



Nex Metals
Explorations Ltd

ABN 63 124 706 449

Address: 45 Guthrie St
Osborne Park, WA 6017, Australia
Postal: PO Box 6731,
East Perth WA 6892, Australia
Phone: 61 8 9221 6813
Email: admin@nexmetals.com

29 October 2021

Company Announcements Officer
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir/Madam

Quarterly Report for the Period Ended 30 September 2021

Nex Metals Explorations Ltd (Nex or the Company) provides the following update on recent Company activities.

During the quarter the Company was still undertaking engineering and commissioning a near new plant as part of the trial. The plant is based on a Sepro Mineral Systems Corp – Falcon Concentrator. Delays in results of assays from analytical laboratories has slowed the process as the Company requires more definition on recoverability so that additional plant can be incorporated. The site is on care and maintenance until this is ascertained, which is expected to restart in November (next quarter).

Takeover Bid from Metalicity Limited

On 14 September 2021 the Company received from Metalicity Limited (ASX:MCT) a proposal addressed to Nex Metals Shareholders for an off-market all scrip takeover bid. The proposed offer is 4.81 Metalicity ordinary shares for every 1 Nex ordinary share.

Metalicity made an announcement on 14 September 2021 regarding the proposed offer.

The Company has advised its shareholders on the same day to take no action (it has subsequent to the quarters end lodged the Target Statement with a supplementary to follow).

Nex has requested from Metalicity on a number of occasions to obtain mining information and data from Metalicity which they hold regarding the Joint Venture but Metalicity has failed or neglected to provide the requested mining information and data to Nex Metals. Nex considers that Metalicity has only provided limited access to mining information and data to the consulting geologist of Nex.

Nex considers that it is essential to have all mining information and data so that it conducts its own Mineral Resources Estimate (which is long outstanding in Nex's view) and being a relevant measure of the value of the project so that Nex can meet its obligation to Shareholders and provide a suitable recommendation to accept or reject the offer.

Nex distinguishes that the Joint Venture Agreement with Metalicity is in 2 distinct stages, the first being the farm-in by Metalicity and the second being the Joint Venture. Metalicity has yet to verify to the satisfaction of Nex that it has met its obligations under the stage 1 farm-in as it is yet to be verified and audited by Nex. In addition the value of the Project and the value of Nex as a standalone Company are 2 different items.

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About the Kookynie Tailings Research Project

In late October 2017 Nex Metals drilled a total of 81 aircore holes for 497 metres over the tailings stockpiles (Figure 1). There are six distinct tail stockpiles located on Cosmopolitan tenement M40/61. Drilling was designed to test the full depth profile of these stock piles which were up to seven metres high. Drilling confirmed the grades previously identified by the Nex Metals soil sampling program. The overall average grade of the Cosmopolitan tails is 0.69 g/t Au. However, examination of the individual tails stockpiles indicate that certain stockpiles are higher grade than others. This is shown in Table 1, with stockpile 5 showing a mean grade of 1.33g/t Au.

