Net cash provided by/(used in) operating activities	92,170	(286,693)

	Interest Free Loans $	Convertible Note $	Total $
(c) Changes in liabilities arising from financing activities			
Balance as at 1 July 2018	395,444	1,500,000	1,895,444
Proceeds from borrowings	200,000	-	200,000
Repayments via equity issue	(25,000)	-	(25,000)
Balance as at 30 June 2019	570,444	1,500,000	2,070,444
Proceeds from borrowings	343,976	-	343,976
Balance as at 30 June 2020	914,420	1,500,000	2,414,420

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.

21. Financial risk management and policies (continued)

The consolidated entity holds the following financial instruments:

	30 June 2020 $	30 June 2019 $
Financial assets		
Cash and cash equivalents	570,377	14,231
Receivables and other assets	22,683	21,268
	593,060	35,499
Financial liabilities		
Payables	3,621,810	2,921,313
Borrowings – Convertible note	1,500,000	1,500,000
	5,121,810	4,421,313

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

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

(a) Credit risk

Management does not actively manage credit risk.

The consolidated entity has no significant exposure to credit risk from external parties at year end. The maximum exposure to credit risk at the reporting date is equal to the carrying value of financial assets at 30 June 2020.

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.

(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.

21. Financial risk management and policies (continued)

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

As at 30 June 2020	< 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:							
Cash	570,377	-	-	-	-	570,377	0%
Receivables	22,683	-	-	-	-	22,683	-
	593,060	-	-	-	-	593,060	-
Financial Liabilities:							
Payables	3,621,810	-	-	-	-	3,621,810	-
Borrowings – Convertible note	-	-	1,500,000	-	-	1,500,000	10%
	3,621,810	-	1,500,000	-	-	5,121,810	-

As at 30 June 2019	< 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:							
Cash	14,231	-	-	-	-	14,231	0%
Receivables	21,268	-	-	-	-	21,268	-
	35,499	-	-	-	-	35,499	-
Financial Liabilities:							
Payables	2,921,313	-	-	-	-	2,921,313	-
Borrowings – Convertible note	-	-	1,500,000	-	-	1,500,000	10%
	2,921,313	-	1,500,000	-	-	4,421,313	-

Sensitivity analysis – interest rates

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

(d) Net fair value of financial assets and liabilities

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

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 in generated from Australia only. All the assets are located in Australia.

23. Subsequent Events

(a) In July 2020, the consolidated entity issued 44,454,538 shares at 0.055 to raise $2,445,000 before costs,1,998,145,shares to Metalcity at $0.02517 in relation to an agreement dated 4 May 2019, and 1,700,000 shares at a deemed price of $0.055 to satisfy outstanding creditors.

(b) The consolidated entity repaid the convertible note on 7 September 2020.The amount repaid was $1,915,356 inclusive of $415,356 of accrued interest

(c) The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries , such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

24. Parent Entity Disclosures

	2020 $	2019 $
Financial Position		
Assets		
Current assets	597,566	40,127
Non-current assets	290,020	297,842
Total assets	887,586	337,969
Liabilities		
Current liabilities	5,386,762	4,656,346
Total liabilities	5,3876,762	4,656,346
Equity		
Issued capital	19,877,247	19,877,247
Reserves	2,260,245	2,260,245

Accumulated losses	(26,636,668)	(26,455,869)
Total equity	(4,499,176)	(4,318,377)
Financial Performance		
Profit/(loss) for the year	(180,802)	(2,222,065)
Other comprehensive income	-	-
Total comprehensive income	(180,802)	(2,222,065)

a) Contingent liabilities

Refer to Note 16 for details of contingent liabilities.

b) Commitments

Refer to Note 15 for details of commitments.

25. Company Details

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

45 Guthrie Street
OSBORNE PARK WA 6017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Nex Metals Explorations Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2020

B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REPORT
To the members of Nex Metals Explorations Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nex Metals Explorations Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

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

Key audit matters

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

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 8 of the financial report	
At 30 June 2020, the exploration and evaluation expenditure was carried at $269,664 (2019: $269,664). In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the consolidated entity capitalises acquisition costs of rights to explore and applies the expense model after recognition. Our audit focussed on the consolidated entity's assessment of the carrying amount of the capitalised exploration and evaluation asset. We considered this to be a key audit matter because this is one of the significant assets of the consolidated entity. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We obtained evidence that the consolidated entity has current rights to tenure of its area of interest; • We examined the exploration budget for 2020/21 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the consolidated entity had not decided to discontinue exploration and evaluation at its area of interest; and • We examined the disclosures made in the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's financial report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Nex Metals Explorations Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2020

B G McVeigh
Partner

CORPORATE GOVERNANCE

The Board is responsible for establishing the Company's corporate governance framework, they key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement set out below discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management. Due to the small size of the Company, they have not been formally documented.

