



Nex Metals

Explorations Ltd

ABN 63 124 706 449

Annual Report 2013



Corporate Directory

ABN

63 124 706 449

DIRECTORS

Thomas F Percy QC

Kenneth Allen

Kasit Phisitkul

Hock Hoo Chua

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

COMPANY SECRETARY

Kenneth Allen

PRINCIPAL OFFICE

Level 1, 95 Canning Highway
SOUTH PERTH WA 6151

REGISTERED OFFICE

Level 1, 95 Canning Highway
SOUTH PERTH WA 6151

AUDITORS

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

STOCK EXCHANGE LISTING

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

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Directors' Report

The directors of Nex Metals Explorations Limited submit herewith the financial report for the financial year ended 30 June 2013.

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
Kasit Phisitkul
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.

Tom was born in Kalgoorlie where his family ran the Federal Hotel for over 60 years. Tom attended Kalgoorlie Central Primary School 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. Tom 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. Tom 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:

Aurium Resources Limited – Non Executive Director – Appointed 2 October 2008, Resigned 25 June 2009.

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

Ken has been a qualified accountant since 1988 and in his own Public Accounting Practice in Kalgoorlie-Boulder since 1991, and more recently in his Perth Office. He has been involved in mining for over 20 years both directly and via his family's prospecting interests. Ken is a Fellow of the Australian Institute of Company Directors and a Fellow of the Taxation Institute of Australia. Ken 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:

Fairstar Resources Limited – Non Executive Director – Appointed 12 February 2006, Resigned 10 March 2008, Reappointed 7 May 2009, Resigned 18 December 2010.

Kasit Phisitkul (Non-Executive Director) (Master of Public and Private Management (MPPM))

Kasit is of engineering background and a dynamic and successful Managing Director of Kenber Group based in Thailand for over 20 years. Kenber specializes in geological investigation, geotechnical engineering, dam construction and foundation treatment, mining and other related works with scope of business primarily covering Southeast Asian countries. He has various professional and civil functions such as Honorary Adviser to the Thai Senate and several government ministers, Executive Director to the Thai-Chinese Culture and Economy Association and Executive Board member of Maejo University Promotion Committee, among others. He has vast knowledge and extensive government and business connections in the region particularly in the field of mining and geotechnical-engineering works.

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

Hock Hoo Chua (Non-Executive Director)

Mr Chua qualified as a professional accountant from the Chartered Institute of Management Accountants in the 90's, his Master of Business Administration (MBA) from Oklahoma City University, USA in 1995, and currently pursuing his Doctorate in Business Administration (DBA) with University of Malaya. Mr Chua distinguished himself in practice in Malaysia as an auditor, licensed liquidator and tax consultant. He is the co-founder of Cheng & Co, one of the largest local chartered accounting firms in Malaysia, and currently is the Managing Partner of Cheng & Co. He is a member of the Malaysia Institute of Accountants, Institute of Certificate Management Accountants (Australia), a Fellow Member of CPA, Australia, Fellow Member of the Chartered Institute of Management Accountants (UK), Malaysia Institute of Taxation, associate member of the Institute of Internal Auditors Malaysia, and member of Malaysian Institute Director. He was the President of the Persatuan Alumni Oklahoma City University Malaysia. He is also the CFP certification member of Financial Planning Association 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.

Directors' Report Continued

Principal Activities

The principal activity of Nex Metals Explorations Limited is exploring for gold, copper and nickel. In February 2012, the company commenced gold mining at the Butterfly Open Pit at its Kookynie mine. However, this ceased in June/July 2012 due to operational and funding matters.

There were no other significant changes in the nature of the activities of the Company during the year.

Operating Result

The loss of the company after taxation for the year ended 30 June 2013 was \$3,394,712 (2012 : loss of \$9,189,989). The operating results for the year ended 30 June 2013 is summarised as follows:

	30 June 2013	30 June 2012
Profit / (Loss) before income tax benefit	(8,526,973)	(9,336,800)
Income Tax Benefit (being R & D tax offset received)	5,132,261	146,811
Profit / (Loss) for the year	(3,394,712)	(9,189,989)

Financial Position

The company had increases in the net liabilities to \$4,309,901, an increase of \$3,400,412 from net liabilities of \$909,489 at 30 June 2012.

The independent auditor's report contains a disclaimer of opinion in respect of the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Further information, including the basis that Directors believe that there are reasonable grounds to believe that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report can be found in Note 2.

Dividends Paid or Recommended

No dividends were paid during the year and no recommendation is made as to dividends.

Review of Operations for the year ended 30 June 2013

- Processing finished in the September Quarter 2012 at the Brightstar Mill with 9,038 tonnes (Table 1) being treated bringing the total processed for the overall campaign to 58,533 tonnes (including 8,134 tonnes of Champion and Puzzle ore). A total of 418 ounces was produced during the quarter. The continual operational issues of the Brightstar Mill including a period with a stop work notice by the Department of Mines during the campaign resulted in significantly reduced processing than the contracted tonnage. This resulted in expensive cash flow variations than that forecast for the Company. The Company believes we have significant case against the Brightstar Mill for default of the contract.
- Table 1: Month-by-month milling production figures from Butterfly Open Pit for the September quarter

Month	Mill Feed (t)	Recovered Gold (g)	Recovered Gold (oz)*	Weighted Head Grade (g/t)
July	4,661	7,346	236	1.61
August	4,377	5,657	182	1.56
September	-	-	-	-
Total	9,038	13,003	418	1.59

- The Company applied for and received a Research and Development rebate under the Federal Tax system of \$5.1 million.
- The Company has focussed its efforts in continuing the Research and Development during the 2013 year and to this end a further rebate is expected to be lodged in the next quarter.
- A sale agreement was entered into in the 3rd Quarter of 2013 for a number of Kookynie Gold Project tenements for \$4 million with a non-refundable deposit of \$500,000 being paid. At the date of this report the sale still had not been completed.
- Yundamindera had continual Field work including Differential Global Positioning System (DGPS) surveying of historic workings, drill holes, infrastructure and topography, sampling of historic drill spoil and sampling of waste dumps and stockpiles. Subsequent to year end the Company was offered the remaining interests by Saracen Mineral Gold Mines, this will enable the Company to deal in and on the tenements in its own right

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 Limited, 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.

Significant Changes in the State of Affairs

Mining

The mining of the butterfly open pit began in January 2012 with a drill and blast contractor starting a 6 month blast-hole drilling program. High grade ore was transported to Stone Resources' Brightstar Mill via triple road train. A total of 51,053 tonnes of high grade ore, 25,632 tonnes of low grade ore, 11,674 tonnes of mineralised waste and 279,638 tonnes of waste were mined during the period February 2012 to June 2012. Unfortunately mill breakdowns and improvement notices at the Brightstar Mill resulted in lower than budgeted production. As a result mining was suspended in early July 2012.

Income Tax Benefit

During the year ended 30 June 2013, the Company applied for and received a rebate from the Australian Taxation Office of \$5,132,261 (2012: \$146,811), representing the tax value of research and development costs for the year ended 30 June 2012. This amount is shown as an income tax benefit in the Statement of Comprehensive Income for the year ended 30 June 2013.

Sale of Kookynie Gold Project

The Company has received an offer, which is subject to Shareholder approval, for the sale of the majority of tenements, which form part of the Kookynie Gold project northern tenements being Orient Well/ Butterfly locations of \$4,000,000. The offer has come with a non-refundable deposit of \$500,000. The Company will retain all the principal southern tenements around Kookynie including Cosmopolitan, Leipold and Orion. At the date of this report, this transaction has not settled.

