



26 February 2009

## ASX ANNOUNCEMENT

### Nex Metals Explorations Ltd. earning 70% in Yundamindera Gold Project.

Nex Metals and Explorations Board of Directors is pleased to announce that the company has signed an agreement to earn a 70% managing interest in the **Yundamindera Gold Project** from Saracen Gold Mines Pty Ltd, a 100% owned subsidiary of Saracen Mineral Holdings Ltd. Under the terms of the agreement Nex can earn the 70% interest by spending \$1.5M on the mining tenements within a 3 year time frame.

The project comprises 9 granted mining leases covering 46.2 km<sup>2</sup> with wide spread gold mineralisation present.

This gold project has many features that offer a unique opportunity for Nex. The company can spend the entry money on completing a detailed scoping study and potentially setting up and fast tracking a small and highly profitable goldmine with abundant potential for additional discoveries.

#### Some of these important features are;

- strong historical production figures
- no modern mining
- mineralisation occurring on and near surface
- a large dataset of 1777 drillholes containing 43,000 assays
- close spaced drilling from 10 X 10m to 20m X 20m
- initial favourable Kappes Cassady & Assoc. (expert metallurgical consultants) heap leach test work
- SOG pit optimisations and cost analysis
- the fact that the project has not been re optimised since the gold price has nearly tripled.

The Yundamindera gold mining centre is located approximately 65km southeast of Leonora and 45km north-east of the township of Kookynie, within the North-eastern Goldfields of Western Australia.

Gold was discovered at Yundamindera prior to 1899 and Maitland (1903) described the mines of the area (Landed at Last, Great Bonaparte, Maori Queen, Queen of the May and others) as mining auriferous quartz reefs hosted in granites.

At the height of activity the area had a population of about 3000 as well as a brewery and five hotels. Until the 1940s the mines in the area were worked intermittently, and a documented production is recorded of 73,700 t @ 19.3 g/t Au over the 7km strike length of the Western Line (MacKay and Schellman, 1989).

The current resource only covers **about 800m of that 7km strike length, with excellent potential to expand the known resource**. Mineralisation is found at the contact between a granodiorite pluton and a thin greenstone sequence in north-west trending east dipping quartz veins.



As well as fast tracking production on the existing mineralisation, Nex plans to evaluate the total mineralised strike length of the known intermittent workings with the aim of significantly expanding the known gold resource and believes at today's gold price (\$1500 Aus ounce) a significant proportion of this could be economically developed.

The Yundamindera resource is hosted within a sheared granite. The maximum depth of drilling is no more than 70m from the surface. The **defined resources are open at depth and along strike**, and therefore there is excellent potential to add significant tonnage to the resource.

In 2002 Sons of Gwalia re-modelled the existing resource using Multiple Indicator Kriging and established the following JORC compliant mineral resource. The quantity and quality of the resource estimate is constrained by the lack of drilling at depth and along strike.

### **SOG JORC INDICATED MINERAL RESOURCE 2002**

	<b>Tonnes</b>	<b>Grade</b>	<b>Ounces</b>
0.6g/t cutoff	1,849,000	1.34	79,600
0.8g/t cutoff	1,343,000	1.58	68,200
1.0g/t cutoff	1,000,000	1.82	58,500
1.2g/t cutoff	733,000	2.08	49,100
1.4g/t cutoff	555,000	2.33	41,600
1.6g/t cutoff	424,000	2.59	35,300
1.8g/t cutoff	322,000	2.88	29,800
2.0g/t cutoff	244,000	3.19	25,000

The attached diagram displays the tenements being purchased (red & blue), the drilling on the tenements (black) and the early Sons of Gwalia pit optimisations (in blue) based on the then current gold price of \$AU585. Note however, how the proposed pits (in blue) utilise all of the drilling at \$AU585 and also there is no drilling between the deposits. **Gold is currently worth in excess of \$AU 1,500 per ounce.**

Additional to the **Landed at Last** mineralisation, on the eastern flank of the tenements, is another gold deposit called **Pennyweight Point** with resource figures of **71kt @ 2.55g/t gold**.

The Directors are confident that this acquisition will significantly enhance shareholder value.

Nex currently has **cash reserves of \$AU 4.2M**, a desirable situation to be in, in today's market and testimony to prudent, patient and astute project acquisition. We have sufficient cash to fully fund this project comfortably. In this market, capital-raising would come with the cost of high dilution to current investors share value and this is contrary to the objective of the Board of Directors.

