



31 July 2009

## Quarterly Report

### Fourth Quarter

### Period Ending 30 June 2009

The Directors of Nex Metals and Explorations Ltd. (Nex or the Company) are pleased to report on the company's activities for the June quarter 2009.

#### Highlights

- Nex Acquires 100% of the Kookynie Gold Project from FMR Investments (FMR).
- Diamond Drilling commences at the Yundamindera Gold Project.
- Sampling of Battery Sands at Yundamindera
- Production of surface and subsurface Digital terrane models for Landed at Last gold mineralisation Yundamindera.
- Production of ore body models for Landed at Last Yundamindera.
- Continued divestment of grass roots tenements.

#### Kookynie Gold Project

Nex assumed 100% control over 70 mining, prospecting, exploration, miscellaneous and general purpose leases in Kookynie, 200 kilometres north of Kalgoorlie on the bitumised Goldfields Highway.

The tenement package was purchased for consideration of \$150,000 cash and the issue to FMR investments of 7.8 million shares (escrowed for 6 months).

This is an exciting project with a very large dataset and close spaced drilling. The significant historical gold estimates, reported on the 10/06/2009, cannot be classified as JORC resources because of the pre-digital nature of the drilling and the lack of QA QC data.

#### Kookynie Gold Project Highlights;

- The Kookynie Gold Project includes 12 deposits with significant historical gold estimates (NON-JORC) as reported to the ASX 10th June 2009. Please refer to the website.
- The Kookynie Gold Project is in proximity to 7 major gold deposits aggregating 24 million ounces of gold including Wallaby, Sons of Gwalia and Tarmoola.
- The project contains approximately 70 sq km of tenements located within 40km South East of Leonora and with over 40km of cumulative strike of prospective geology.
- The Butterfly open pit was mined to approximately 25 metres by Sons of Gwalia (2003) with some remnant 25 vertical metres of low strip ratio ore immediately available within the 55metre pit design.



- Digital (Microsoft Access) drilling database with 15,400 drill holes comprising approximately 350,000 assays in Surpac Mining Software convertible to all major mining packages.
- Additional to this is a large pre-digital database that is being incorporated.
- Over 673,000 ounces of historical gold production from the Kookynie district (refer Table 1) with more than 50% of this production from the Cosmopolitan Gold Mine. The Cosmopolitan Gold Mine produced 312,000 ounces of gold to 350m vertical depth @ 16 g/t prior to 1912.
- The mineralised strike length of the Cosmopolitan structure is 1.5km.
- The Cosmopolitan mineralisation remains open to the north (Cumberland) and south (Diamantina) along strike and has not been drill tested beneath the historical mine.
- Under-explored project area with only 127 holes deeper than 120 metre.
- In addition to the numerous resources, the Kookynie project also includes accommodation facilities, a functional bore field and the remnants of the 1.2MT/a gold treatment plant put on care and maintenance in 1997.

The Board of Nex Metals believe that the acquisition of the Kookynie Gold Project, provides the shareholders with a first class investment in the gold mining industry of Western Australia. Further, this 100% owned gold project provides the company with 6 different significant gold producing locations (refer Figure 2).

Preliminary indications indicate a realistic opportunity for Nex to enter into the ranks of low-cost gold producer within the 09/10 financial year.