Other than the above, no significant changes in the Company's state of affairs occurred during the financial year.

After Balance Date Events

Environmental Bond Refund

The Company has applied under the State Government's new Mining Rehabilitation Fund (MRF) for the return of environmental bonds held under the old system that ceased on 30 June 2013 with a voluntary scheme in place until 30 June 2014 at which point the MRF is mandatory. This application will allow the Company to free up approximately \$1 million in cash which has been received on 28 August 2013.

Other than the above, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs 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 Nex Metals Explorations Limited is listed on the Australian Stock 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 Nex Metals Explorations Limited'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' Report Continued

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, 2 board meetings and 5 circular resolutions were passed by Directors.

Directors	Board of directors	
	A	B
Thomas F Percy	7	7
Kenneth Allen	7	7
Kasit Phisitkul	7	7
Hock Hoo Chua	7	7
Raja Mohd Azmi bin Raja Razali	-	-

Notes

A - Number of meetings held during the time the director held office during the period, including circular resolutions.

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.

Directors' Share and Option holdings

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

Director	Ordinary Shares	Options
T F Percy	1,000,000	-
K Allen	7,150,001	-
K Phisitkul	1,000,000	-
H H Chua	860,000	-
R Razali	7,600,000	-

Share Options

There are no unissued ordinary shares of Nex Metals Explorations Limited under option as at the date of this report.

Remuneration Report (Audited)

The information provided in this remuneration report have been audited as required by Section 308(3C) of the Corporations Act 2001.

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

The remuneration policy of Nex Metals Explorations Limited 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 Nex Metals Explorations Limited 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 board's policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

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% (9.25% from 1 July 2013). 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 or executive. Options are valued using the Black-Scholes or Binomial methodologies.

Directors' Report Continued

The board 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. 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 economic 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 employee option plans.

Performance based remuneration

The company has no performance based remuneration component built into director and executive remuneration packages, since the issue of options to Directors on 1 July 2007. These options expired on 30 November 2012.

The following table shows the gross revenue and losses and share price of the Company at the end of the respective financial years.

	30 June 2013	30 June 2012
Revenue	\$432,976	\$2,300,105
Net Loss	(\$3,394,712)	(\$9,189,989)
Share Price	\$0.01	\$0.06

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

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

(b) Compensation of Key Management Personnel

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
Kasit Phisitkul	Non-Executive Director
Hock Hoo Chua	Non-Executive Director
Raja Mohd Azmi bin Raja Razali	Non-Executive Director

The emoluments for each director and key management personnel of the Company are as follows:

Year ended 30 June 2013		Short-term	Post-employment	Total
		Salary & Fees	Non Cash	
Directors	\$	\$	Superannuation	\$
T Percy	37,500	-	3,375	40,875
K Allen	122,004	-	10,980	132,984
K Phisitkul	25,000	-	-	25,000
H Chua	25,000	-	2,250	27,250
R Razali	-	-	-	-
	209,504	-	16,605	226,109

Year ended 30 June 2012		Short-term	Post-employment	Total
		Salary & Fees	Non Cash	
Directors	\$	\$	Superannuation	\$
T Percy	37,500	-	3,375	40,875
K Allen	122,004	-	10,980	132,984
K Phisitkul	25,000	-	-	25,000
H Chua	25,000	-	2,250	27,250
R Razali	-	-	-	-
	209,504	-	16,605	226,109

Directors' Report Continued

(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 a fully maintained motor vehicle (up to the value of \$24,000 per year). 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 Hock Hoo Chua, whereby the Company has agreed to pay Hock Hoo 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 Kasit Phisitkul whereby the Company has agreed to pay Kasit Phisitkul \$50,000 per annum, plus statutory entitlements, payable monthly in arrears, for acting as a non-executive director of the Company. In October 2008 Mr Phisitkul agreed to reduce his base remuneration by 50% effective October 2008 until further notice.
- v. The Company has entered into a letter agreement with Raja Mohd Azmi Bin Raja Razali, whereby the Company has agreed to pay Raja Mohd Azmi Bin Raja Razali \$25,000 per annum, plus statutory entitlements, when Raja Mohd Azmi Bin Raja Razali stands in as an alternate for Hock Hoo Chua on a pro rata basis. No payments were made to Raja Mohd Azmi Bin Raja Razali during the year ended 30 June 2013.

(d) Use of remuneration consultants

The Company did not employ the services of remuneration consultants during the financial year.

(e) Voting and comments made at the Company's 2012 Annual General Meeting

The approval of the remuneration report was passed as indicated in the results of annual general meeting dated 26 November 2012. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

[End of Remuneration Report]

Indemnification 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.

Non-Audit Services

No non-audit services were provided to the company by the company's external auditor during the financial year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2011 is included in this financial report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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.

The Company was not a party to any such proceedings during the year except as disclosed in Note 19.

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



Kenneth Allen

Managing Director

Perth, 27 September 2013

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Managing Director and Company Secretary.

This declaration is made in accordance with a resolution of the Board of Directors.



KENNETH ALLEN

Managing Director

Dated at Perth this 27th day of September 2013

Auditor's Independence Declaration



RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9281 9100 F +61 8 9281 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Nex Metals Explorations Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, WA
Dated: 27 September 2013

Independent Auditor's Report



RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEX METALS EXPLORATIONS LIMITED

Report on the Financial Report

We were engaged to audit the financial report of Nex Metals Explorations Limited ("the company"), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nex Metals Explorations Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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Independent Auditor's Report (continued)

**Bases for Disclaimer of Opinion***Comparatives for the year ended 30 June 2012*

The auditor's report dated 30 September 2012 in relation to the financial statements for the year ended 30 June 2012 contained a disclaimer of opinion in respect of being unable to obtain sufficient appropriate evidence regarding the valuation of plant and equipment, evaluation and exploration expenditure and mine development expenditure as at 30 June 2012.

Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the company incurred a net loss of \$3,394,712 for the year ended 30 June 2013. As of that date, the company had net current liabilities and net liabilities of \$4,731,451 and \$4,309,901 respectively. The ability of the company to continue as a going concern is contingent on a number of future events, the most significant of which is the ability of the company to obtain additional funding to pay its debts as and when they fall due. We have been unable to obtain sufficient appropriate evidence as to whether the company may be able to obtain such funding, and hence remove the significant uncertainty as to its ability to continue as a going concern for 12 months from the date of this auditor's report.

Unsecured Loan

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2013. We have been unable to obtain sufficient appropriate evidence regarding the value of the loan disclosed in the statement of financial position as at 30 June 2013. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Disclaimer of Opinion

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion the Remuneration Report of Nex Metals Explorations Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 27 September 2013

Statement of Comprehensive Income For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
Revenue	3(a)	432,976	2,300,105
Cost of sales		(2,191,529)	(9,128,559)
Gross profit		(1,758,553)	(6,828,454)
Other income	3(b)	246,244	222,003
Occupancy expenses		(73,753)	(46,940)
Administration expenses		(260,129)	(485,961)
Consultants expenses		(1,077,492)	(265,497)
Depreciation expenses	3(c)	(280,637)	(336,441)
Employment and contractor expenses		(676,050)	(716,408)
Borrowing and finance costs		(620,720)	-
Travel expenses		(49,050)	(83,734)
Exploration and evaluation expenses	9	(344,762)	(665,263)
Tenement acquisition expenses written off		-	(130,105)
Mine development expenses written off	10	(2,750,575)	-
Plant and equipment written off	8	(881,496)	-
Loss before income tax benefit		(8,526,973)	(9,336,800)
Income tax benefit	4	5,132,261	146,811
Loss for the year		(3,394,712)	(9,189,989)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(3,394,712)	(9,189,989)
Loss per share:			
Basic and diluted loss (cents per share)	17	(2.22) cents	(6.49) cents

The accompanying notes form part of this financial report.

