



31 July 2010

## Quarterly Report

### Fourth Quarter

### Period Ending 30 June 2010

The Directors of Nex Metals Explorations Ltd. (Nex or the Company) are pleased to report on the company's activities during the June quarter 2010.

#### Highlights

- Resource increase for the Kookynie Gold Project 20.19 Mt for 632,000 ounces Mineral Resource Estimate.
- Nex development plans for Phase 1 of the Kookynie Gold Project have been approved by both the Department of Mines and Petroleum (DMP) and the Department of Environment and Conservation (DEC).
- Costings and suppliers are being finalised prior to the start of earth moving at the Phase 1 Laterite Gold Dump Leach.
- Phase 2 in-house desk top studies have been started to better understand the nature of Gold mineralisation at the Admiral-Butterfly (328,000 oz) and Orient Well Main (165,000 oz) gold mineralised areas. These studies are required to plan a drilling program which the Directors believe should significantly enlarge the resource base.

During the Quarter the pre-eminent focus of the Company has been to methodically tick off the issues involved with getting into gold production at its flagship Kookynie Gold Project (KGP).

The KGP is excellently located 200 kilometres north of Kalgoorlie on the Northern Goldfields Highway.

Nex Metals has also increased the Mineral Resource Estimate for the Kookynie Gold Project to **20.19 million tonnes for 632,000 ounces of gold.**

The estimates were completed by Hellman and Schofield Pty Ltd. The directors believe there is huge potential to expand on this resource base as there are only approximately 120 holes drilled deeper than 120 vertical metres and most resources are open at depth and along strike.





**Table 1 Kookynie Gold Project Mineral Resource Estimate**

**Phase 1 - Resource summary at a 0.25g/t cut-off grade**

Material Type	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces
Orient Well Laterite	-	-	-	0.67	0.53	11,000	1.17	0.4	15,000	1.84	0.5	27,000
Double J Laterite	-	-	-	0.17	0.51	3,000	0.67	0.5	10,000	0.84	0.5	13,000
<b>Laterite Resources Subtotal</b>	-	-	-	<b>0.84</b>	<b>0.52</b>	<b>14,000</b>	<b>1.84</b>	<b>0.4</b>	<b>25,000</b>	<b>2.68</b>	<b>0.5</b>	<b>40,000</b>

**Phase 2 - Resource summary at a 0.50g/t cut-off grade**

Material Type	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces
Admiral	1.39	1.19	53,000	1.31	1.18	49,000	0.50	1.1	17,000	3.20	1.2	120,000
Butterfly	-	-	-	1.85	1.12	67,000	0.86	1.0	27,000	2.71	1.1	94,000
Clarke	-	-	-	0.68	1.18	26,000	0.13	0.9	4,000	0.81	1.1	29,000
Red Lake	-	-	-	0.15	1.33	6,000	0.20	1.2	8,000	0.35	1.2	14,000
King	-	-	-	1.48	0.80	38,000	0.15	0.7	3,000	1.63	0.8	42,000
Danluce	-	-	-	0.48	1.01	16,000	0.13	0.9	4,000	0.61	1.0	20,000
<b>Butterfly Project Areas Subtotal</b>	<b>1.39</b>	<b>1.19</b>	<b>53,000</b>	<b>5.95</b>	<b>1.06</b>	<b>202,000</b>	<b>1.97</b>	<b>1.0</b>	<b>63,000</b>	<b>9.31</b>	<b>1.1</b>	<b>319,000</b>
Orient Well Main	-	-	-	4.15	1.03	137,000	0.84	1.0	28,000	4.99	1.0	165,000
Orient Well East	-	-	-	0.26	0.86	7,000	0.15	0.9	4,000	0.41	0.9	11,000
<b>Orient Well Project Areas Subtotal</b>	-	-	-	<b>4.41</b>	<b>1.02</b>	<b>144,000</b>	<b>0.99</b>	<b>1.0</b>	<b>32,000</b>	<b>5.40</b>	<b>1.0</b>	<b>176,000</b>
Puzzle Deeps	-	-	-	1.93	0.93	58,000	0.76	0.9	23,000	2.70	0.9	81,000
<b>Puzzle Deeps Subtotal</b>	-	-	-	<b>1.93</b>	<b>0.93</b>	<b>58,000</b>	<b>0.76</b>	<b>0.9</b>	<b>23,000</b>	<b>2.70</b>	<b>0.9</b>	<b>81,000</b>

