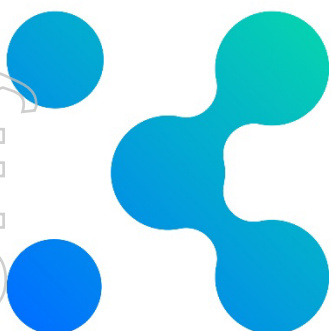


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CHEMX **MATERIALS**

ChemX Materials Limited

(Formerly known as NextGen Materials Limited)

ABN 88 644 982 123

**Interim Report
31 December 2021**

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Corporate directory
31 December 2021

Directors	Ms Kristie Young Mr Stephen Strubel Mr David Leavy Mr Warrick Hazeldine
Company secretary	Ms Tamara Barr
Registered office	Danpalo Group Pty Ltd Suite 1, 1 Tully Road East Perth WA 6004
Principal place of business	Danpalo Group Pty Ltd Suite 1, 1 Tully Road East Perth WA 6004
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Phone: 1300 850 505
Auditor	William Buck Level 20, 181 William Street Melbourne Vic 3000
Solicitors	Steinepreis Paganin Level 4, 50 Market Street Melbourne VIC 3000
Securities exchange listing	ChemX Materials Limited shares are listed on the Australian Securities Exchange (ASX code: CMX)
Website	www.chemxmaterials.com.au

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Directors' report
31 December 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of ChemX Materials Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the six month period ended 31 December 2021.

Directors

The following persons were Directors of ChemX Materials Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

- Ms Kristie Young - Independent Non-executive Chair
- Mr Stephen Strubel - Executive Director
- Mr David Leavy - Managing Director
- Mr Warrick Hazeldine – Independent Non - Executive Director (appointed 3 September 2021)

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations

The loss for the Group after providing for income tax amounted to \$687,770 (31 December 2020: \$5,797).

On 5 July 2021 the Company changed its name from NextGen Materials Limited to ChemX Materials Limited and on 18 January 2022 the Company commenced trading on the Australian Securities Exchange.

In the previous reporting period, the Company acquired two South Australian mining tenements (EL 5920 & EL 6634) to conduct exploration for minerals from Archer Materials Ltd. The Company had entered into a second agreement subject to successful completion of its Initial Public Offering with the vendors of HiPurA Pty Ltd to purchase the company and its High Purity Alumina processing technology, currently under development.

On 14 December 2021 the Company issued 2,321,119 ordinary shares at an issue price of \$0.20 for total consideration of \$464,224 as a bonus payment based on the enterprise value of the entity upon admission to the ASX Official List, in relation to its purchase of EL 5920 & EL 6634 from Archer Materials Ltd.

On 30 April 2021 the Company entered into an agreement to purchase HiPurA Pty Ltd and its High Purity Alumina processing technology currently under development. David Leavy, a Director of the Company, was a shareholder of HiPurA Pty Ltd and one of the vendors. This deal was completed on 31 December 2021.

On 14 December 2021 the Company issued 2,000,000 ordinary shares to the vendors at an issue price of \$0.20 for consideration of \$400,000.

Additional shares will be issued to the vendors subject to achievement of the following milestones:

- (i) Completion of Flow Sheet Design - 2,000,000 shares at \$0.20 per share.
- (ii) Commissioning of the Pilot Plant - 2,500,000 shares at \$0.20 per share.

On 14 December 2021 the Company issued the following securities:

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Directors' report
31 December 2021

- 40,000,000 ordinary shares at an issue price of \$0.20 for total cash receipts of \$8,000,000 under the prospectus offer.
- 26,143,750 ordinary shares at various issue prices to repay convertible loans totalling \$1,002,000.
- 800,000 ordinary shares at an issue price of \$0.20 for total consideration of \$160,000 to the lead manager of the prospectus offer for services provided.
- 2,000,000 unlisted options over ordinary shares expiring on 1 November 2024 at an exercise price of \$0.30 for total consideration of \$164,892 to the lead manager of the prospectus offer for services provided.
- 2,000,000 unlisted options over ordinary shares expiring on 20 December 2014 at an exercise price of \$0.30 for total fair value of \$166,892 to directors under the Employee Incentive Securities Plan.

In August and November 2021 the Company issued a total of 1,656,875 ordinary shares at various issue prices for total cash receipts of \$195,050 to seed capital investors.