Statement of Financial Position
As at 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
Current assets			
Cash and cash equivalents	22(a)	50,229	16,017
Receivables	6	21,169	376,352
Other assets	7	1,019,472	17,790
Mine development expenditure –held for sale	10	3,500,000	-
Total current assets		4,590,870	410,159
Non-current assets			
Plant and equipment	8	136,886	1,292,857
Exploration and evaluation expenditure	9	284,664	284,664
Mine development expenditure	10	-	6,750,575
Total non-current assets		421,550	8,328,096
Total assets		5,012,420	8,738,255
Current liabilities			
Payables	11	7,494,988	7,806,485
Interest-bearing liabilities	12	1,750,000	250,000
Provisions	13	77,333	91,259
Total current liabilities		9,322,321	8,147,744
Non-current liabilities			
Interest-bearing liabilities	12	-	1,500,000
Total non-current liabilities		-	1,500,000
Total liabilities		9,322,321	9,647,744
Net liabilities		(4,309,901)	(909,489)
Equity			
Issued capital	14(a)	18,884,107	18,889,807
Option reserve	15	2,260,245	2,260,245
Accumulated losses	16	(25,454,253)	(22,059,541)
Total equity/ (deficiency)		(4,309,901)	(909,489)

The accompanying notes form part of this financial report.

Statement of Changes in Equity For the Year Ended 30 June 2013

	Attributable to equity holders			Total Equity \$
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	
Balance at 1 July 2011	17,112,303	2,260,245	(12,869,552)	6,502,996
Loss for the year	-	-	(9,189,989)	(9,189,989)
Total comprehensive income for the year	-	-	(9,189,989)	(9,189,989)
Transactions with owners in their capacity as owners				
Issue of shares for working capital	1,902,000	-	-	1,902,000
Share issue costs	(124,496)	-	-	(124,496)
Total contributions by owners	1,777,504	-	-	1,777,504
Balance at 30 June 2012	18,889,807	2,260,245	(22,059,541)	(909,489)
	Attributable to equity holders			Total Equity \$
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	
Balance at 1 July 2012	18,889,807	2,260,245	(22,059,541)	(909,489)
Loss for the year	-	-	(3,394,712)	(3,394,712)
Total comprehensive income for the year	-	-	(3,394,712)	(3,394,712)
Transactions with owners in their capacity as owners				
Issue of shares for working capital	-	-	-	-
Share issue costs	(5,700)	-	-	(5,700)
Total contributions by owners	(5,700)	-	-	(5,700)
Balance at 30 June 2013	18,884,107	2,260,245	(25,454,253)	(4,309,901)

The accompanying notes form part of this financial report.

Statement of Cash Flow
For the Year Ended 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
Cash flows from operating activities			
Receipts from customers		432,976	2,286,168
Payments to suppliers and employees		(4,373,531)	(5,107,804)
Sundry receipts		930,881	221,896
Borrowing and finance costs paid		(320,285)	-
Interest received		18,591	12,305
Income tax refund (net of professional fees)		4,376,914	-
Net cash provided by/ (used in) operating activities	22(b)	1,065,546	(2,587,435)
Cash flows from investing activities			
Payments for plant and equipment		(6,162)	(28,774)
Payments for mine development		-	(1,849,645)
Net cash used in investing activities		(6,162)	(1,878,419)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	2,230,000
Payment for share issue costs		(5,700)	(124,496)
Proceeds from convertible notes		-	1,500,000
Payment of security bond		(1,019,472)	-
Deposits from shareholders and other parties		-	250,000
Net cash provided by / (used in) financing activities		(1,025,172)	3,855,504
Net (decrease) / increase in cash and cash equivalents		34,212	(610,350)
Effects of exchange rate on cash and cash equivalents		-	107
Cash and cash equivalents at the beginning of the financial year		16,017	626,260
Cash and cash equivalents at the end of the financial year	22(a)	50,229	16,017

The accompanying notes form part of this financial report.

Notes To The Financial Statements For the Year Ended 30 June 2013

1. Corporate Information

The financial report of Nex Metals Explorations Limited (the Company) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 27 September 2013.

Nex Metals Explorations Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2. Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

In the year ended 30 June 2013, the Company has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Going concern

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

As disclosed in the financial statements, the Company incurred a loss of \$3,394,712 for the year ended 30 June 2013. As at that date, the Company had net current liabilities of \$4,731,451 and net liabilities of \$4,309,901. These financial conditions indicate significant uncertainty whether the Company will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe, after taking account of these financial conditions, that the going concern basis of accounting for the Company is appropriate, which has been determined after consideration of the following factors:

- In June 2012, the Company secured a \$7 million standby subscription agreement with Gurney Capital Nominees Pty Ltd. No amounts have been drawn down on this facility at the date of this report;
- A dispute with a significant creditor, with a recorded payable balance of \$2.3 million at balance date, exists relating to satisfactory delivery of goods, which the Company expects to commence litigation about, for breach of contract, with any judgment in the Company's favor being offset against the liability presently recognised in these financial statements;
- \$328,000 of share application monies, shown as a current liability as at balance date, will be converted to equity;
- The Company has received an offer, subject to shareholder approval, for the sale of the majority of tenements forming part of the Kookynie Gold Project, of \$4,000,000 with a non-refundable deposit of \$500,000 received in April 2013. The company is expecting settlement in the immediate future; and
- Whilst the Directors are confident in securing funds, if sufficient funding is not raised, the Board will sell or farm out projects as required, to enable it to meet its ongoing commitments.

Accordingly, the Directors believe that the Company will obtain sufficient cash flows to enable it to continue as a going concern and that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

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 Company does not continue as a going concern.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(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 company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employees may satisfy vesting requirements. Those cash flows are discounted using market yields on national government with terms to maturity that match the expected timing of cash flows.

(c) Financial instruments

Financial instruments, incorporation financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention,

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and their fair value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in the statement of comprehensive 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 the statement of comprehensive income.

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 company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest method. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting periods. All other investments are classified as current assets.

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 nor 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 Company 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 the 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.

Summary of Significant Accounting Policies Continued

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(e) 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.

(f) Impairment of assets

At the end of each reporting year, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in statement of comprehensive income, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

(g) Income tax

The income tax expense/ (benefit) for the year comprises current income tax expense/ (benefit) and deferred tax expense/ (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movement in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/ (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognized 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 realized 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 realization 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 realization 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.

(h) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by the Company 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 Company performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the statement of comprehensive income.

Expenditure is not carried forward in respect of any area of interest unless the Company's right of tenure to that area of interest is current. Expenditures incurred before the Company 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.

(i) Mine Development

Development expenditure incurred by or on behalf of the company is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and capitalised exploration and evaluation expenditure transferred from capitalised exploration and evaluation expenditure account.

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

Mine properties are tested for impairment in accordance with the policy in note 2(f).