**Phase 3 - Resource summary at a 0.50g/t cut-off grade**

Material Type	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces	Mt	Au g/t	Ounces
Diamantina Deeps	-	-	-	0.04	5.47	8,000	0.05	5.0	8,000	0.10	5.2	16,000
Dianamtina Deeps Subtotal	-	-	-	0.04	5.47	8,000	0.05	5.0	8,000	0.10	5.2	16,000
<b>Combined Kookynie Projects Total</b>	<b>1.39</b>	<b>1.19</b>	<b>53,000</b>	<b>13.17</b>	<b>1.00</b>	<b>426,000</b>	<b>5.61</b>	<b>0.8</b>	<b>151,000</b>	<b>20.19</b>	<b>1.0</b>	<b>632,000</b>

*Note: Figures above may not sum due to rounding.*

*Significant figures do not indicate an added level of precision.*

*Assumed bulk density values ox=1.8, tr=2.1 fr=2.7.*

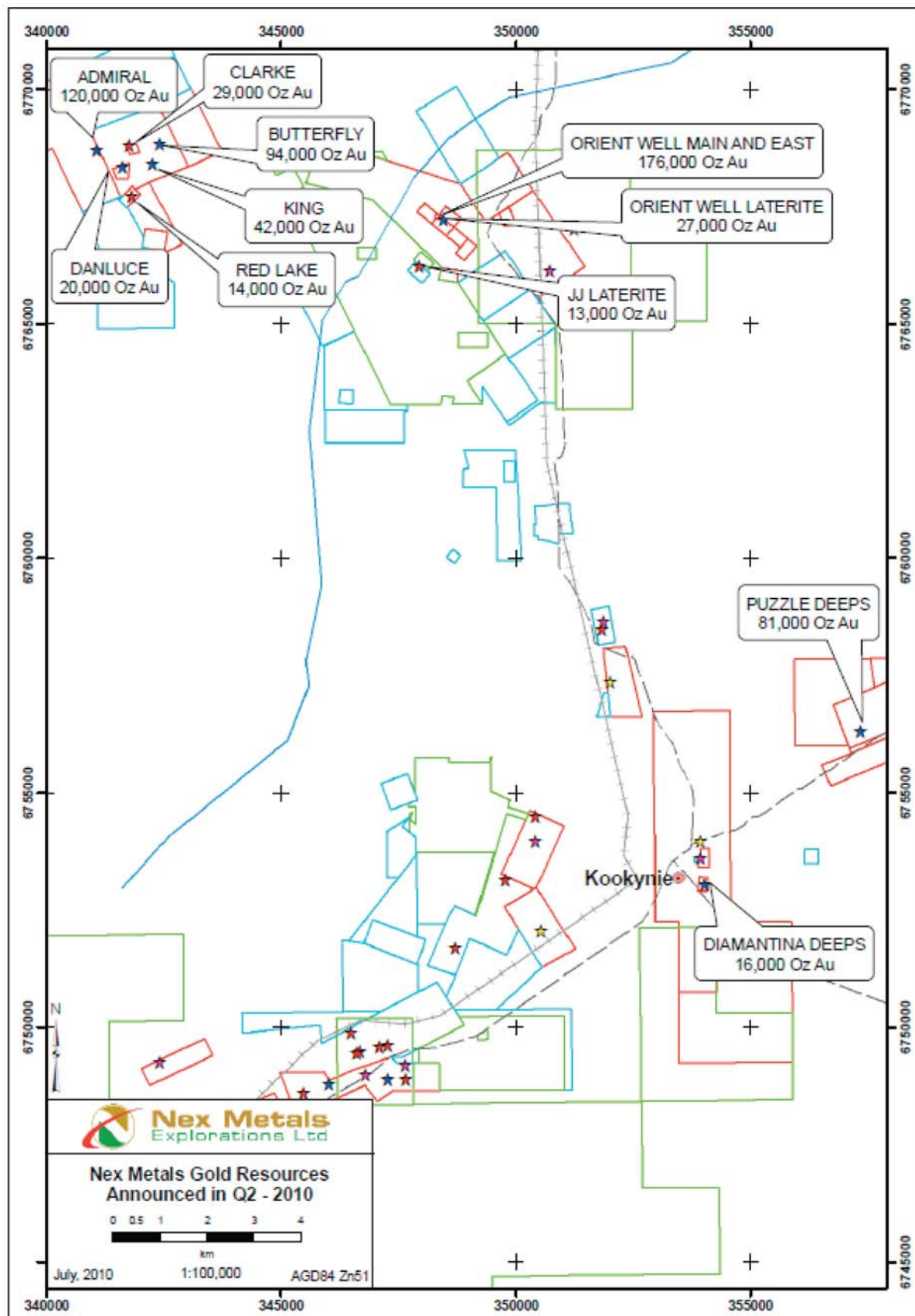
*Limited recovery and supportive QAQC.*

*Well defined geological continuity.*





Figure 1 Resource Location Diagram for the Kookynie Gold Project.







Nex's development plans for Phase 1 of the Kookynie Gold Project have been approved by both the Department of Mines and Petroleum (DMP) and the Department of Environment and Conservation (DEC).

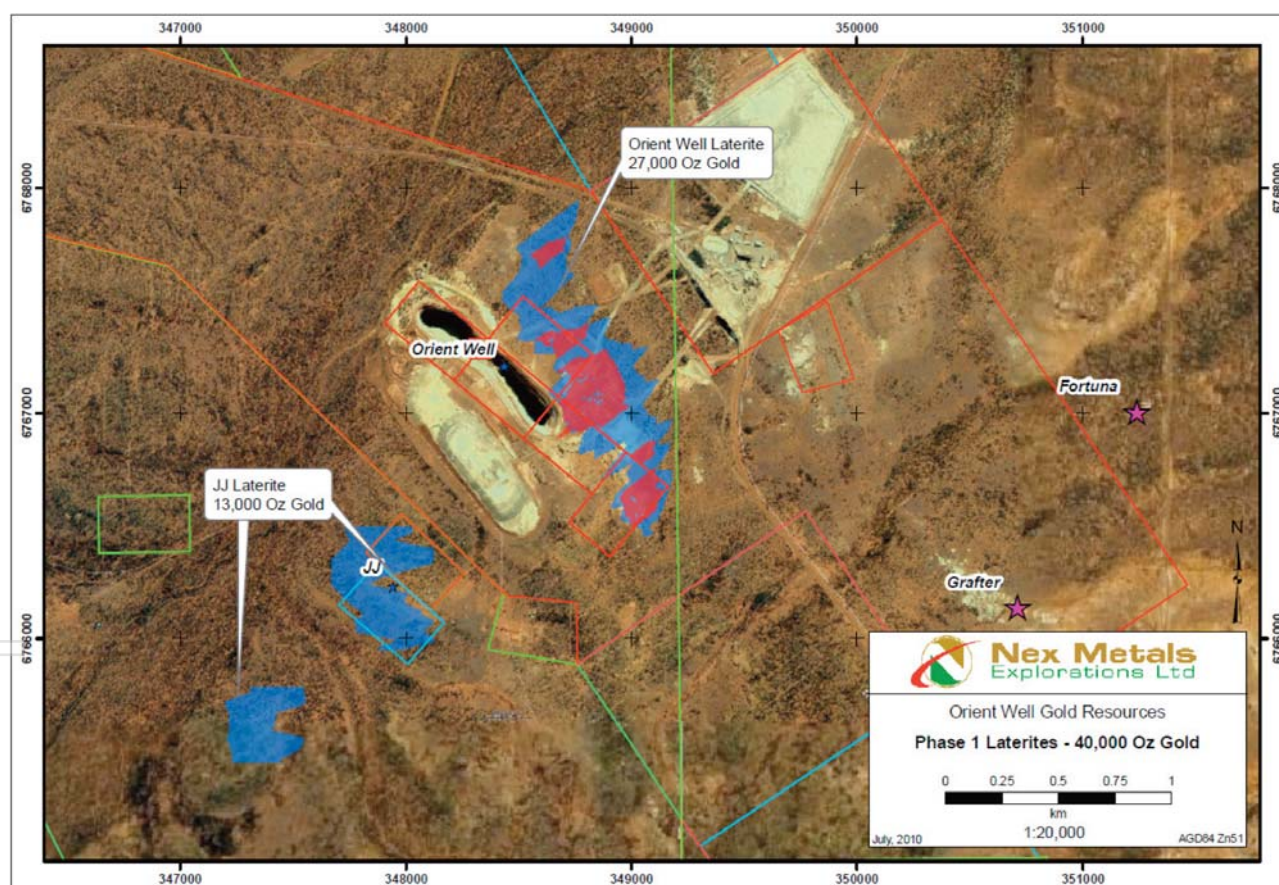
The Kookynie Gold Project - Phase 1 is a laterite gold dump leach. Nex currently has 40,000 ounces in mineral resource estimates covering the area shown in fig 1 to a depth of less than 8 metres.