The responsibilities of the Board include but are not limited to:

(a) setting and reviewing strategic direction and planning;

(b) reviewing financial and operational performance;

(c) identifying principal risks and reviewing risk management strategies; and

(d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Managing Director.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

Recommendation 1.3

The Company has a written agreement with each of the Directors setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company has entered into with its Managing Director, any of its directors, and any other person or entity who is a related party of the Managing Director or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

(a) ensuring a good flow of information between the Board, its committees, and Directors;

(b) monitoring policies and procedures of the Board;

(c) advising the Board through the Chairman of corporate governance policies; and

(d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

The role of the Company Secretary is currently undertaken by the Managing Director.

Recommendation 1.5

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Diversity is not limited to gender, age, ethnicity and/or cultural backgrounds.

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of a diversity policy is justified at this time.

The Company has one (1) female employee who represents approximately 25% of total employees. There are currently no female members of the Board of the Company.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

Recommendation 1.6

Given the Company's size and nature there is no formal process for evaluating the performance of the board, its committees and individual directors. Should the size of the Company change, the Board will consider establishing a formal process. The Board Policy sets out how the company addresses succession issues.

During the current reporting period, the Company has not conducted an evaluation of its Managing Director.

Recommendation 1.7

Given the Company's size and nature there is no formal process for evaluating the performance of its senior executives. Should the size of the Company change, the Board will consider establishing a formal process. The Board Policy sets out how the company addresses succession issues.

Principle 2: Structure the board to add value

Recommendation 2.1
Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

(a) a broad range of business experience; and

(b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board of the Company currently consists of two non-executive directors and one executive director.

Mr Thomas Percy QC is a non-executive director and satisfies the tests of independence.

Mr Ken Allen is an executive director and currently fills the role of managing director and company secretary.

Mr Hock Hoo Chua is a non-executive director and satisfies the tests of independence.

The skills, experience, expertise, qualification and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The board has been structured such that its composition and size will enable it to effective discharge its responsibilities and duties. The directors have the relevant industry experience and specific expertise relevant to the Company's business and operations.

Recommendation 2.4

The majority of the Board are independent directors.

Recommendation 2.5

The Chairman of the Board, Mr Thomas Percy, is an independent, non-executive Director.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendation 3.1

A copy of the Company's code of conduct is available on the Company's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

There is no separate Audit Committee.

The full Board carries out the role of the Audit Committee in accordance with the Audit Committee Charter.

The Company's financial statements are prepared by external accountants and are reviewed in detail by the full Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the Board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

Recommendation 4.2

Due to the size of the Company, the Managing Director is responsible to provide a declaration to the Board in accordance with section 295A of the Corporations Act as the Company does not have a Chief Executive Officer (or equivalent) or Chief Financial Officer (or equivalent). Accordingly, the Board will seek to procure that the Managing Director puts in place sound systems of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 4.3

The Company's external auditor attends each AGM of the Company and is always available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company has complied with this recommendation.

A disclosure policy is available on the Company's website.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.nexmetals.com.

Recommendation 6.2

The Company has not established a formal Shareholder communication strategy.
While the Company has not established a formal Shareholder communication strategy, it actively communicates with its Shareholders in order to identify their expectations and actively promotes shareholder involvement in the Company via announcements lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Company has not established a risk committee.
Due to the size of the Company, it does not have a published risk management policy. A Board member is responsible for the day to day management of the Company and communicates directly with the other Board members, this ensures that any potential risk to the Company is dealt with immediately. Should the size of the Company change, the Board will consider establishing a separate risk committee.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks.

Recommendation 7.4

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks.

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

There is no separate Remuneration Committee.

Given the current size and composition of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate to set aside time at two Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. The full Board will function in accordance with the Remuneration Committee Charter. Remuneration is currently in accordance with the general principals recommended by the ASX. Non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company does not have an equity-based remuneration scheme.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

(a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;

(b) trading in the Company's securities which is not subject to the Company's trading policy; and

(c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.