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating to dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates of the future costs and current legal requirements and technology, discounted to present value. Any changes in the estimates for the costs are accounted for on a prospective basis.

(j) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Plant and equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company 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%

(l) Provisions

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

(m) Revenue recognition

Gold sales

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods based on management's best estimate, the price is fixed and generally title has passed.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(n) Equity based compensation

The Company expenses equity based compensation such as share and option issues after ascribing a fair value to the shares and/or options issued. If options vest at date of grant, the expense is taken up at date of grant and a corresponding Option Reserve is credited.

Summary of Significant Accounting Policies Continued

(o) Contributed equity

Contributed equity is recognised at the fair value of the consideration received by the Company. Any transaction costs on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Leases

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

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

Lease assets are depreciated on 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(q) Earnings per share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Trade and other receivables

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

(s) Borrowing costs

Borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

(t) Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with AIFRS required the use of certain critical estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration and evaluation expenditure

The board of 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. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(u) New accounting standards applicable for future periods

At the date of this financial report the following accounting standards, which may impact the company in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015
AASB 13	<i>Fair Value Measurement</i>	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
AASB 119	<i>Employee Benefits</i>	Prescribes the accounting and disclosure for employee benefits.	1 January 2013
IFRIC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013

The company has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

(v) Comparative Figures

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

		30 June 2013 \$	30 June 2012 \$
3. Loss before income tax			
(a) Revenue			
Gold sales		414,385	2,286,168
Interest revenue		18,591	13,937
		<u>432,976</u>	<u>2,300,105</u>
(b) Other Income			
Sundry income		123,262	107
Fuel tax credits		122,982	221,896
		<u>246,244</u>	<u>222,003</u>
(c) Expenses			
Depreciation of plant and equipment		280,637	336,441
4. Income tax			
(a) No income tax is payable by the company as it incurred losses for income tax purposes for the year.			
(b) The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:			
Loss from operations		(8,526,973)	(9,189,989)
Prima facie income tax benefit at 30%		<u>(2,558,091)</u>	<u>(2,756,997)</u>
Permanent differences			
Non-deductible expenses		(2,117)	(43,196)
Movements in unrecognised temporary differences		88,342	89,966
Unused tax loss not recognised as a deferred tax asset		2,471,866	2,710,227
R&D cash rebate claimed (see note 4(d))		5,132,261	146,811
Income tax benefit		<u>5,132,261</u>	<u>146,811</u>
(c) Unrecognised deferred tax balances			
The directors estimate that the potential deferred tax benefits (at 30%) not brought to account attributable to tax losses carried forward at balance date is approximately \$5,488,577 (2012: \$3,016,711). They will only be of benefit to the Company 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 Company is able to meet the continuity of ownership and/or continuity of business tests.			
(d) During the year ended 30 June 2013, the Company applied for and received a rebate from the Australian Taxation Office of \$5,132,261 (2012: \$146,811), representing the tax value of research and development costs for the year ended 30 June 2012. This amount is shown as an income tax benefit in the Statement of Comprehensive Income for the year ended 30 June 2013. The Company intends claiming the same rebate in respect of expenditure for the year ended 30 June 2013.			
5. Remuneration of auditors			
Audit and review of the financial report		43,500	37,000
6. Receivables			
Taxation refund (Note 4(d))		-	146,811
Sundry receivables		21,169	229,541
		<u>21,169</u>	<u>376,352</u>
7. Other assets			
Security bond		1,019,472	-
Prepayments		-	17,790
		<u>1,019,472</u>	<u>17,790</u>

8. Plant and equipment

	Motor Vehicles	Plant and Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2013			
Opening net book value	244,148	1,048,709	1,292,857
Additions	-	6,162	6,162
Write down	(121,628)	(759,868)	(881,496)
Depreciation charge for the year	(54,407)	(226,230)	(280,637)
Closing net book value	68,113	68,773	136,886
At 30 June 2013			
Cost or fair value	158,573	180,647	339,220
Accumulated depreciation	(90,460)	(111,874)	(202,334)
Net book value	68,113	68,773	136,886
Year ended 30 June 2012			
Opening net book value	317,061	1,283,463	1,600,524
Additions	-	134,946	134,946
Disposals	(1,526)	(104,546)	(106,072)
Depreciation charge for the year	(71,387)	(265,154)	(336,541)
Closing net book value	244,148	1,048,709	1,292,857
At 30 June 2012			
Cost or fair value	418,105	1,616,674	2,034,779
Accumulated depreciation	(173,957)	(567,965)	(741,922)
Net book value	244,148	1,048,709	1,292,857

	30 June 2013	30 June 2012
	\$	\$
9. Exploration expenditure		
Opening balance	284,664	414,769
Impairment charge	-	(130,105)
Current year expenditure	344,762	665,263
Current year expenditure written off	(344,762)	(665,263)
Closing balance	284,664	284,664

	Note	30 June 2013 \$	30 June 2012 \$
10. Mine Development expenditure			
Current			
Opening balance		-	-
Transfer from non-current assets (i)		3,500,000	-
Closing balance		3,500,000	-
Non-current			
Opening balance		6,750,573	4,167,700
Impairment charge		(2,750,573)	-
Capitalisation of costs		-	2,582,875
Non-refundable deposit received for sale (i)		(500,000)	-
Transfer to current assets (i)		(3,500,000)	-
Closing balance		-	6,750,575
(i) The Company has received an offer, subject to shareholder approval, for the sale of the majority of tenements forming part of the Kookynie Gold Project, of \$4,000,000 with a non-refundable deposit of \$500,000 received in April 2013.			
11. Trade and other payables			
Current			
Trade payables and accruals (i)		6,956,553	7,423,050
Accrued interest	12(a)(b)	210,435	55,435
Share application monies		328,000	328,000
		7,494,988	7,806,485
(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 \$5,916,482.			
12. Interest-bearing liabilities			
Current			
Unsecured loans – unrelated parties	12(b)	250,000	250,000
Convertible note	12(a)	1,500,000	-
		1,750,000	250,000
Non-current			
Convertible note	12(a)	-	1,500,000
		-	1,500,000
(a) In the prior year, the Company issued unsecured convertible notes with a face value of \$1,500,000. The notes are repayable on 12 February 2014, unless the note holder elects to convert to ordinary share at the lower of \$0.08 per share or the 10 trading day volume weighted average price of shares traded on the ASX. Interest is payable at 10% per annum. Total interest accrued during the year ended 30 June 2013 was \$205,435 (2012: \$55,435).			
(b) The unsecured loans represent loans from unrelated entities. In the prior year, the Company entered into a loan agreement for the amount of \$250,000. Interest is payable at 12% per annum. Total interest paid during the year ended 30 June 2013 on this loan was \$25,000. There is no fixed repayment date. Total interest accrued during the year ended 30 June 2013 was \$5,000 (2012: \$Nil).			
13. Provisions			
Employee entitlements		77,333	91,259