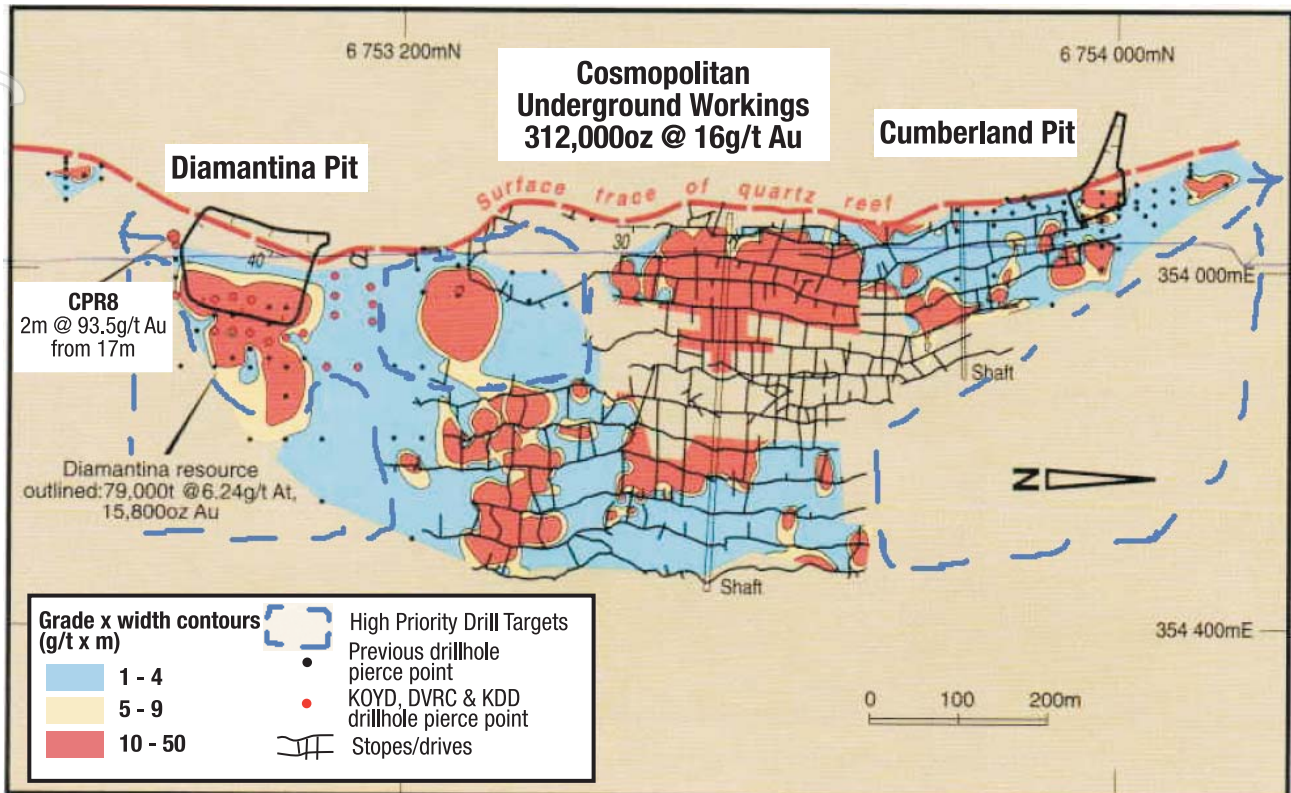


Figure 1 - The Historic Cosmopolitan Goldmine Plan and Long Section

Table 1 Kookynie project – Historical gold production and main producers

	Ore treated (t)	Gold produced (oz)	Recovered grade (g/t Au)
<b>Kookynie Mining Centre</b>	<b>785,917</b>	<b>411,475</b>	<b>16.28</b>
Cosmopolitan	607,387	311,834	15.97
Altona	29,917	19,492	20.26
Champion	60,527	33,758	17.35
Batavia (Brittania)	24,035	23,124	29.92
Lubra Queen	8,020	3,960	15.36
McTavish	6,320	5,960	29.33
<b>Niagara Mining Centre</b>	<b>103,153</b>	<b>60,764</b>	<b>18.32</b>
Orion	24,381	12,770	16.29
W.E.G.	7,818	3,700	14.72
Missing Link	7,557	3,539	14.57
Challenge	4,295	2,945	21.33
<b>Tampa Mining Centre</b>	<b>60,387</b>	<b>27,470</b>	<b>14.15</b>
Golden Butterfly	31,115	8,133	8.13
Fortuna	2,006	2,293	45.32
Grafter	1,874	2,859	47.45
<b>Desdemona Mining Centre</b>	<b>12,252</b>	<b>8,450</b>	<b>21.45</b>
Desdemona	7,418	6,418	26.91
<b>Yundamindera</b>	<b>73,000</b>	<b>44,593</b>	<b>19.00</b>
<b>Orient Well / SOG</b>	<b>1,800,000</b>	<b>111,450</b>	<b>1.90</b>
<b>TOTAL</b>	<b>2,834,709</b>	<b>664,202</b>	<b>7.27</b>