We invite you to our website [www.nexmetals.com](http://www.nexmetals.com) for regular updates on the Yundamindera Project.



#### **Key Terms of the Acquisition Agreement:**

- Nex has the ability over a three year term to earn a 70% interest in Tenements by total onground expenditure of \$1.5 million dollars.
- These tenements, M39/406, M39/407, M39/408, M39/409, M39/410, M39/084, M39/274, M39/839, M39/840, cover a total of 42.2 km<sup>2</sup>.
- Under the terms of the agreement Nex will earn equity by spending money on the ground.  
In summary, \$500,000 to earn a 50% interest, an additional \$500,000 to earn 60% and an additional 500K to earn 70%. (If Nex Metals fails to spend beyond the first in 500,000 Nex's interest will revert to 49%)

#### **Nex Metals Explorations Ltd**

Yours sincerely

**Tom Percy QC**  
Chairman

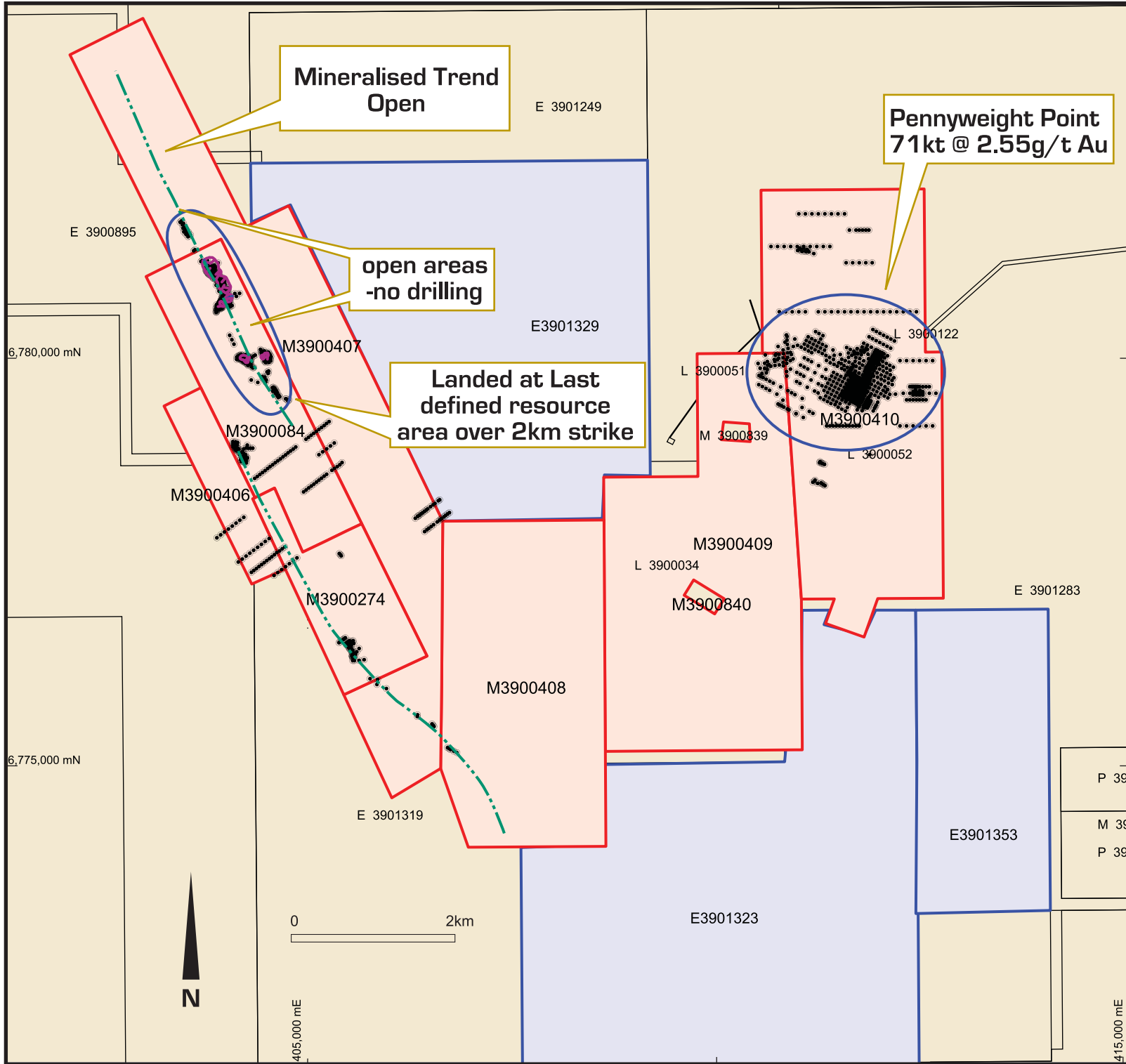