Notes to the Financial Statements for the year ended 30 June 2013 Continued

		2013 Number	2012 Number	
14.	Issued Capital			
	152,716,956 fully paid ordinary shares (2012 :152,716,956)	18,884,107	18,889,807	
(a)	Movements in issued capital:			
		No of Shares	Issue Price	\$
	Year ended 30 June 2012			
	Balance at 1 July 2011	131,550,931		17,112,303
	Shares issued for working capital	15,775,000	0.08	1,262,000
	Shares issued for working capital	2,000,000	0.105	210,000
	Shares issued for working capital	1,083,333	0.12	130,000
	Shares issued for working capital	2,307,692	0.13	300,000
	Share issue costs	-		(124,496)
	Balance at 30 June 2012	152,716,956		18,889,807
	Balance at 1 July 2012	152,716,956		18,889,807
	Share issue costs	-		(5,700)
	Balance at 30 June 2013	152,716,956		18,884,107
(b)	Fully paid ordinary shares carry one vote per share and carry the right to dividends.			
(c)	Movements in Options on Issue	2013 Number	2012 Number	
	Opening balance	18,000,000	83,726,889	
	Options expired during the year	(18,000,000)	(65,726,889)	
	Closing Balance	-	18,000,000	
		30 June 2013 \$	30 June 2012 \$	
15.	Reserves			
	Option reserve	2,260,245	2,260,245	
	Option reserve			
	Balance at beginning of financial year	2,260,245	2,260,245	
	Issue of options	-	-	
	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.			
16.	Accumulated losses			
	Balance at beginning of financial year	(22,059,541)	(12,869,552)	
	Loss attributable to members	(3,394,712)	(9,189,989)	
	Balance at end of financial year	(25,454,253)	(22,059,541)	

	2013 Cents Per Share	2012 Cents Per Share
17. Loss per share		
Basic and diluted loss per share:	(2.22)	(6.49)
The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
	30 June 2013 \$	30 June 2012 \$
Loss for the year after income tax	(3,394,712)	(9,189,989)
Weighted average number of ordinary shares for the purposes of basic earnings per share	152,716,956	141,563,527
	30 June 2013 \$	30 June 2012 \$
18. Commitments for expenditure		
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Not later than 1 year	38,500	37,500
Later than 1 year and not later than 2 years	38,500	37,500
Later than 2 years and not later than 5 years	25,632	62,466
	102,632	137,466
(b) Exploration commitments		
The company 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	1,627,232	1,498,355
Later than 1 year and not later than 2 years	1,548,636	1,271,997
Later than 2 years and not later than 5 years	3,345,724	3,219,224
	6,521,592	5,989,576
(c) Royalty Commitments		
(i) The Company has royalty obligations to Mr RW Allen pursuant to mining tenement acquisition agreements. The royalty under the agreements are as follows:		
(a) \$1.00 per tonne for any gold bearing ore extracted from the tenements;		
(b) for uranium, 5% of the sale price if the market price is up to USD50.00 per pound, 7.5% of the sale price if the market price ranges between USD50.01 to USD99.99 per pound, and 10% of the sale price if the market price is USD100.00 or above per pound, less selling costs in all cases; and		
(c) 1% of gross sales of extracted metals for any other mineral		
(ii) The Company has various royalty commitments in relation to tenements acquired in the Kookynie 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.		
19. Contingent liabilities		
During the year ended 30 June 2013, there is a performance guarantee facility of \$2,129,000 provided by Macquarie Bank which was fully utilised.		
There is also an indemnity guarantee facility of \$203,000 (2012: \$203,000) provided by Australia New Zealand Bank which remains unused as at 30 June 2013 (2012: unused).		
In 2012, there was a bank guarantee facility of \$260,000 provided by the National Australia Bank which remained unused as at 30 June 2012.		
During the year ended 30 June 2013, a claim has been brought against the Company by a creditor for the payment for services rendered amounting to \$1,419,555. The Company is defending the claim and has also lodged a counter-claim against the creditor. At the date of this report, the Board is unable to ascertain the potential outcome of this action. Any judgment in the Company's favour will be offset against the liability presently recognised in these financial statements;		
Other than the above, there were no other contingent liabilities as at 30 June 2013.		

Notes to the Financial Statements for the year ended 30 June 2013 Continued

	30 June 2013 \$	30 June 2012 \$
20. Related party disclosures		
(a) Other 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.		
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	97,368	108,316
(ii) Administration fees paid on behalf of International Mining Logistics Pty Ltd, a related entity of Kenneth Allen	9,470	76,610
(b) Aggregate amounts payable to directors and their director related entities at balance date		
Current liabilities		
Payables and accruals	459,753	165,823
Share applicable monies (i)	328,000	328,000
	<u>787,753</u>	<u>493,823</u>
(i) 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.		

21. Key Management Personnel Disclosures

(a) Compensation of Key Management Personnel		
Short term employee benefits	209,504	209,504
Post-employment benefits	16,605	16,605
	<u>226,109</u>	<u>226,109</u>
(b) Option holdings of Key Management Personnel		

	Balance at 01/07/12 No.	Balance held at appointment No.	Options Expired No.	Other Changes during the year No.	Balance at 30/06/13 No.
2013					
Directors					
T F Percy	3,000,000	-	(3,000,000)	-	-
K Allen	3,000,000	-	(3,000,000)	-	-
K Phisitkul	3,000,000	-	(3,000,000)	-	-
H H Chua	-	-	-	-	-
R Razali	-	-	-	-	-
	<u>9,000,000</u>	<u>-</u>	<u>(9,000,000)</u>	<u>-</u>	<u>-</u>
	Balance at 01/07/11 No.	Balance held at appointment No.	Options Expired No.	Other Changes during the year No.	Balance at 30/06/12 No.
2012					
Directors					
T F Percy	3,500,000	-	(500,000)	-	3,000,000
K Allen	5,850,000	-	(2,850,000)	-	3,000,000
K Phisitkul	3,500,000	-	(500,000)	-	3,000,000
H H Chua	430,000	-	(430,000)	-	-
R Razali	3,800,000	-	(3,800,000)	-	-
	<u>17,080,000</u>	<u>-</u>	<u>(8,080,000)</u>	<u>-</u>	<u>9,000,000</u>

Notes to the Financial Statements for the year ended 30 June 2013 *Continued*

Key Management Personnel Disclosures *Continued*

(c) Shareholdings of Key Management Personnel

	Balance at 01/07/12	Balance held at appointment	Exercise of Options	Other changes during the year	Correction of discrepancy	Balance at 30/6/13
2013	No.	No.	No.	No.	No.	No.
Directors						
T F Percy	1,000,000	-	-	-	-	1,000,000
K Allen	7,150,001	-	-	-	-	7,150,001
K Phisitkul	1,000,000	-	-	-	-	1,000,000
H H Chua	860,000	-	-	-	-	860,000
R Razali	7,600,000	-	-	-	-	7,600,000
	17,610,001	-	-	-	-	17,610,001
	Balance at 01/07/11	Balance held at appointment	Exercise of Options	Other changes during the year	Correction of discrepancy	Balance at 30/6/12
2012	No.	No.	No.	No.	No.	No.
Directors						
T F Percy	1,000,000	-	-	-	-	1,000,000
K Allen	7,150,001	-	-	-	-	7,150,001
K Phisitkul	1,000,000	-	-	-	-	1,000,000
H H Chua	860,000	-	-	-	-	860,000
R Razali	7,600,000	-	-	-	-	7,600,000
	17,610,001	-	-	-	-	17,610,001

(d) Other transactions with Key Management Personnel

Other transactions with Key Management Personnel are included in Note 20.