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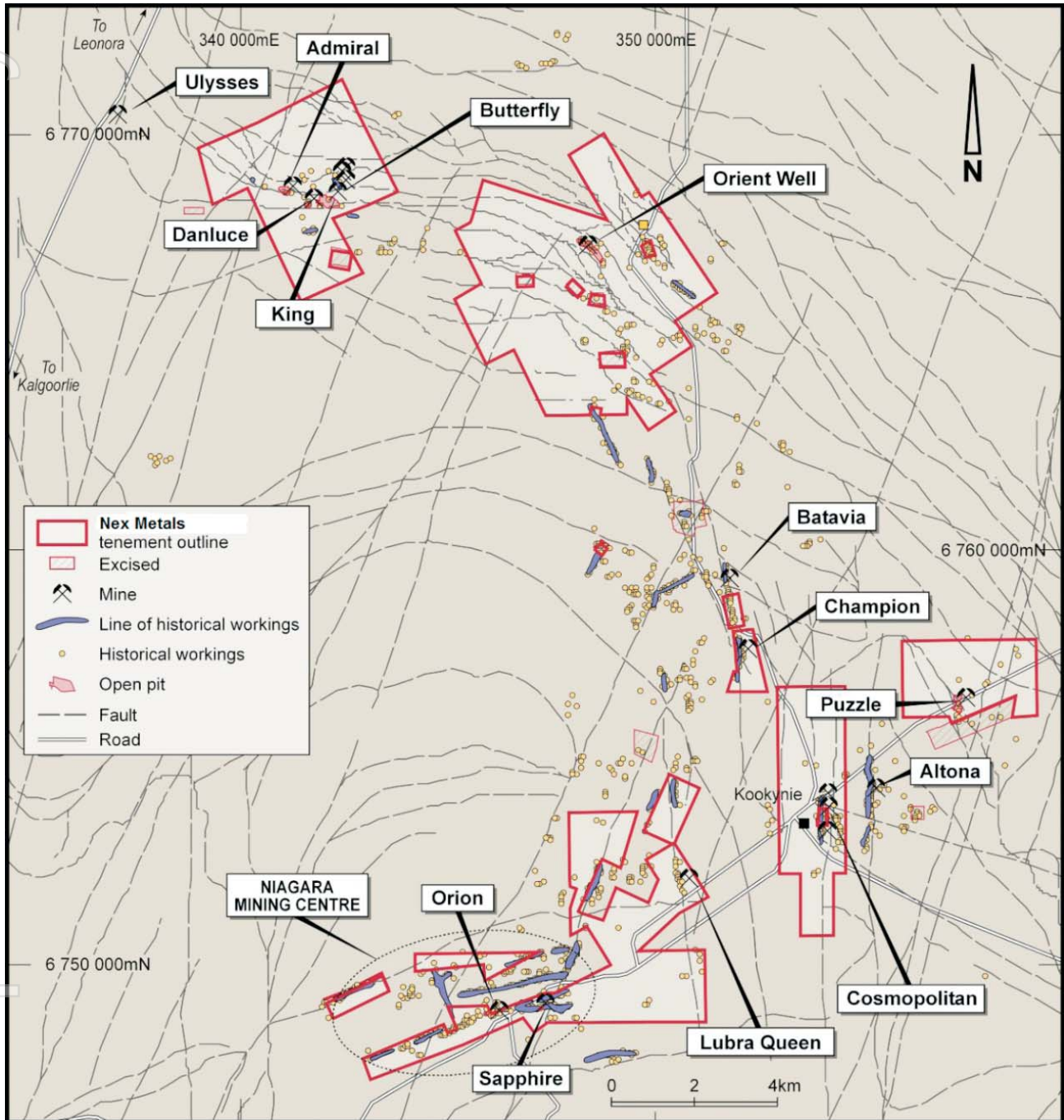


