

Nex Metals Explorations Limited

ABN: 63 124 706 449

Interim Financial report for the half-year ended

31 December 2008

For personal use only

Interim Financial report for the half-year ended 31 December 2008

	Page
Corporate directory	3
Directors' report	4
Auditor's independence declaration	6
Independent review report	7
Directors' declaration	9
Interim Income statement	10
Interim Balance sheet	11
Interim Statement of changes in equity	12
Interim Cash flow statement	13
Condensed notes to the interim financial statements	14

Corporate Directory

DIRECTORS

Thomas F Percy
Ken Allen
Horst Prumm
Kasit Phisitkul

COMPANY SECRETARY

Ken Allen

PRINCIPAL OFFICE

Level 2
533 Hay Street
PERTH WA 6000

REGISTERED OFFICE

Level 2
533 Hay Street
PERTH WA 6000

AUDITORS

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

STOCK EXCHANGE LISTING

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

For personal use only

Directors' report

The directors of Nex Metals Explorations Ltd submit herewith the financial report for the period to 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

Thomas F Percy	
Shirad Nigam	- Resigned 13 February 2009
Kenneth M Allen	
Horst Prumm	
Shahwat Nigam	- Resigned 13 February 2009
Kasit Phisitkul	

Directors have been in office since incorporation to the date of this report unless otherwise stated.

Operating Results

The operating loss of the consolidated entity for the period after providing for income tax amounted to \$1,209,906 (December 2007 – Loss of \$1,667,033).

Review of operations

A number of opportunities to rationalise the current tenement holding has been identified and will allow a focus on those areas considered more prospective for gold mineralisation in known areas of high prospectivity

The company recognises that potential cost cutting measures in order to preserve shareholders funds is important, while at the same time focussing on good gold assets within the company and maintaining an active review of any opportunities that may be in the market.

The Nex review has highlighted the key gold projects within the Nex tenement holdings to comprise the Kalgoorlie West, Tampa Well, Jungle Well and Euro Projects. A summary of the key aspects and previous results returned from these projects is provided within this quarterly.

Systematic mapping, rock chip sampling and analysis completed over Nex Metals Kookynie Gold tenements (E31/712, E40/210) with a large number of plus 1.0 g/t gold rock (Au) chip samples returned, highlighting a number of gold mineralised trends. Within the Tampa tenements located immediately to the east of the Orient Well open pit a total of ten samples greater than 1.0 g/t Au were returned with a maximum value of 14.63 g/t Au.

Sampling of the Jungle Well exploration license (E31/712) also returned a number of strongly anomalous gold values with a total of five samples returning gold values greater than 1.0 g/t Au with a maximum value of 3.11 g/t Au being returned. This sampling has defined a 400 metre long zone of gold workings near the contact of the eastern granitoid accompanied by elevated arsenic and lead values and is open to the north and south.

Mapping and sampling of Reef Dam (E25/320) was completed during the quarter. A total of 28 samples were collected and have been submitted for gold and base metals. Results are due in the next quarter.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year financial report

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



Ken Allen
Managing Director
16 March 2009

For personal use only

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF NEX METALS EXPLORATIONS LIMITED

As lead auditor for the review of the financial report of Nex Metals Explorations Limited for the half-year ended 31 December 2008, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Perth, WA
Dated: 16 March 2009

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

For personal use only

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nex Metals Explorations Limited ("the company") which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Nex Metals Explorations Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

Perth, WA
Dated: 16 March 2009

For personal use only

Directors' declaration

The directors of the Company declare that:

1. The financial statements and notes set out on pages 10 to 14 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flow, for the period ended on that date.
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.

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



Ken Allen
Managing Director
16 March 2009

Interim income statement For the half-year ended 31 December 2008

	Note	01/07/2007 to 31/12/2008 \$	02/04/2007 to 31/12/2007 \$
Revenue		89,862	38,371
Gain on foreign exchange currency		48,153	-
Occupancy expenses		(5,335)	(15,717)
Administration expenses		(88,635)	(103,764)
Consultants expenses		(71,921)	(133,655)
Depreciation		(7,898)	(2,997)
Employment and contractor expenses		(229,578)	(49,302)
Professional fees		-	(12,000)
Travel expenses		(44,536)	(17,973)
Exploration and evaluation expenses		(191,014)	(91,096)
Impairment of exploration asset		(709,004)	-
Share based payment	7	-	(1,278,900)
Loss from continuing operations before income tax expense		(1,209,906)	(1,667,033)
Income tax expense		-	-
Loss from continuing operations for the period		(1,209,906)	(1,667,033)
Loss per share:			
Basic (cents per share)		(1.57)	(4.18)
Diluted (cents per share)		(1.57)	(4.18)

The accompanying notes form part of this interim financial report.