Nex Metals Explorations Limited
ABN 63 124 706 449

Additional Shareholder Information

AS AT 24 September 2020

Statement or Quoted Securities

Shareholding at 25 August 2020

Distribution of shareholders and their holdings as at 25 August 2020

Distribution of Shareholders	**Number**	
Category (size of holding)	**Shareholders**	**Ordinary Shares**
1 – 1,000	27	4,409
1,001 – 5,000	83	285,354
5,001 – 10,000	224	1,849,424
10,001 – 100,000	508	20,905,041
100,001 – and over	254	217,843,803
	1,096	240,888,031

Twenty Largest Shareholders as at 25 August 2020 — Ordinary Shares

Rank	**Name**	**Units**	**% of Units**
1	3B PROSPECTING PTY LTD	17,000,000	7.06
2	BNP PARIBAS NOMS PTY LTD	10,331,777	4.29
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,263,180	3.85
4	FMR INVESTMENTS PTY LIMITED	6,800,000	2.82
5	MR KENNETH M ALLEN	6,620,001	2.75
6	GOLDLAW PTY LTD	6,091,775	2.53
7	WESTERN AUSTRALIAN HOLDINGS PTY LTD <SHASH NIGAM FAMILY A/C>	6,000,001	2.49
8	FIRST LIGHT NOMINEES PTY LTD <NIGAM FAMILY A/C>	5,800,001	2.41
9	TERRA FORTUNA SDN BHD	4,924,632	2.04
10	MRS WENDY ANNE ARNOLD	4,185,884	1.74
11	CITICORP NOMINEES PTY LIMITED	4,064,762	1.69
12	EST MR ROYCE WILLIAM ALLEN	3,743,570	1.55
13	JASON MADALENA	3,620,758	1.50
14	MRS LEE ALLEN	3,500,000	1.45
15	JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,219,590	1.34
16	MS LEE KIANG ALLEN	3,174,603	1.32
17	MR MICHALE PATRICKLYNCH <LYNCH FAMILY A/C>	2,896,607	1.20
18	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRPA/C>	2,790,354	1.16
19	MS ANDREA KATHLEEN HUANG LING ALLEN	2,638,500	1.10
20	MRA USHA SATYA NIGAM	2,115,340	0.88
		108,781,935	**45.16**

Restricted Securities

There were no restricted securities to be included in the Annual Report.

Substantial Shareholders

In accordance with section 709(1) of the Corporations Act 2001, the Company had been notified of the following substantial shareholder:

- Royce William Allen has a relevant interest in 5,600,000 fully paid ordinary shares (Notice dated 19 December 2007).
- FMR Group has a relevant interest in 6,800,000 fully paid ordinary shares (Notice dated 2 July 2009)

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options have no voting rights until such options are exercised as fully paid ordinary shares.

ASX Listing Rule 4.10.19

In accordance with ASX Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

Company Secretary

The name of the company secretary is Kenneth M Allen.

Statement of Unquoted Securities

a) Options

There are no unlisted options on issue.

Lease	Nex Area	Locality	Status	Holder	Area Hectares
E40/332	Kookynie	Kookynie	Live	Nex Metals Exploration	600.00
G40/3	Kookynie	Kookynie	Live	Nex Metals Exploration	7.24
L40/09	Kookynie Central	Kookynie	Live	Nex Metals Exploration	1.00
M40/22	Niagra	Leipold	Live	Nex Metals Exploration	121.70
M40/27	Kookynie Central	Champion	Live	Nex Metals Exploration	85.48
M40/61	Kookynie Central	Kookynie	Live	Nex Metals Exploration	832.70
M40/77	Niagra	Mctavish Hill	Live	Nex Metals Exploration	119.20
P40/1499	Kookynie	Kookynie	Live	Nex Metals Exploration	8.17
P40/1500	Kookynie	Kookynie	Live	Nex Metals Exploration	6.05
P40/1501	Kookynie	Kookynie	Live	Nex Metals Exploration	21.05
L39/34	Yundamindera	Yundamindera	Live	Nex Metals Exploration	1.00
L39/52	Yundamindera	Yundamindera	Live	Nex Metals Exploration	1.00
L39/258	Yundamindera	Bore	Live	Nex Metals Exploration	3.18
M39/84	Yundamindera	Yundamindera	Live	Nex Metals Exploration	378.40
M39/274	Yundamindera	Yundamindera	Live	Nex Metals Exploration	230.00
M39/406	Yundamindera	Yundamindera	Live	Nex Metals Exploration	124.00
M39/407	Yundamindera	Yundamindera	Live	Nex Metals Exploration	896.00
M39/408	Yundamindera	Yundamindera	Live	Nex Metals Exploration	785.00
M39/409	Yundamindera	Yundamindera	Live	Nex Metals Exploration	966.00
M39/410	Yundamindera	Yundamindera	Live	Nex Metals Exploration	978.00
M39/839	Yundamindera	Yundamindera	Live	Nex Metals Exploration	7.30
M39/840	Yundamindera	Yundamindera	Live	Nex Metals Exploration	9.70
P39/6126	Yundamindera	Yundamindra	Live	Nex Metals Exploration	10.26
P39/6127	Yundamindera	Yundamindra	Live	Nex Metals Exploration	5.49