Notes to the Financial Statements for the year ended 30 June 2013 *Continued*

	30 June 2013 \$	30 June 2012 \$
22. Notes to the cash flow statement		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	50,229	16,017
	<u>50,229</u>	<u>16,017</u>
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(3,394,712)	(9,189,989)
Depreciation	280,637	336,441
Capitalised exploration written off	-	130,105
Mine development expenditure written off	2,750,575	-
Plant and equipment written off	881,496	-
(Gain) / Loss on foreign exchange currency	-	(107)
Changes in assets and liabilities		
Receivables	355,183	109,267
Other assets	500,000	-
Prepayments	17,790	(17,694)
Payables and provisions	(325,423)	6,044,542
Net cash provided by/(used) in operating activities	<u>1,065,546</u>	<u>(2,587,435)</u>

23. Financial risk management and policies

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

The Company holds the following financial instruments:

Financial assets

Cash and cash equivalents	50,229	16,017
Receivables	21,169	376,352
	<u>71,398</u>	<u>392,369</u>

Financial liabilities

Payables	7,494,988	7,806,485
Borrowings – Unsecured loan	250,000	250,000
Borrowings – Convertible note	1,500,000	1,500,000
	<u>9,244,988</u>	<u>9,556,485</u>

The Company's principal financial instruments comprise cash and short-term deposits. The Company does not have any borrowings.

The main purpose of these financial instruments is to fund the Company's operations.

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

Financial risk management and policies Continued

(a) Foreign Currency

Nex Metals Explorations Limited operates internationally and is exposed to foreign exchange risk arising from currency exposure to the US Dollar. Exposure is limited to maintaining sufficient funds in the particular countries to meet expenditure commitments.

Management does not actively manage foreign exchange risk.

The carrying amount of the Company's financial assets and liabilities are denominated in Australian dollars.

The foreign currency risk is insignificant in terms of the possible impact on profit or loss or total equity. No sensitivity analysis has therefore been disclosed in these financial statements.

None of the foreign denominated balances are accounted for as hedges in accordance with AASB 139 therefore all foreign exchange movements would be recognised within the current period statement of comprehensive income and within equity.

(b) Credit risk

Management does not actively manage credit risk.

Nex Metals Explorations Limited 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 2013.

Cash at bank is held with internationally regulated banks.

Other receivables are of a low value and all amounts are current. There are no trade receivables.

(c) Capital risk

Nex Metals Explorations Limited'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(d) Liquidity risk

Maturity profile of financial instruments

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

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Company 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 Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date, the Company had a shortfall of working capital of \$4,731,451 (2012:\$7,737,585). In June 2012, the Company entered into a standby subscription agreement with Gurney Capital Nominees Pty Ltd. The total facility, of which drawdowns can be made subject to certain terms and conditions, is \$7 million. Nil amounts have been drawn down on this facility as at the date of this report.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were generally due within the normal 30-60 days terms of creditor payments. As at 30 June 2013 it is estimated an amount of \$5.9 million in payables exceeding their normal trading terms.

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

As at 30 June 2013	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	50,229	-	-	50,229	2.75
Receivables	21,169	-	-	21,169	-
	71,398	-	-	71,398	
Financial Liabilities:					
Payables	7,494,988	-	-	7,494,988	-
Borrowings – Unsecured loan	250,000	-	-	250,000	12.0
Borrowings – Convertible note	1,500,000	-	-	1,500,000	10.0
	9,244,988	-	-	9,244,988	

*Notes to the Financial Statements for the year ended 30 June 2013 Continued**Financial risk management and policies Continued*

As at 30 June 2012	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	16,017	-	-	16,017	4.34
Receivables	376,352	-	-	376,352	-
	392,369	-	-	392,369	
Financial Liabilities:					
Payables	7,806,485	-	-	7,806,485	-
Borrowings – Unsecured loan	250,000	-	-	250,000	12.0
Borrowings – Convertible note	-	1,500,000	-	1,500,000	10.0
	8,056,485	1,500,000	-	9,556,485	

Sensitivity analysis – interest rates

The effect on profit and equity as a result of changes in interest rates on a net financial assets is insignificant.

(e) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Company's principal financial instruments consist of cash and deposits with banks, accounts receivable and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

24. Share based payments

A summary of the movements of all company options on issue is as follows

	Number	Weighted average exercise price (cents)
Options outstanding as at 30 June 2011	83,726,889	34.14
Expired	(65,726,889)	25
Options outstanding as at 30 June 2012	18,000,000	67.5
Expired	(18,000,000)	67.5
Options outstanding as at 30 June 2013	-	

No options were exercised during the financial year (2012: nil)

The weighted average remaining contractual life of options outstanding at year end was nil. The exercise price of outstanding shares at the end of the reporting period is nil.

25. Segment Reporting

The Company 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 Company operates predominantly in one business segment which is mineral mining and exploration and predominantly in one geographical area which is Western Australia.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located predominantly in Australia. Segment assets are allocated to countries based on where the assets are located.

26. Subsequent Events

Environmental Bond Refund

The Company has applied under the State Government's new Mining Rehabilitation Fund (MRF) for the return of environmental bonds held under the old system that ceased on 30 June 2013 with a voluntary scheme in place until 30 June 2014 at which point the MRF is mandatory. This application will allow the Company to free up approximately \$1 million in cash after paying the upfront 1% levy, which has been received on 28 August 2013.

Other than the above, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

27. Company Details

The registered office of the Company is:

Nex Metals Explorations Limited
Level 1
95 Canning Highway
South Perth WA 6151

The principal place of business is:

Nex Metals Explorations Limited
Level 1
95 Canning Highway
South Perth WA 6151

Corporate Governance

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable; the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

Further information about the Company's corporate governance practices is set out on the Company's website at www.nexmetals.com. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Explanations for Departures from Best Practice Recommendations

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Notification of Departure:

The Company has not formally disclosed the functions reserved to the Board and those delegated to management. The appointment of the Non-Executive Chairman to the Board is formalised in writing by way of a letter of engagement.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management.

Due to the small size of the Board and of the Company, the Board does not consider it necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the financial performance of the Company, ensuring that shareholder value is increased and providing the overall corporate governance of the Company.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Chairperson and/ or Managing Director is responsible for reviewing the performance of executive management at least once every calendar year with reference to the terms of their employment contract.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

During the reporting year, an evaluation of the Managing Director, executive directors and senior executives took place as disclosed at Recommendation 1.2.

Principle 2: Structure of the board to add value

Recommendation 2.1: A majority of the board should be independent directors.

The Board of the Company currently consists of three 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 Kasit Phistikul is a non-executive director and satisfies the tests of independence.

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 effectively discharge its responsibilities and duties. The directors have the relevant industry experience and specific expertise relevant to the Company's business and operations.

Recommendation 2.2: The chair should be an independent director

Mr Thomas Percy is the non-executive chairman and meets the Company's criteria for independence.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The role of Managing Director is separate from the chairman and therefore the company has complied with this Recommendation.

Recommendation 2.4: The board should establish a nomination committee

Notification of Departure:

There is no separate Nomination Committee.

Explanation for Departure:

The board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee. The board currently serves the role of nomination committee. Terms and conditions of employees are negotiated by the Managing Director for recommendation to the board. The board deals with any conflicts of interest that may occur when convening in the capacity of nomination committee, ensuring the director with conflicting interest is not party to the relevant discussions.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Evaluation of the board, its committees and individual directors is held via ongoing discussions regarding the performance of the board and its directors. The Company has adopted policies and procedures concerning the evaluation and development of its directors and executives and seeks external advice where appropriate.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

Skills, experience, expertise and term of office of each director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors report.