Figure 2 - Location of the Nex Metals Kookynie Gold Project

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## Yundamindera

### Diamond Drilling

During June 2009, Nex completed a program of 2 larger PQ sized exploratory diamond drillholes at the Yundamindera Gold Project,

The drilling is multipurpose:

- Firstly exploratory in confirming the location of the mineralisation,
- Secondly to provide a good sized core for examination of the lithologies and structures carrying gold,
- Lastly to provide enough core for metallurgical evaluation in the high grade, medium grade and sub grade mineralised zones.

The 2 holes drilled comprised a total depth of 80 metres within the oxide zone. Visual inspection of the core has confirmed the intersection of the target areas, and lab work has started.

The samples have been sent to Ammtec in Balcatta, consultant metallurgists, for seising and column testing analysis for gold recovery.

### Sampling of Battery Sands at Yundamindera

A total of 50 samples were taken from the Yundamindera Battery Sands dump which contains an estimated 50,000 to 70,000 tonnes. The results are displayed in the table overpage.

The Yundamindera  
Battery sands





**Table 2 Yundamindera Battery Sands - Fire Assay Results from Samples**

Sample ID	Au 0.01 ppm	AuR 0.01 ppm	Sample ID	Au 0.01 ppm	AuR 0.01 ppm	Sample ID	Au 0.01 ppm	AuR 0.01 ppm
YS01	0.33		YS19	0.8		YS37	1.49	
YS02	0.34		YS20	0.99		YS38	3	
YS03	0.35		YS21	2.87		YS39	0.99	
YS04	1.18		YS22	2.51	2.45	YS40	3.22	
YS05	0.31		YS23	1.52		YS41	1.81	
YS06	0.27		YS24	0.77		YS42	1.56	
YS07	0.78		YS25	0.77		YS43	1.61	
YS08	0.34		YS26	4.48		YS44	1.53	1.73
YS09	0.66		YS27	0.61		YS45	0.82	
YS10	0.79		YS28	0.71		YS46	1.17	
YS11	0.88	0.95	YS29	0.54		YS47	1.23	
YS12	0.91		YS30	1.44		YS48	2	
YS13	0.95		YS31	1.99		YS49	2.83	
YS14	2.73		YS32	1.05		YS50	2.28	2.32
YS15	0.82		YS33	0.87	0.67			
YS16	0.87		YS34	1.04			<b>1.3626</b>	
YS17	1.2		YS35	0.71			<b>Overall Av. g/t</b>	
YS18	1.4		YS36	3.81				

**Production of surface and subsurface Digital Terrane Models (DTM) and Ore Body Models (OBM) for the Landed at Last gold mineralisation Yundamindera.**

Nex have currently initiated a study by Golder Associates Perth, consultant engineers, to complete a pit design and ore schedule for the mineralisation at Landed at Last Yundamindera.

The surface DTM is for obvious reasons however the sub surface DTM is for the less obvious base of the oxide zone. Nex geologists spent many weeks re-logging the drill cuttings, that are still preserved on site, to ascertain the depth of the oxide zone which will therefore define the depth of the initial oxide open pit.

Golder Associates have this information and are now working to produce a first pass mining schedule with which to ascertain possible mining costs for a feasibility study.

Nex geologists also produced detailed ore body shapes, using in house Surpac Mining Software, for the mineralisation trends, tonnes and grades.

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## Other Projects

Nex is continuing a critically assessment / rationalisation of all tenements and other opportunities outside the Kookynie focus area.

Large, expensive to maintain, exploration leases at Collurabbie and Round Hill have been evaluated by senior consultant geologists, and deemed to be too green-fields for this economic climate.

Nex continues to focus on obtaining and maintaining gold production from the Kookynie district, in particular from its 100% owned former FMR Investments Kookynie leases.

## Overseas Projects

Laos – In light of the decline in the copper price, Nex is reviewing the actual viability of proceeding with the area known as “Area 81”

### 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.*