Deferred Consideration Shares

In relation to the acquisition of HiPura Pty Ltd which was completed on 31 December 2021:

1. The number of Deferred Consideration Shares pending issue (on issue) remains at 4,500,000.
2. The terms and conditions for the issue of Deferred Consideration Shares are summarised below;
 - i. Completion of Flow Sheet Design - 2,000,000 shares at \$0.20 per share.
 - ii. Commissioning of the Pilot Plant - 2,500,000 shares at \$0.20 per share
3. During the reporting period and up to the date of this report:
 - i. There were no Deferred Consideration Shares issued or cancelled.
 - ii. No milestones were met.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period other than those stated on the review of operations.

Matters subsequent to the end of the financial period

On 18 January 2022 the Company commenced trading on the Australian Securities Exchange.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Directors' report
31 December 2021

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Mr David Leavy
Managing Director

11 March 2022

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136



J. C. Luckins
Director

Melbourne, 11 March 2022

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
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31 December 2021

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Statement of cash flows	10
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General information

The financial statements cover ChemX Materials Limited as a Group consisting of ChemX Materials Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is ChemX Materials Limited's functional and presentation currency.

ChemX Materials Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Danpalo Group Pty Ltd
Suite 1, 1 Tully Road
East Perth WA 6004

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 11 March 2022.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Revenue			
Government grants		28,583	-
Expenses			
Due Diligence		(202,281)	(3,225)
Employee benefits expense - salaries & oncosts		(190,863)	-
Employee benefits expense - share based payments	16	(166,892)	-
Corporate, Employment & Consulting		(90,299)	(2,572)
Marketing & Promotion		(51,018)	-
Other expenses		(15,000)	-
Loss before income tax expense		(687,770)	(5,797)
Income tax expense		-	-
Loss after income tax expense for the period		(687,770)	(5,797)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(687,770)	(5,797)
		Cents	Cents
Basic earnings per share	15	(2.68)	(579,700.00)
Diluted earnings per share	15	(2.68)	(579,700.00)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Statement of financial position
As at 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		8,130,894	35,551
Other receivables		27,587	10,052
Prepayments		40,686	12,945
Total current assets		<u>8,199,167</u>	<u>58,548</u>
Non-current assets			
Intangibles	4	1,300,000	-
Exploration and evaluation	5	2,585,331	2,026,646
Total non-current assets		<u>3,885,331</u>	<u>2,026,646</u>
Total assets		<u>12,084,498</u>	<u>2,085,194</u>
Liabilities			
Current liabilities			
Trade and other payables	6	934,339	78,149
Borrowings	7	-	288,000
Total current liabilities		<u>934,339</u>	<u>366,149</u>
Total liabilities		<u>934,339</u>	<u>366,149</u>
Net assets		<u>11,150,159</u>	<u>1,719,045</u>
Equity			
Issued capital	8	10,723,460	1,836,360
Reserves	9	1,231,784	-
Accumulated losses		(805,085)	(117,315)
Total equity		<u>11,150,159</u>	<u>1,719,045</u>

The above statement of financial position should be read in conjunction with the accompanying notes

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Statement of changes in equity
For the period ended 31 December 2021

Consolidated	Issued capital \$	Share-based payments reserve \$	Retained profits \$	Total deficiency in equity \$
Balance at 9 October 2020	-	-	-	-
Loss after income tax expense for the period	-	-	(5,797)	(5,797)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(5,797)	(5,797)
Balance at 31 December 2020	-	-	(5,797)	(5,797)

Consolidated	Issued capital \$	Share-based payments Reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	1,836,360	-	(117,315)	1,719,045
Loss after income tax expense for the period	-	-	(687,770)	(687,770)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(687,770)	(687,770)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	8,195,050	-	-	8,195,050
Share-based payments (note 16)	160,000	331,784	-	491,784
Shares issued and to be issued in the future for asset acquisition (note 12)	400,000	900,000	-	1,300,000
Shares issued for acquisition of mineral exploration licenses (note 5)	464,224	-	-	464,224
Shares issued on conversion of borrowings (note 7)	1,002,000	-	-	1,002,000
Capital raising costs	(1,334,174)	-	-	(1,334,174)
Balance at 31 December 2021	10,723,460	1,231,784	(805,085)	11,150,159

The above statement of changes in equity should be read in conjunction with the accompanying notes