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

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

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

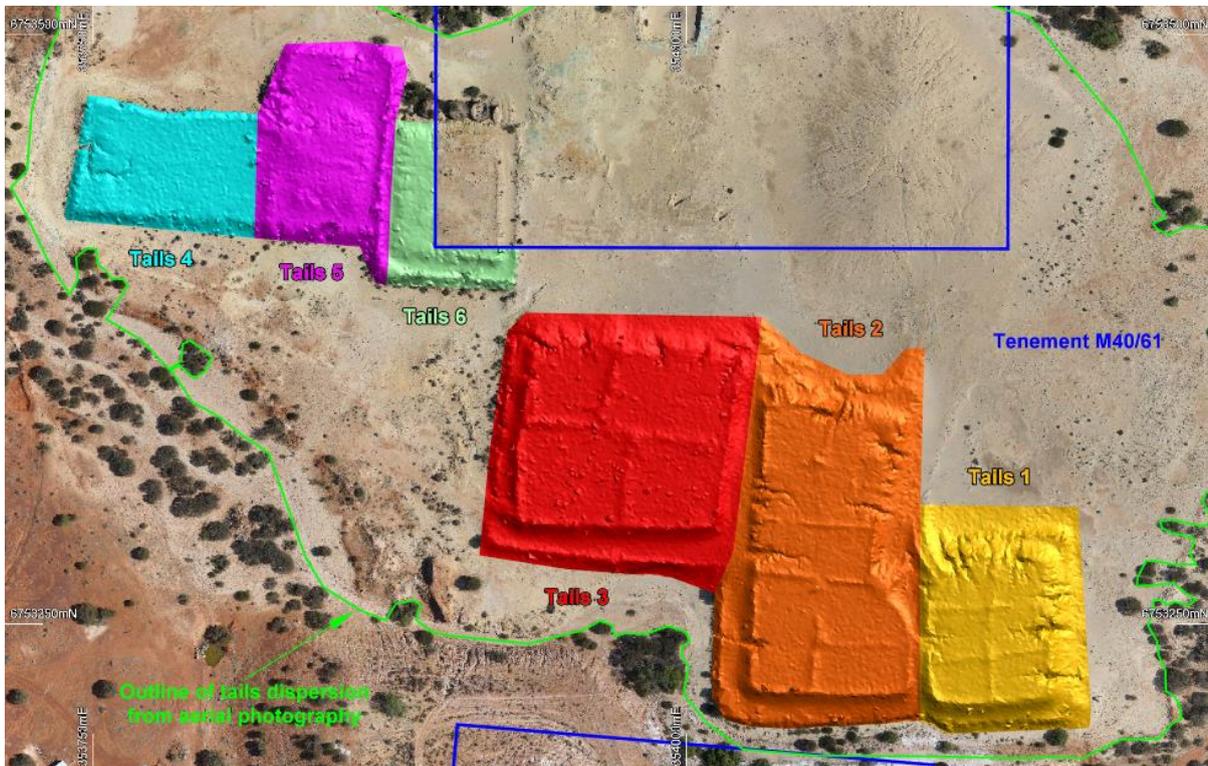


Photo 2: Cosmopolitan tailings Dump sites

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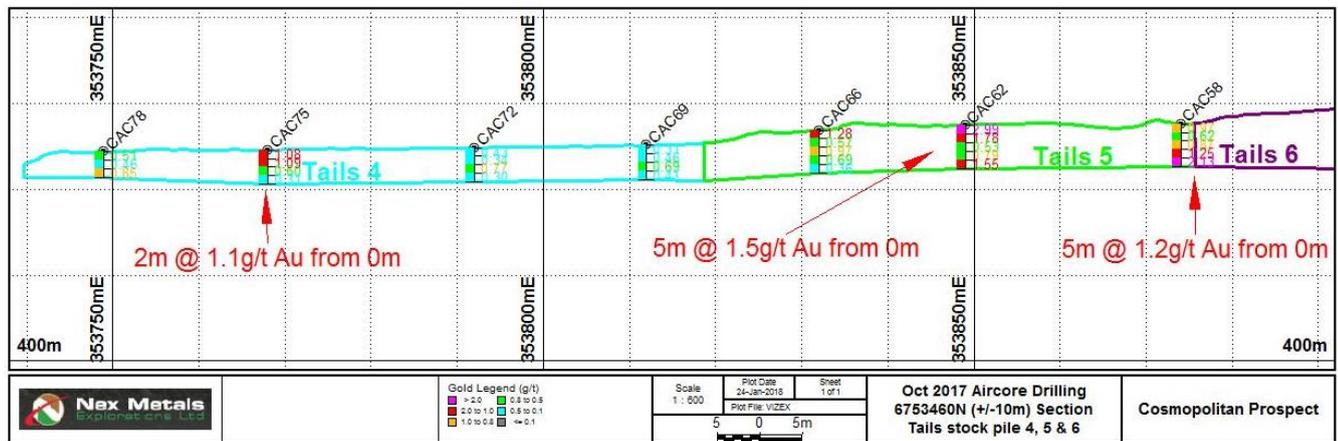


Figure 1. 6753430N Cross section (+/-10) showing aircore drilling across Cosmopolitan stockpiles 4, 5 & 6.