The gold ore is contained within a friable iron laterite which boasts excellent metallurgical stacking and grade recovery characteristics.

The resources at Double J, to the south, are still open and require additional drilling which will occur when dump leach gold production is up and running.

Construction and earthmoving equipment should arrive onsite by the end of July 2010.

**Figure 2 Orient Well Laterite Resource Layout.**







## Resource Evaluation - Admiral Butterfly area.

The Admiral-Butterfly project area produced gold from four open pits comprising the Admiral, Butterfly, King and Danluce pits as well as historic underground production from Clarke; these deposits lie within a 1 km radius. This 1 km radius also includes the Red Lake deposit which has seen considerable historic drilling. The historic data set has allowed Nex Metals to calculate existing resources for these six deposits totaling 9.31 Mt averaging 1.1 g/t Au for 319,000 ounces of gold within the measured, indicated and inferred categories. Past explorers of the area have coarsely explored the intervening areas between these deposits with shallow drilling rarely exceeding 30 vertical metres; much of this shallow work reported anomalous gold grades. Nex has recognized the potential of connecting these deposits given new interpretations of the structural geology, a strong gold price, indications of shallow gold mineralisation in the historic work and the paucity of past exploration below 30 vertical metres.

**Figure 3 shows all drill holes in the area drilled to greater than 35 metres depth, colour coded based on the best gold assay returned from the hole. Black lines help outline the current working model of some of the structures in the area.**