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Statement of cash flows
For the period ended 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(251,731)	10,413
Government grants received		28,583	-
Net cash from/(used in) operating activities		<u>(223,148)</u>	<u>10,413</u>
Cash flows from investing activities			
Payments for exploration and evaluation	5	<u>(94,461)</u>	<u>(70,535)</u>
Net cash used in investing activities		<u>(94,461)</u>	<u>(70,535)</u>
Cash flows from financing activities			
Proceeds from issue of shares	8	8,195,050	1
Proceeds from borrowings	7	714,000	60,199
Share issue transaction costs		<u>(496,098)</u>	-
Net cash from financing activities		<u>8,412,952</u>	<u>60,200</u>
Net increase in cash and cash equivalents		8,095,343	78
Cash and cash equivalents at the beginning of the financial period		<u>35,551</u>	-
Cash and cash equivalents at the end of the financial period		<u><u>8,130,894</u></u>	<u><u>78</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the annual report for the period ended 30 June 2021.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ChemX Materials Limited ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the period then ended. ChemX Materials Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Revenue recognition

The Group recognises revenue as follows:

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 1. Significant accounting policies (continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of ChemX Materials Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 31 December 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

The principal accounting policies adopted in the preparation of the financial statements are consistent with policies in the annual report for the period ended 30 June 2021.

Note 3. Operating segments

Based on the information used for internal reporting purposes by the chief operating decision maker (directors of the Company) the Company operated in one reportable segment during the period.

The reportable segment financial information is therefore the same as the statement of financial position and the statement of profit or loss and other comprehensive income.

Note 4. Non-current assets - intangibles

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Development *	<u>1,300,000</u>	<u>-</u>

* High purity alumina processing technology currently under development.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Development	Total
	\$	\$
Balance at 1 July 2021	-	-
Additions through asset acquisition (note 12)	<u>1,300,000</u>	<u>1,300,000</u>
Balance at 31 December 2021	<u>1,300,000</u>	<u>1,300,000</u>

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Exploration and evaluation	<u>2,585,331</u>	<u>2,026,646</u>
		Consolidated
		d
		31 Dec 2021
		\$
<i>Exploration and evaluation at end of the current period comprises:</i>		
Mineral exploration licences EL 5920 & EL 6634 located on the Eyre Peninsula.		
- Deposit paid		150,000
- Share based payment		1,850,000
- Legal fees		26,646
Balance as at 30 June 2021		<u>2,026,646</u>
- Share based payment (Refer to note 16 'Share-based payments')		464,224
- Other development expenditure		94,461
Balance as at 31 December 2021		<u><u>2,585,331</u></u>

On 22 December 2020 the Company executed an agreement to acquire mineral exploration licences EL 5920 & EL 6634 which are located on the Eyre peninsula. The price payable is \$2.0 million plus a Bonus.

During the period ended 30 June 2021 the Company paid a \$50,000 non-refundable deposit on the signing of the agreement and an additional non-refundable deposit of \$100,000 after the end of the due diligence period. The Company has also incurred a total of \$26,646 in legal costs relating to this acquisition.

Completion took place on 17 June 2021 with the Company issuing 9,250,000 ordinary shares to the buyer at \$0.20 each for a total consideration of \$1.85 million. South Australian Government consent was granted, and the legal title transferred to the Company.

The Seller of EL 5920 & EL 6634 is entitled to a 2% Net Smelter Return royalty on the value of all minerals (excluding graphite) extracted from the Tenements. The Seller also retains the right to explore for, and if warranted, mine graphite on the area of the Tenements.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Trade payables	153,102	58,079
Accrued expenses *	722,654	20,070
Other payables	58,583	-
	<u>934,339</u>	<u>78,149</u>

* Accrued expenses include \$703,654 of capital raising costs.

Note 7. Current liabilities - borrowings

	Consolidated			
	31 Dec 2021	30 Jun 2021		
	\$	\$		
Convertible loans	-	288,000		
			Founders	Seed Capital
			investors	investors
			(Directors)	Total
	\$	\$	\$	\$
Convertible loan facilities				
Balance as at 1 July 2021	288,000	-	-	288,000
Drawdowns	-	639,000	75,000	714,000
	<u>288,000</u>	<u>639,000</u>	<u>75,000</u>	<u>1,002,000</u>
Conversions*				
- 18,000,000 shares issued at \$0.016 each	(288,000)	-	-	(288,000)
- 781,250 shares issued at \$0.16 each	-	(125,000)	-	(125,000)
- 7,362,500 shares issued at \$0.08 each	-	(514,000)	(75,000)	(589,000)
	<u>(288,000)</u>	<u>(639,000)</u>	<u>(75,000)</u>	<u>(1,002,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Refer note 8 'Issued capital' & note 11 'Related party transactions'.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 8. Equity - issued capital

	Consolidated			
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	90,771,744	17,850,000	10,723,460	1,836,360