*For Further details please contact*

**Mr Ken Allen**  
**Managing Director**  
**0448447472**

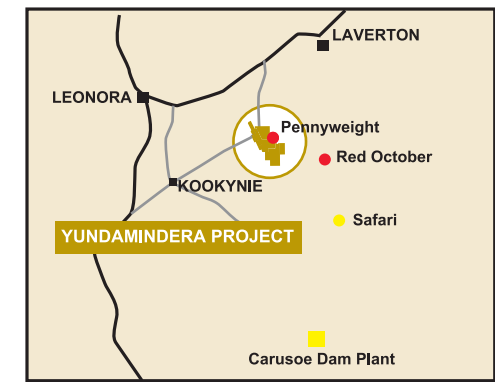
**Mr Edd Prumm**  
**Technical Director**  
**0448966377**

#### **JORC CODE COMPLIANCE STATEMENT**

*The information in this report that relates to Exploration and Geological Work and Concepts is based on information compiled by Edd Prumm, who is a member of the Australian Institute of Mining and Metallurgy and is a consultant of the Company. Mr Prumm has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Prumm consents to the inclusion in the report of the matters based on information in the form and context in which it appears.*



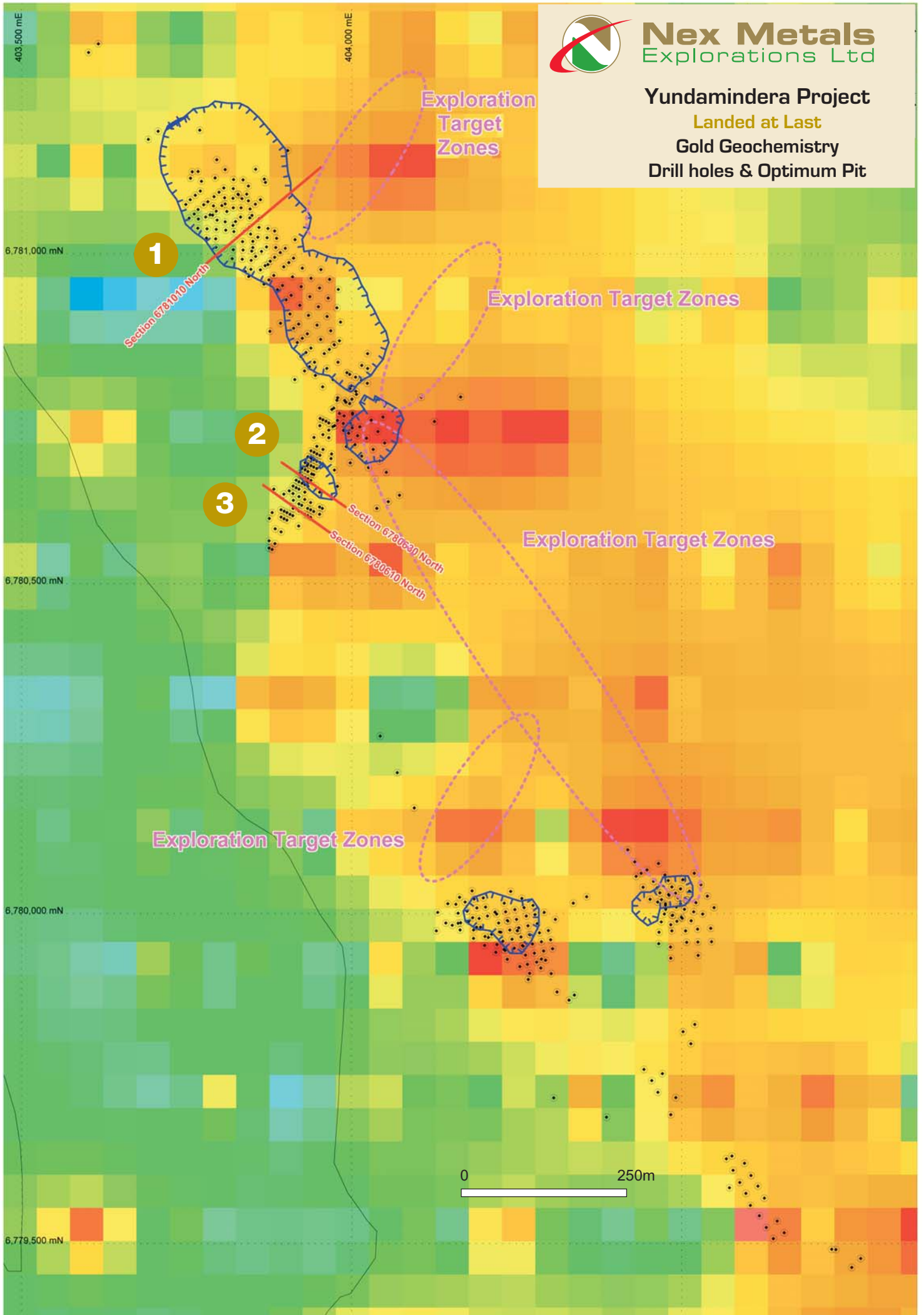
- Drilling
- Defined Resource
- Previous pit optimisations
- Fault / Mineralised Trend
- ▭ Nex Metals earning 70% of these Tenements