Identification of independent directors and materiality thresholds

The independent directors of the Company are Thomas Percy QC, Kasit Phistikul and Hock Hoo Chua. These directors are independent as they are non-executive directors who are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles and Recommendations. The Company did not measure independence against set materiality thresholds due to the fact that during the reporting year the Company had not determined its materiality thresholds. However, when considering materiality the Company would consider the key factors of financial impact and market perception.

Statement concerning availability of independent professional advice

To assist independent decision making, a director may consider it necessary to obtain independent professional advice. With the consent of the Chairperson to incur such expenses, the Company will pay the reasonable expenses associated with the director obtaining such advice.

Nomination matters

The board carries out the role of the Nomination Committee. The board did not officially convene as a nomination committee during the reporting year however nomination-related matters were discussed by the board from time to time as required.

Performance evaluation

During the reporting year, the performance of executive management was reviewed with reference to the terms of their employment contract.

Selection and (re) appointment of directors

In determining candidates for the board, all directors are involved in evaluating the range of skills, experience and expertise of the existing board, considering the balance of independent directors on the board as well as skills and qualifications of potential candidate which will increase the board's effectiveness. Any appointment made by the board is subject to ratification by shareholders at the next annual general meeting.

The board recognises that board renewal is important to performance and the impact of board tenure on succession planning. Each director other than the Managing Director; must not hold office without retiring and submitting themselves for re-election past the third annual general meeting following that director's appointment or three years, whichever is longer. Re-appointment of directors is not automatic.

Principle 3: Promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the company's integrity**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and;**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The Company has complied with this recommendation.

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

Recommendations 3.2, 3.3, 3.4 and 3.5: Companies should establish a policy concerning diversity and disclose a policy or summary of that policy, and in each annual report disclose the measurable objectives for achieving gender diversity, disclosing the proportion of women employees in the whole organization, women in senior executive positions and women on the board and provide information indicated in the Guide to reporting on Principle 3.

The Company has not complied with this recommendation.

The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. In the future, as the Company grows and increases in size and activity, the Board will consider the establishment of a formal diversity policy.

The Company has two (2) female employees who represent approximately 50% of total employees. There are currently no female members of the Board of the Company.

Principle 4: Safeguard integrity in the financial reporting**Recommendation 4.1 – 4.4: Audit committee****Notification of Departure:**

There is no separate Audit Committee.

Explanation for Departure:

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.

Principle 5: Make timely and balanced disclosure**Recommendation 5.1 – 5.2: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

The Company has complied with this recommendation.

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

Principle 6: Respect the rights of shareholders**Recommendation 6.1: Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.**

The Company has designed a communication policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company is committed to open and effective communications with holders of the Company's shares, ensuring all shareholders are informed of all significant developments concerning the Company.

Principle 7: Recognise and manage risk**Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.**

The board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal control and compliance. Where necessary, the Company draws on the expertise of external consultants to assist in dealing with and mitigating risk.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The board also requires management to report to it confirming that those risks are being managed effectively. The board has also received a report from management regarding its effectiveness of the Company's management of its material business risks.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Managing Director has provided a declaration to the board in accordance with section 295A of the Corporations Act and has assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Principle 8: Remunerate fairly and responsibly**Recommendation 8.1 – 8.4: The board should establish a remuneration committee****Notification of Departure:**

There is no separate Remuneration Committee.

Explanation for Departure:

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.

Additional Information

Statement of Quoted Securities

Shareholding at 7 October 2013

Distribution of shareholders and their holdings as at 7 October 2013

Category (size of holding)	Number of Shareholders
1 – 1,000	14
1,001 – 5,000	79
5,001 – 10,000	204
10,001 – 100,000	416
> 100,000	174
Total on register	887

The number of shareholdings held in less than marketable parcels is 233.

Twenty Largest Shareholders – Ordinary Shares		No.	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,527,460	6.239
2	UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	7,687,333	5.034
3	MR KENNETH M ALLEN	6,620,001	4.335
4	FMR INVESTMENTS PTY LTD	6,460,000	4.230
5	WESTERN AUSTRALIAN HOLDINGS PTY LTD <SHASH NIGAM FAMILY A/C>	6,000,001	3.929
6	FIRST LIGHT NOMINEES PTY LTD <NIGAM FAMILY A/C>	5,800,001	3.798
7	GROUP # 889383 *	4,211,424	2.758
*	J P MORGAN NOMINEES AUSTRALIA LIMITED	151,318	0.099
*	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	4,060,106	2.659
8	MR ROYCE WILLIAM ALLEN	3,915,000	2.564
9	MRS LEE ALLEN	3,500,000	2.292
10	MS LEE KIANG ALLEN	3,174,603	2.079
11	MR MATE BARAC	2,408,696	1.577
12	MRS USHA SATYA NIGAM	2,115,340	1.385
13	MR AH TUANG HON NO	2,000,000	1.310
14	MR PECK CHONG YEO	1,980,000	1.297
15	MR WONG SAM KOW	1,952,380	1.278
16	MR BRETT ROYLE	1,868,733	1.224
17	MR BRETT ROYLE	1,686,498	1.104
18	MR PETER JOHN MAXWELL & MRS MARGARET RAE MAXWELL	1,666,000	1.091
19	MR HOCK PENG CHUA	1,650,000	1.080
20	PRUMM SUPERANNUATION FUND	1,425,000	0.933
		75,648,470	49.535

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.

(b) Convertible notes

As at 12 October 2012, the Company had on issue 1 convertible note with Cesuco Trading Limited for a face value of \$1,500,000. This note matures in February 2014 together with a 6 monthly interest rate of 10%, unless the note holder elects to convert to ordinary shares at the lower of \$0.08 per share or the VWAP based on 10 trading days immediately prior to conversion.