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	17,850,000		1,836,360
<u>Shares issued for cash</u>				
Issue shares to investors for seed capital	30 August 2021	875,625	\$0.080	70,050
Issue shares to investors for seed capital	3 November 2021	781,250	\$0.160	125,000
Shares issued under the prospectus offer	14 December 2021	40,000,000	\$0.200	8,000,000
<u>Convertible Loan repayments</u>				
Shares issued pursuant to the Founders (Convertible) Loan Note Facility - refer note 7 'Borrowings'	14 December 2021	18,000,000	\$0.016	288,000
Shares issued pursuant to the Seed Capital Convertible Loan Agreements - refer note 7 'Borrowings'	14 December 2021	781,250	\$0.160	125,000
Shares issued pursuant to the Seed Capital Convertible Loan Agreements - refer note 7 'Borrowings'	14 December 2021	7,362,500	\$0.080	589,000
<u>Share-based payments</u>				
Shares issued pursuant to the HiPurA acquisition - refer note 12 'Asset acquisition'	14 December 2021	2,000,000	\$0.200	400,000
Shares issued to the Lead Manager of the prospectus offer - refer note 16 'Share-based payments'	14 December 2021	800,000	\$0.200	160,000
Shares issued under the Archer Sale Deed - refer note 5 'Exploration and evaluation'	14 December 2021	2,321,119	\$0.200	464,224
Capital raising costs				(1,334,174)
Balance	31 December 2021	<u>90,771,744</u>		<u>10,723,460</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 8. Equity - issued capital (continued)

Upon a poll every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 9. Equity - reserves

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Share-based payments reserve	<u>1,231,784</u>	<u>-</u>

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Share-based payments reserve \$	Total \$
Balance at 1 July 2021	-	-
Issue and vesting of Lead Manager Options - refer note 16 'Share-based payments'	164,892	164,892
Issue and vesting of Options to Directors - refer note 16 'Share-based payments'	166,892	166,892
Shares to be issued in the future for asset acquisition - refer note 12 'Asset acquisition'	<u>900,000</u>	<u>900,000</u>
Balance at 31 December 2021	<u>1,231,784</u>	<u>1,231,784</u>

Note 10. Commitments

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Exploration and evaluation	<u>243,400</u>	<u>320,000</u>
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Other commitments

On 22 December 2020 the Company executed an agreement to acquire mineral exploration licences EL 5920 & EL 6634 which are located on the Eyre peninsula.

The Seller of mineral exploration licences EL 5920 & EL 6634 is entitled to a 2% Net Smelter Return royalty on the value of all minerals (excluding graphite) extracted from the Tenements. Refer note 5 'Exploration and evaluation'

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
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Note 11. Related party transactions

Parent entity

ChemX Materials Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 13.

Transactions with related parties

(a) Assets acquired from related parties

During the reporting period the Company acquired HiPurA Pty Ltd and its High Purity Alumina processing technology currently under development. At the time Director David Leavy held a 50% ownership interest in HiPurA Pty Ltd.

On 14 December 2021 the Company issued 2,000,000 ordinary shares to the vendors of HiPurA Pty Ltd at an issue price of \$0.20 for consideration of \$400,000. As one of the vendors David Leavy was issued 750,000 ordinary shares for consideration of \$150,000.

Refer to note 12 'Asset acquisition' and note 16 'Share-based payments'

(b) Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

(c) Loans to/from related parties & equity transactions with related parties

During the reporting period directors participated in Seed Capital Convertible Loan Agreements on the same terms as non-related participants. On 14 December 2021 these loans were fully converted to equity.

Name	Seed capital advanced during the period \$	# Shares issued on 14 December 2021	Fair value of convertible loans repaid @ \$0.08 per share \$
Kirstie Young	20,000	250,000	20,000
David Leavy	25,000	312,500	25,000
Stephen Strubel	10,000	125,000	10,000
Warrick Hazeldine	20,000	250,000	20,000
	<u>75,000</u>	<u>937,500</u>	<u>75,000</u>

For further details refer to note 7 'Borrowings' and note 16 'Share-based payments'.

There were no loans outstanding to or from related parties at the reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

ChemX Materials Limited
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Notes to the financial statements
31 December 2021

Note 12. Asset acquisition

On 14 December 2021 the Company issued 2,000,000 ordinary shares at \$0.20 per share to vendors Nicholas Welham and David Leavy as partial consideration of \$400,000 for the acquisition of 100% of HiPurA Pty Ltd. At the time Director David Leavy held a 50% ownership interest in HiPurA Pty Ltd.

Additional shares will be issued to the vendors subject to achievement of the following milestones:

(i) Completion of Flow Sheet Design - 2,000,000 shares at \$0.20 per share.

(ii) Commissioning of the Pilot Plant - 2,500,000 shares at \$0.20 per share.