**Nex Metals**  
Explorations Ltd

**Yundamindera Project**  
Landed at Last  
Gold Geochemistry  
Drill holes & Optimum Pit



1



**Nex Metals**  
Explorations Ltd

460

440

420

400

-6.0

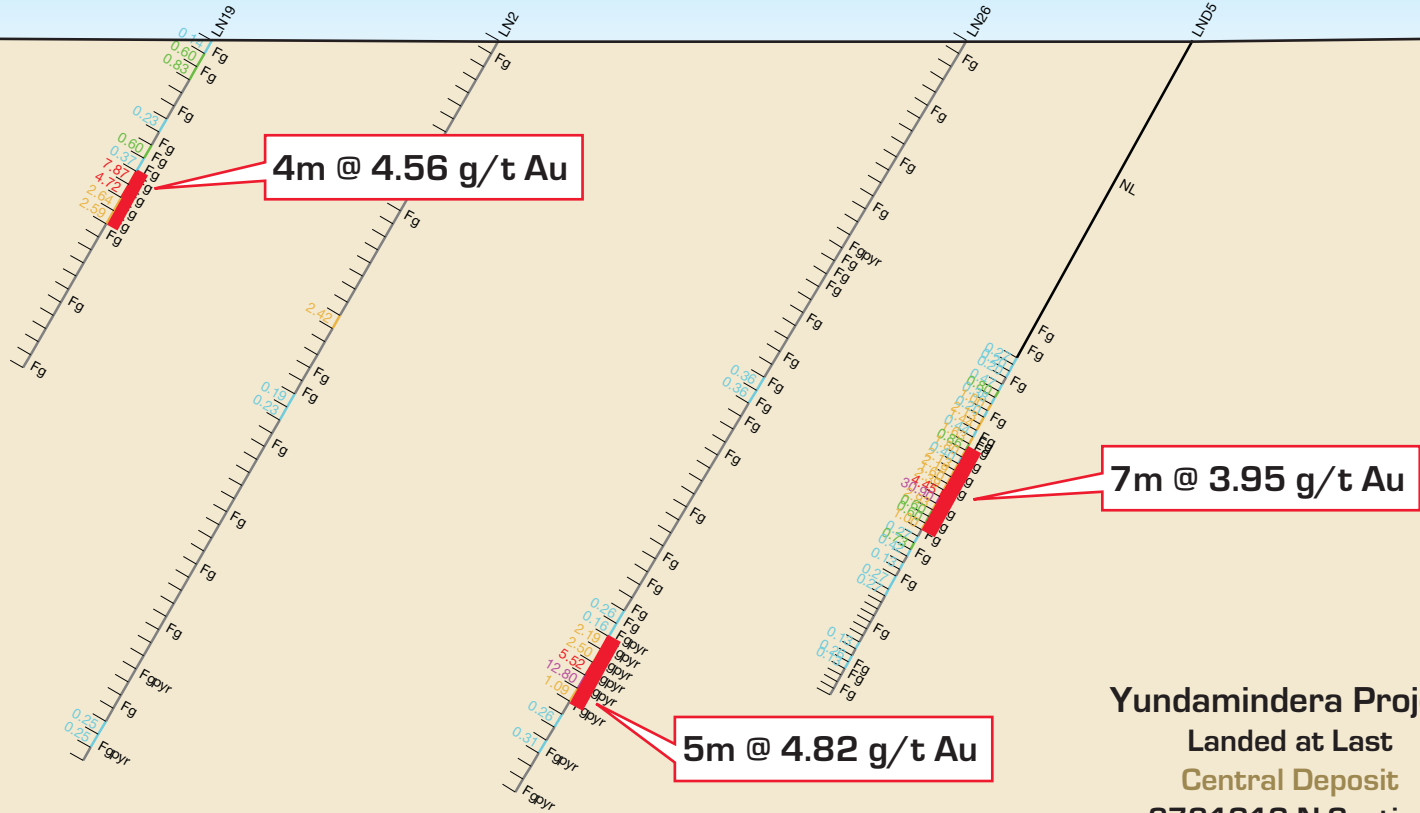
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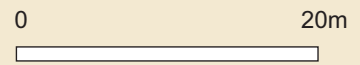
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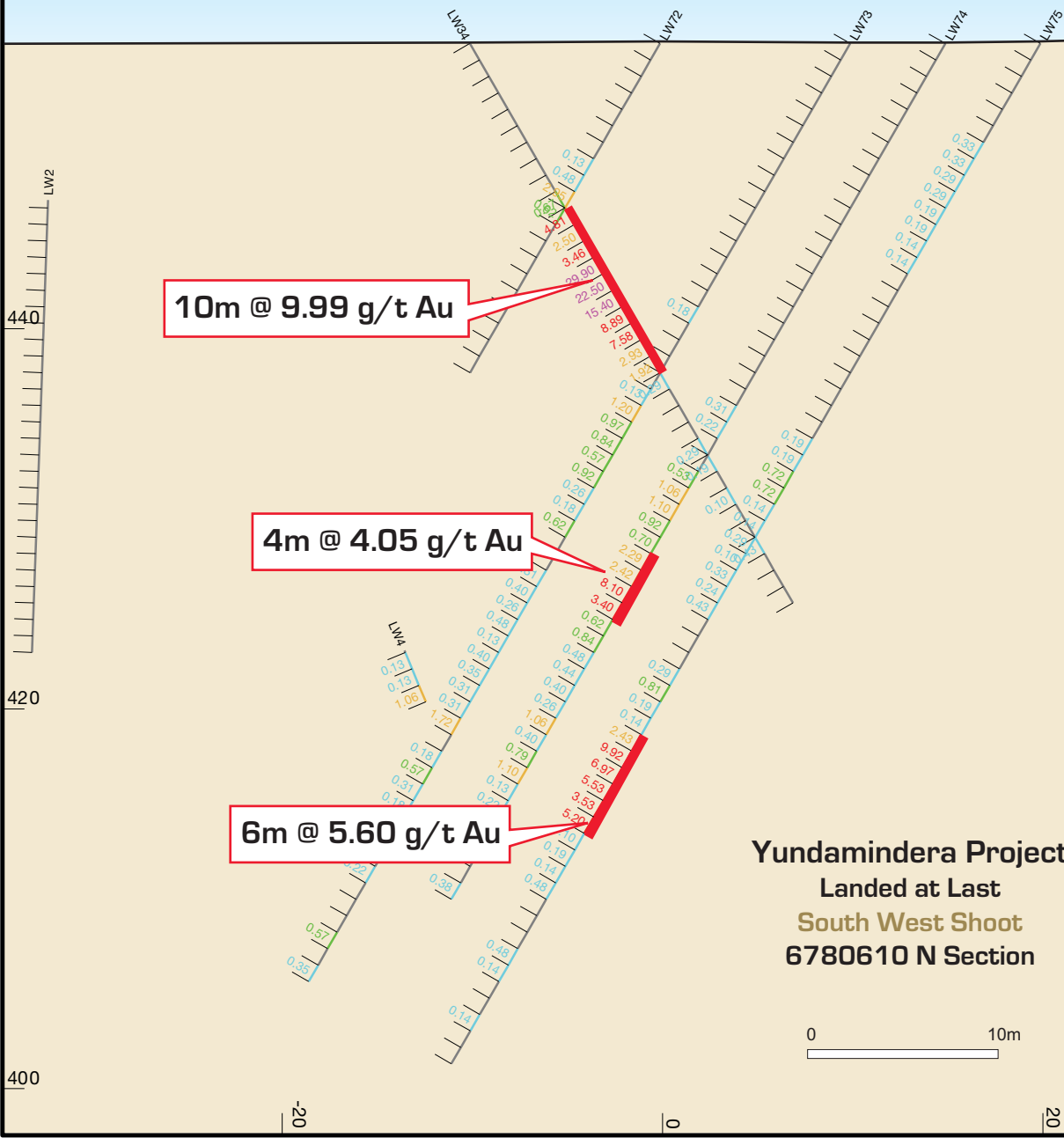