Interim balance sheet As at 31 December 2008

Note	31 December 2008 \$	30 June 2008 \$
Current assets		
Cash and cash equivalents	4,377,523	4,893,840
Trade and other receivables	75,540	159,136
Other financial assets	63,619	60,094
Total current assets	4,516,682	5,113,070
Non-current assets		
Exploration expenditure	1,698,180	2,352,754
Property, plant and equipment	52,855	45,553
Total non-current assets	1,751,035	2,398,307
Total assets	6,267,717	7,511,377
Current liabilities		
Trade and other payables	45,892	81,891
Total current liabilities	45,892	81,891
Total liabilities	45,892	81,891
Net assets	6,221,825	7,429,486
Equity		
Issued capital	7,904,157	7,901,657
Reserves	2,237,464	2,237,719
Accumulated losses	(3,919,796)	(2,709,890)
Total equity	6,221,825	7,429,486

The accompanying notes form part of this interim financial report.

Interim statement of changes in equity For the half-year ended 31 December 2008

	Attributable to equity holders			Total Equity \$
	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	
Balance on incorporation (2 April 2007)	-	-	-	-
Issue of options to Directors	-	1,278,900	-	1,278,900
Issue of options in consideration for acquisition of exploration prospects	-	574,003	-	574,003
Loss for the period	-	-	(1,667,033)	(1,667,033)
Issue of share capital	8,406,135	-	-	8,406,135
Share issue costs	(520,971)	-	-	(520,971)
Balance at 31 December 2007	7,885,164	1,852,903	(1,667,033)	8,071,034

	Attributable to equity holders			Total Equity \$
	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	
Balance at 1 July 2008	7,901,657	2,237,719	(2,709,890)	7,429,486
Conversion of options	2,500	(255)	-	2,245
Loss for the period	-	-	(1,209,906)	(1,209,906)
Balance at 31 December 2008	7,904,157	2,237,464	(3,919,796)	6,221,825

The accompanying notes form part of this interim financial report.

Interim Consolidated Cash flow statement For the half-year ended 31 December 2008

	01/07/2008 to 31/12/2008 \$	02/04/2007 to 31/12/2007 \$
Cash flows from operating activities		
Payments to suppliers and employees	(600,807)	(501,564)
Interest received	89,862	38,371
Net cash used in operating activities	<u>(510,945)</u>	<u>(463,193)</u>
Cash flows from investing activities		
Payment for capitalised mineral acquisition costs	(54,430)	(360,000)
Payments for investments in associates	(500)	-
Payments for property, plant and equipment	(15,200)	(27,629)
Net cash used in investing activities	<u>(70,130)</u>	<u>(387,629)</u>
Cash flows from financing activities		
Proceeds from issues of equity securities	-	6,887,385
Proceeds from the issue of options	16,605	-
Payment for share issue costs	-	(274,960)
Net cash provided by financing activities	<u>16,605</u>	<u>6,612,425</u>
Net increase in cash and cash equivalents	(564,470)	5,761,603
Effects of exchange rate on cash and cash equivalents	48,153	-
Cash and cash equivalents at the beginning of the period	4,893,840	-
Cash and cash equivalents at the end of the period	<u>4,377,523</u>	<u>5,761,603</u>

The accompanying notes form part of this interim financial report.

Condensed notes to the interim financial statements For the period ended 31 December 2008

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Nex Metals Explorations Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Profit/(Loss) for the half-year

The following revenue and (expense) items are relevant in explaining the financial performance for the interim period:

	31.12.2008	31.12.2007
	\$	\$
Share Based Payments		
Issue of options to Directors	-	1,278,900

3. Contributed Equity

Movements in share capital during the half-year ended 31 December 2008 were as follows:

		No of Shares	Issue Price	\$
01/07/2008	Opening Balance	76,843,292		7,901,657
01/09/2008	Reconciliation amendment	220,000	\$0.25	-
01/09/2008	Conversion of Options	10,000	\$0.25	2,500
		<u>77,073,292</u>		<u>7,904,157</u>

4. Segment Reporting

The Company operates predominantly in one geographical segment, being Western Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are employed for this purpose. The Company is in the process of reviewing potential overseas projects, particularly in Laos. At balance date there were no material assets or liabilities attributable to these overseas segments, other than the payment of a deposit relating to the acquisition of projects in Laos, totaling \$54,430. This amount is shown as an other financial asset at balance date.

5. Contingent Liabilities

Certain of the mining tenements to be required by the Company may be subject to native title applications. At this stage, it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

6. Subsequent events

There are no matters or circumstances that have arisen since 31 December 2008 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

For personal use only