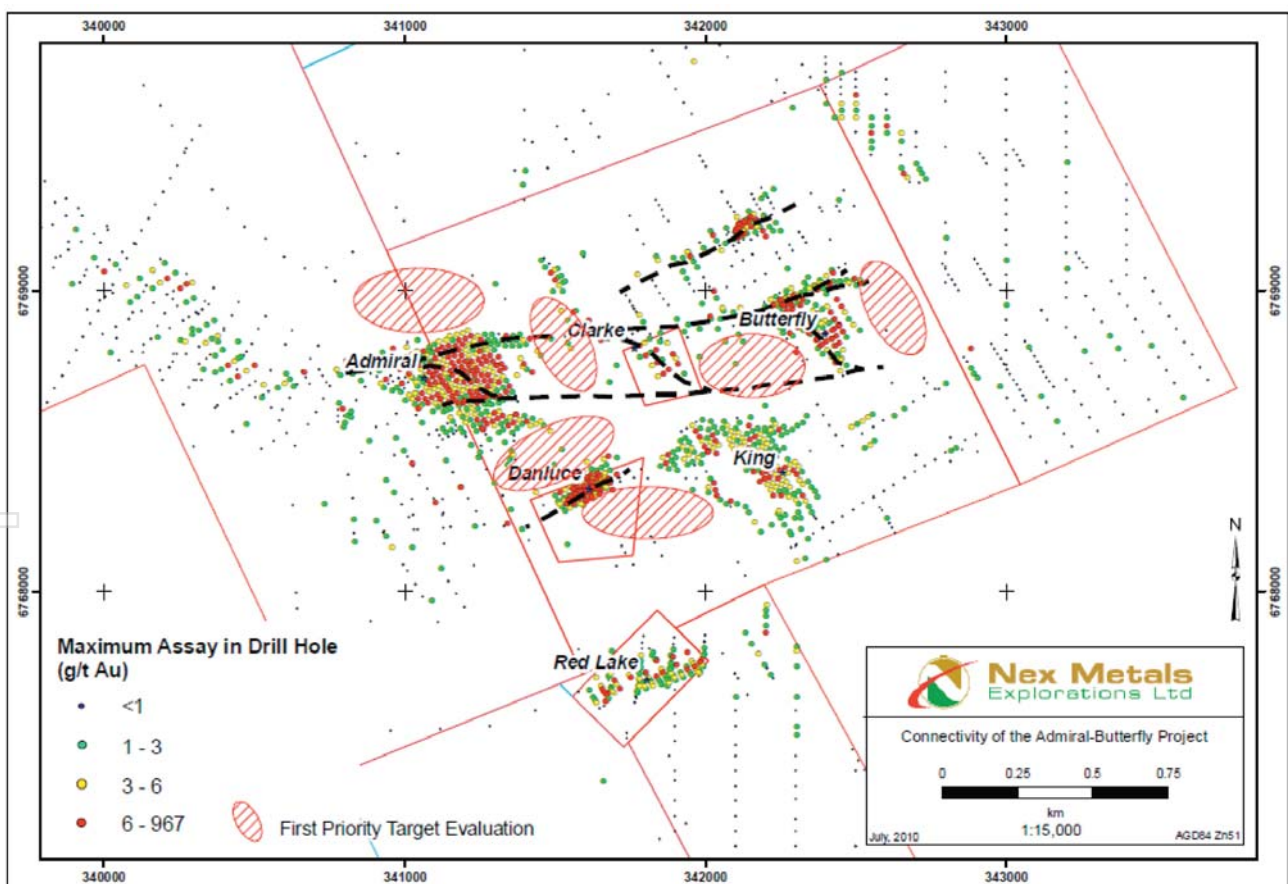


Figure 3 shows that there is an obvious lack of drilling testing depths greater than 30 vertical metres in the regions between the known deposits. Note the number of exploration holes which have been drilled to more than 35 metres and returned anomalous gold levels. Also note the lack of closure on mineralisation at the existing pits where abundant gold is still noted at the extent of drilling. This map underscores the massive potential that exists to connect mineralisation between the historically mined deposits and potentially represents a large, bulk mineable gold asset.





The key elements of the gold mineralisation in the Admiral-Butterfly project area appear to be shear zones and their interaction with the sub-vertical dolerites/mafic volcanic rocks. The rheological contrasts between the mafics and dolerites would dictate that the mafic rocks would take up the majority of strain during deformation, not necessarily conducive to gold mineralisation.

This rheological contrast would also force the dolerite to behave more brittle than ductile when deformation forces are exerted. This brittle behavior and consequent fracturing allows space for the formation of extensive quartz veining and the rapid deposition of gold. (The Dolerites are similar in chemical composition to the Dolerites of the golden mile).