In determination of fair value the Company had assessed a 100% probability of meeting the milestones required for the issue of these shares in the future.

Details of the asset acquisition are as follows:

	Fair value \$
Development (High purity alumina processing technology currently under development)	<u>1,300,000</u>
Acquisition-date fair value of the total consideration transferred	<u><u>1,300,000</u></u>
Representing:	
Shares issued to vendors. Refer to note 16 'Share-based payments'.	400,000
Shares to be issued to vendors in the future (subject to the achievement of milestones).	<u>900,000</u>
	<u><u>1,300,000</u></u>

Note 13. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2021	30 Jun 2021
		%	%
HiPurA Pty Ltd (acquired 31 December 2021)	Australia	100.00%	-

Note 14. Events after the reporting period

On 18 January 2022 the Company commenced trading on the Australian Securities Exchange.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ChemX Materials Limited
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Notes to the financial statements
31 December 2021

Note 15. Earnings per share

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Loss after income tax	<u>(687,770)</u>	<u>(5,797)</u>
	Cents	Cents
Basic earnings per share	(2.68)	(579,700.00)
Diluted earnings per share	(2.68)	(579,700.00)

Earnings per share in the prior financial period is not comparable to the current financial period due to the significant increase in number of shares.

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>25,662,169</u>	<u>1</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>25,662,169</u>	<u>1</u>

Earnings per share in the prior financial period may not be comparable to the current financial period due to the significant increase in number of shares.

Note 16. Share-based payments

Reconciliation of share based payments

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 16. Share-based payments (continued)

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
<i>Statement of profit or loss and other comprehensive income</i>		
Options granted to directors under the Employee Incentive Securities Plan (b)(i)	166,892	-
Total	<u>166,892</u>	<u>-</u>
<i>Included in equity as capital raising costs</i>		
Shares issued to lead manager of prospectus offer (a)	160,000	-
Options granted to lead manager of prospectus offer (b)(ii)	164,892	-
Total	<u>324,892</u>	<u>-</u>
<i>Other</i>		
Shares issued to acquire HiPurA Pty Ltd (refer note 12 'Asset acquisition')	400,000	-
Shares issued to acquire tenements (refer note 5 'Exploration and evaluation')	464,224	-
Shares to be issued as deferred consideration to acquire HiPurA Pty Ltd (refer note 12 'Asset acquisition')	900,000	-
Total	<u>1,764,224</u>	<u>-</u>
	<u><u>2,256,008</u></u>	<u><u>-</u></u>

(a) Shares

On 14 December 2021 the Company issued 800,000 ordinary shares at a fair value of \$0.20 per share to the lead manager of the prospectus offer for a total of \$160,000. This were accounted for as capital raising costs in the current period.

(b) Options

(1) Employee incentive securities plan

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Notes to the financial statements
31 December 2021

Note 16. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 31 Dec 2021	Weighted average exercise price 31 Dec 2021	Number of options 31 Dec 2020	Weighted average exercise price 31 Dec 2020
Outstanding at the beginning of the financial period	-	\$0.000	-	\$0.000
Granted *	<u>2,000,000</u>	<u>\$0.300</u>	<u>-</u>	<u>\$0.000</u>
Outstanding at the end of the financial period	<u><u>2,000,000</u></u>	<u><u>\$0.300</u></u>	<u><u>-</u></u>	<u><u>\$0.000</u></u>

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/forfeited/other	Balance at the end of the period
14/12/2021	01/11/2024	\$0.300	-	2,000,000	-	-	2,000,000
			-	2,000,000	-	-	2,000,000

* These options vested immediately.

(ii) Lead manager options

On 14 December 2021 the Company granted 2,000,000 options over ordinary shares to the lead manager of the prospectus offer. The fair value of the options is \$164,892 (\$0.082 each). This were accounted for as capital raising costs in the current period, and:

- options had a purchase price of \$0.001 per option.
- options vested immediately.
- options expire 20 December 2024 with an exercise of \$0.30.

(iii) Valuation of options

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
14/12/2021	01/11/2024	\$0.200	\$0.300	80.00%	-	0.69%	\$0.083
14/12/2021	20/12/2024	\$0.200	\$0.300	80.00%	-	0.69%	\$0.082

ChemX Materials Limited
(Formerly known as NextGen Materials Limited)
Directors' declaration
31 December 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial period 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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Mr David Leavy
Managing Director

11 March 2022

ChemX Materials Limited

Independent auditor's review report to the members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of ChemX Materials Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ChemX Materials Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136



J.C. Luckins
Director

Melbourne, 11 March 2022

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