**Yundamindera Project**  
Landed at Last  
Central Deposit  
6781010 N Section





460



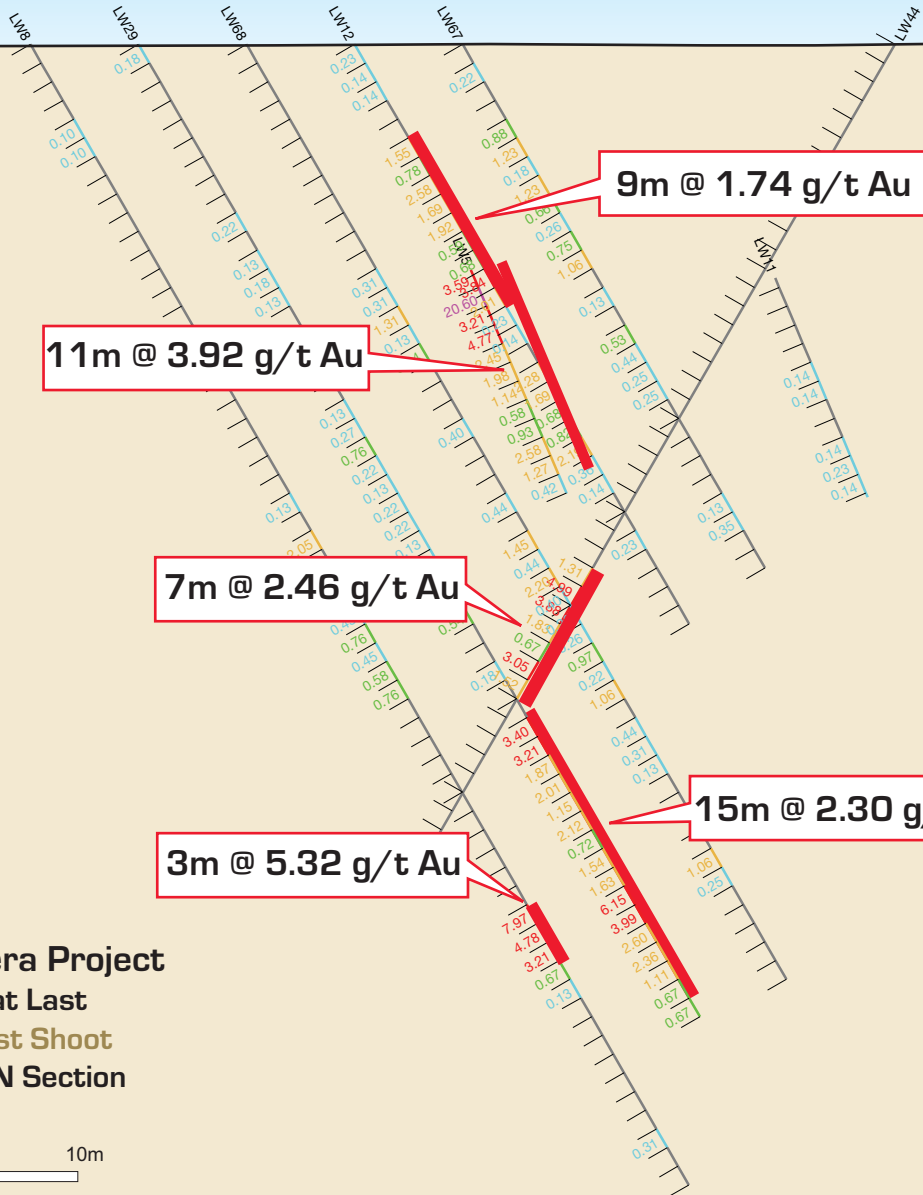


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**Yundamindera Project**  
Landed at Last  
**South West Shoot**  
6780630 N Section



-20

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20