Nex Tenement Schedule

Project	Tenement	Holder	Status	Shares
Desdemona				
Desdemona	E40/0263	Nex Metals Explorations Ltd	Live	100
Desdemona	E40/0291	Nex Metals Explorations Ltd	Live	100
Money JV – Desdemona	P40/1184	Nex Metals Explorations Ltd	Live	100
Desdemona	P40/1277	Nex Metals Explorations Ltd	Live	100
Desdemona	M40/0151	Nex Metals Explorations Ltd	Live	100
North Precinct (Butterfly / Admiral / King / Danluce / Red Lake / Clarke)				
Butterfly	L40/11	Nex Metals Explorations Ltd	Live	100
Butterfly	M40/03	Nex Metals Explorations Ltd	Live	100
Butterfly	M40/101	Nex Metals Explorations Ltd	Live	100
Butterfly	M40/110	Nex Metals Explorations Ltd	Live	100
Coronation Well	M40/137	Kookynie Resources Pty Ltd / Xstrata Nickel Australasia Operations Pty Ltd	Live	100
Butterfly	M40/148	Kookynie Resources Pty Ltd / Xstrata Nickel Australasia Operations Pty Ltd	Live	100
Butterfly	M40/174	Nex Metals Explorations Ltd	Live	100
Orient Well	M40/288	Nex Metals Explorations Ltd	Live	100
Butterfly	P40/1175	Nex Metals Explorations Ltd	Live	100
Butterfly	P40/1182	Nex Metals Explorations Ltd	Live	100
Fenceline	P40/1195	Nex Metals Explorations Ltd	Live	100
Fenceline	P40/1196	Nex Metals Explorations Ltd	Live	100
Butterfly South	P40/1246	Nex Metals Explorations Ltd	Live	100
Orient Well				
Orient Well	L40/0012	Nex Metals Explorations Ltd	Live	100
Orient Well	L40/0021	Nex Metals Explorations Ltd	Live	100
Orient Well	G40/0004	Nex Metals Explorations Ltd	Live	100
Orient Well	G40/0005	Nex Metals Explorations Ltd	Live	100
Orient Well	G40/0006	Nex Metals Explorations Ltd	Live	100
Orient Well	G40/0007	Nex Metals Explorations Ltd	Live	100
Afghan Hill	E40/0229	Nex Metals Explorations Ltd	Live	100
Mt Barton	E40/306	Nex Metals Explorations Ltd	Live	100
Tampa – Orient Well	M40/020	Nex Metals Explorations Ltd	Live	100
Double Jay (Tampa)	M40/094	Nex Metals Explorations Ltd	Live	100
Tampa	M40/107	Nex Metals Explorations Ltd	Live	100
Tampa	M40/120	Nex Metals Explorations Ltd	Live	100
Tampa	M40/209	Kookynie Resources Pty Ltd / Xstrata Nickel Australasia Operations Pty Ltd	Live	100
Orient Well	M40/289	Nex Metals Explorations Ltd	Live	100
Orient Well	M40/290	Nex Metals Explorations Ltd	Live	100
Orient Well	M40/291	Nex Metals Explorations Ltd	Live	100
Orient Well	M40/292	Nex Metals Explorations Ltd	Live	100
Orient Well	M40/293	Nex Metals Explorations Ltd	Live	100
Tampa	P40/1144	Nex Metals Explorations Ltd	Live	100
Kookynie	P40/1172	Nex Metals Explorations Ltd	Live	100
Afghan Hill	P40/1188	Nex Metals Explorations Ltd	Live	100
Afghan Hill	P40/1189	Nex Metals Explorations Ltd	Live	100
Afghan Hill	P40/1190	Nex Metals Explorations Ltd	Live	100
Afghan Hill	P40/1191	Nex Metals Explorations Ltd	Live	100

Project	Tenement	Holder	Status	Shares
Orient Well (continued)				
Rise and Shine, Passby St Law	P40/1240	Nex Metals Explorations Ltd	Live	100
Tampa	P40/1242	Nex Metals Explorations Ltd	Live	100
Tampa	P40/1243	Nex Metals Explorations Ltd	Live	100
Birmingham Hill	P40/1272	Nex Metals Explorations Ltd	Live	100
Borefields				
Fifty Mile Well	L40/0017	Nex Metals Explorations Ltd	Live	100
Butterfly	L40/0010	Nex Metals Explorations Ltd	Live	100
Fifty Mile Well	L40/0018	Nex Metals Explorations Ltd	Live	100
Kookynie East (Puzzle)				
Kookynie	L40/0015	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Dairy Corner Bore	L40/0019	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Dairy Corner Bore	L40/0020	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Orient Well	L40/0022	Nex Metals Explorations Ltd	Live	100
Kookynie	M40/0136	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Kookynie	M40/0163	Nex Metals Explorations Ltd	Live	100
Kookynie	M40/0164	Nex Metals Explorations Ltd	Live	100
Kookynie	M40/0196	FMR Investments Pty Ltd / Kookynie Resources Pty Ltd / Susan Frances Coleman	Live	100
Balancing Rock	P40/1271	Nex Metals Explorations Ltd	Live	100
Kookynie	P40/1300	Nex Metals Explorations Ltd	Live	100
Kookynie	P40/1301	Nex Metals Explorations Ltd	Live	100
Kookynie	P40/1302	Nex Metals Explorations Ltd	Live	100
Kookynie Central (Champion / Cosmopoliton / Diamantina / Cumberland)				
Kookynie	G40/0003	FMR Investments Pty Ltd	Live	100
Kookynie	L40/0007	FMR And Kookynie	Live	100
Kookynie	L40/0009	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Kookynie	L40/0014	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd		
Niagara	M40/0002	Nex Metals Explorations Ltd	Live	100
Kookynie	M40/0008	Nex Metals Explorations Ltd	Live	100
Champion	M40/0027	FMR Investments Pty Ltd	Live	100
Kookynie	M40/0061	Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Kookynie	P40/1132	Nex Metals Explorations Ltd	Live	100
Puzzle	P40/1176	Nex Metals Explorations Ltd	Live	100
Puzzle	P40/1179	Nex Metals Explorations Ltd	Live	100
Niagara	P40/1180	Nex Metals Explorations Ltd	Live	100
Niagara Mining Centre (McTavish / Leipold / Orion / Sapphire)				
Niagara	E40/0233	Nex Metals Explorations Ltd	Live	100
Kookynie South	E40/0281	Nex Metals Explorations Ltd	Live	100
Donkey Rocks	E40/0292	Nex Metals Explorations Ltd	Live	100
McTavish Hill	E40/0316	Nex Metals Explorations Ltd	Live	100
Lubra Queen	M40/0022	FMR Investments Pty Ltd	Live	100
Gladstone	M40/0026	FMR Investments Pty Ltd	Live	100
Mt Jessop	M40/0056	FMR Investments Pty Ltd	Live	100

Nex Tenement Schedule Continued

Project	Tenement	Holder	Status	Shares
Niagara Mining Centre (McTavish / Leipold / Orion / Sapphire) (continued)				
Mc Tavish Hill	M40/0077	Hallmark Mining Ltd / Kookynie Resources Pty Ltd / FMR Investments Pty Ltd	Live	100
Niagara	M40/0117	Nex Metals Explorations Ltd	Live	100
Kookynie	M40/0192	FMR Investments Pty Ltd / Kookynie Resources Pty Ltd	Live	100
Niagara	P40/1158	Nex Metals Explorations Ltd	Live	100
Money JV	P40/1159	Nex Metals Explorations Ltd	Live	100
Money JV	P40/1160	Nex Metals Explorations Ltd	Live	100
Money JV	P40/1161	Nex Metals Explorations Ltd	Live	100
Money JV	P40/1162	Nex Metals Explorations Ltd	Live	100
Money JV	P40/1163	Nex Metals Explorations Ltd	Live	100
Money JV	P40/1164	Nex Metals Explorations Ltd	Live	100
Niagara	P40/1169	Nex Metals Explorations Ltd	Live	100
Kookynie	P40/1275	Nex Metals Explorations Ltd	Live	100
Niagara	P40/1276	Nex Metals Explorations Ltd	Live	100
Kookynie	P40/1303	Nex Metals Explorations Ltd	Live	100
Yundamindera				
Yundamindera	E39/1329	Archimedes Mining Pty Ltd	Live	100
Yundamindera	E39/1584	Nex Metals Explorations Ltd	Live	100
Yundamindera	E39/1648	Nex Metals Explorations Ltd	Live	100
Yundamindera	M39/84	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/0274	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/0406	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/0407	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/0408	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/0409	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/0410	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/839	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	M39/840	Saracen Gold Mines Pty Ltd	Live	100
Yundamindera	P39/5014	Nex Metals Explorations Ltd	Live	100
Mt Monger				
Seabrook Hills	E25/462	Nex Metals Explorations Ltd	Live	100
Mt Hunt				
Mt Hunt 1	P26/3838	Nex Metals Explorations Ltd	Live	100
Mt Hunt 2	P26/3839	Nex Metals Explorations Ltd	Live	100

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