Exploration Activities Undertaken by Metalicity Limited

Links to Nex announcements with respect to results of work done by Metalicity below for Shareholders convenience;

8 July 2021: Mctavish Delivers Bonanza Grade Results up to 91.2 g/t Au

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02393460-6A1040052?access_token=83ff96335c2d45a094df02a206a39ff4

15 July 2021: Champion delivers consistent grades at significant widths

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02395626-6A1040946?access_token=83ff96335c2d45a094df02a206a39ff4

28 July 2021: Cosmopolitan Gold Mine Drilling Results

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02400048_PS-6A1042792?access_token=83ff96335c2d45a094df02a206a39ff4

Other:

With respect to the applications for forfeiture lodged by MCA Nominees Pty Ltd over the Yundamindera tenements these are an ongoing matter. As previously advise the Company sees no merit in the claim and will defend in the usual course. Subsequent to the end of the quarter the Company has received notice of a hearing date being allocated currently as June 2022.

This announcement is approved by authority of the Managing Director, Kenneth Allen.

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 2012 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.

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward looking statements are subjected to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward looking statements. Such risks include, but are not limited to Resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the Countries and States in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's annual reports, as well as the Company's other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statements" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

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Nex Metals Explorations Ltd
Consolidated Tenement Schedule as at 30 September 2021

NME SCHEDULE - As at 30 September 2021*

Lease	Nex Area	Locality	Status	Holder	Area Ha
KOOKYNIE					
E40/332	Kookynie	Kookynie	Live	Nex Metals Explorations	600
G40/3	Kookynie Central	Champion	Live	Nex Metals Explorations	7.239
L40/9	Kookynie Central	Kookynie	Live	Nex Metals Explorations	1.00
M40/22	Niagara	Leipold	Live	Nex Metals Explorations	121.7
M40/27	Kookynie Central	Champion	Live	Nex Metals Explorations	85.475
M40/61	Kookynie Central	Kookynie	Live	Nex Metals Explorations	832.7
M40/77	Niagara	McTavish Hill	Live	Nex Metals Explorations	119.2
P40/1499	Kookynie	Kookynie	Live	Nex Metals Explorations	8.17
P40/1500	Kookynie	Kookynie	Live	Nex Metals Explorations	6.05
P40/1501	Kookynie	Kookynie	Live	Nex Metals Explorations	21.05
YUNDAMINDERA					
L39/34	Yundamindera	Yundamindera	Live	Nex Metals Explorations	1.00
L39/52	Yundamindera	Yundamindera	Live	Nex Metals Explorations	1
L39/258	Yundamindera	Bore	Live	Nex Metals Explorations	3.18
M39/84	Yundamindera	Yundamindera	Live	Nex Metals Explorations	378
M39/274	Yundamindera	Yundamindera	Live	Nex Metals Explorations	230
M39/406	Yundamindera	Yundamindera	Live	Nex Metals Explorations	124
M39/407	Yundamindera	Yundamindera	Live	Nex Metals Explorations	896
M39/408	Yundamindera	Yundamindera	Live	Nex Metals Explorations	785
M39/409	Yundamindera	Yundamindera	Live	Nex Metals Explorations	966
M39/410	Yundamindera	Yundamindera	Live	Nex Metals Explorations	978.00
M39/839	Yundamindera	Yundamindera	Live	Nex Metals Explorations	7.3
M39/840	Yundamindera	Yundamindera	Live	Nex Metals Explorations	9.7
P39/6126	Yundamindera	Yundamindera	Live	Nex Metals Explorations	10.26
P39/6127	Yundamindera	Yundamindera	Live	Nex Metals Explorations	5.49

- * As announced on 20 May 2021 the above tenements will now be held as to 51% Metalicity Ltd and 49% NME (yet to be verified).

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Nex Metals Explorations Ltd

ABN

63124706449

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(84)	(84)
(b) development	-	-
(c) production	-	-
(d) staff costs	(87)	(87)
(e) administration and corporate costs	(100)	(100)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	13	13
1.9 Net cash from / (used in) operating activities	(258)	(258)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(7)	(7)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 3 months \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(7)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	6	6
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	6	6

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	488	488
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(258)	(258)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6	6

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 3 months \$A'000
4.5	Effect of movement in exchange rates on cash held	--	-
4.6	Cash and cash equivalents at end of period	229	229

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	229	488
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	229	488

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	750	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		750
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	258
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	258
8.4 Cash and cash equivalents at quarter end (item 4.6)	229
8.5 Unused finance facilities available at quarter end (item 7.5)	750
8.6 Total available funding (item 8.4 + item 8.5)	979
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.79
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by: By The Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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