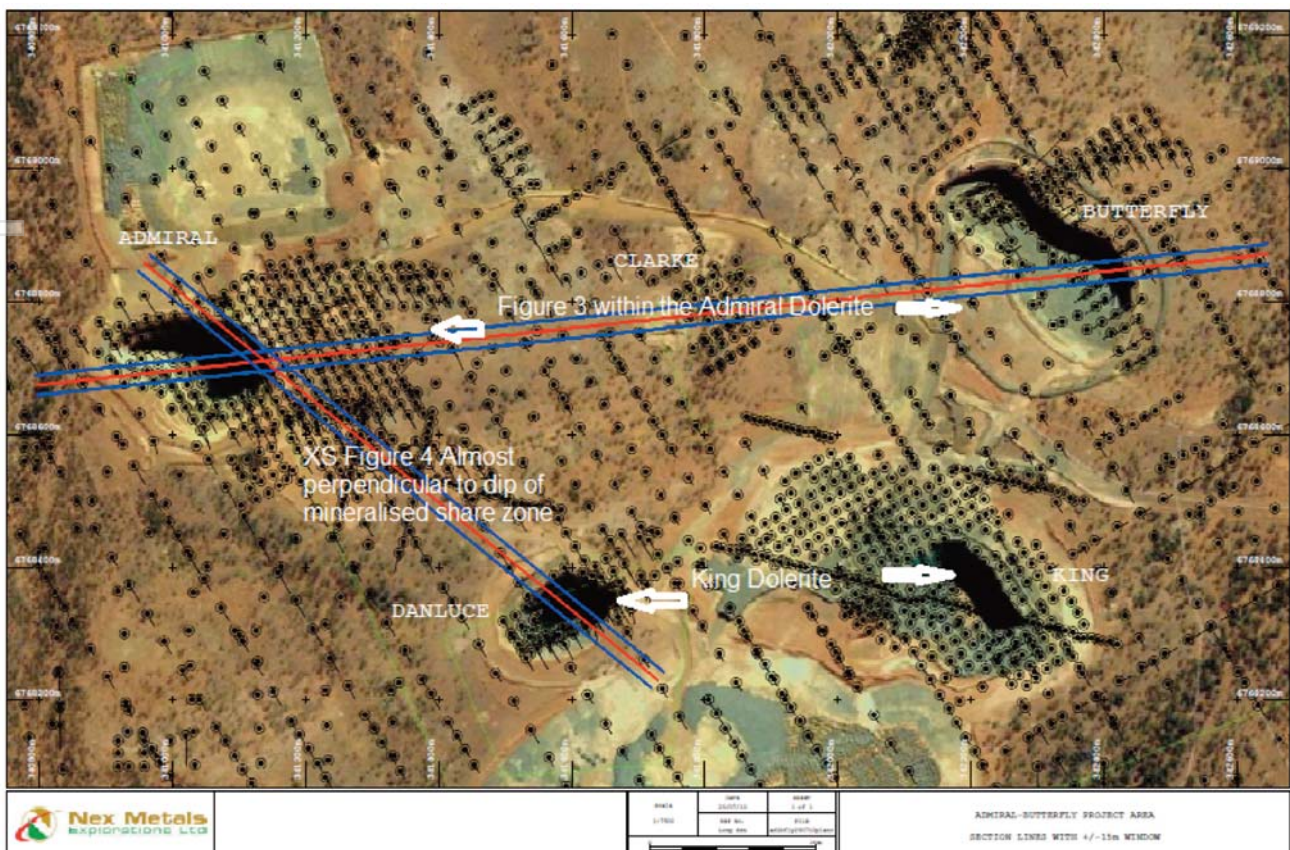
This rapid deposition and relatively abundant open space is likely the cause of the higher grade gold mineralisation noted in the dolerites over the mafic volcanic rocks. A series of parallel, east-west striking dolerites, predominantly the Admiral and King (refer fig 4), are present in the project area and host the majority of currently defined ounces. These dolerites are underexplored particularly in light of the current ideas Nex has regarding the structural history of the area.

Shear zones striking into the project area appear to change in attitude upon entry into the dolerite moving from a steep, NNW orientation into a shallow WNW orientation.

The gold bearing shear zones and associated quartz veins in the dolerite have dips averaging approximately 30 degrees (dipping towards the northeast) which could be shallowing to 15-20 degrees with depth (Figures 5&6).

The cross section through Admiral-Clarke-Butterfly and the almost long section through the Admiral-Danluce depict the shallow, north dipping mineralisation and show the largely untested areas between the deposits where the extents of known mineralisation are not determined.

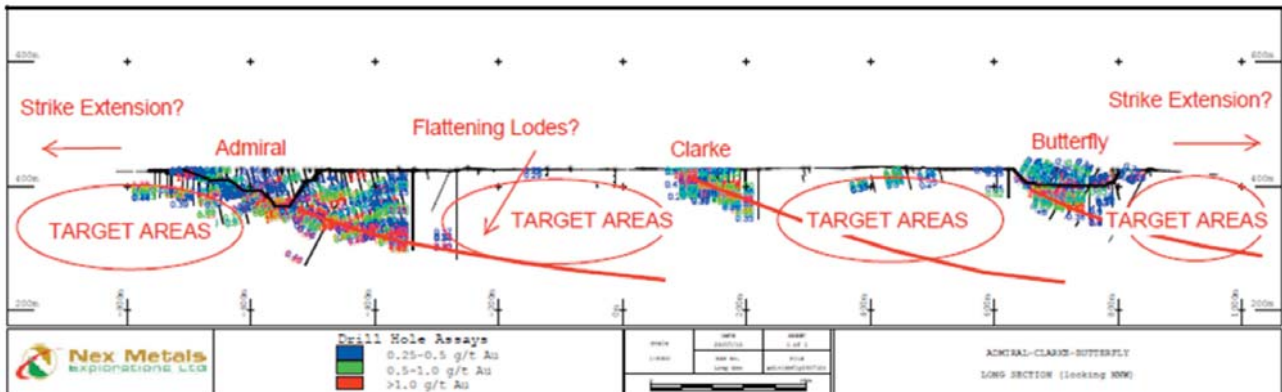
**Figure 4 Plan of the Admiral King Danluce Butterfly mineralisation and base plan for following cross sections.**



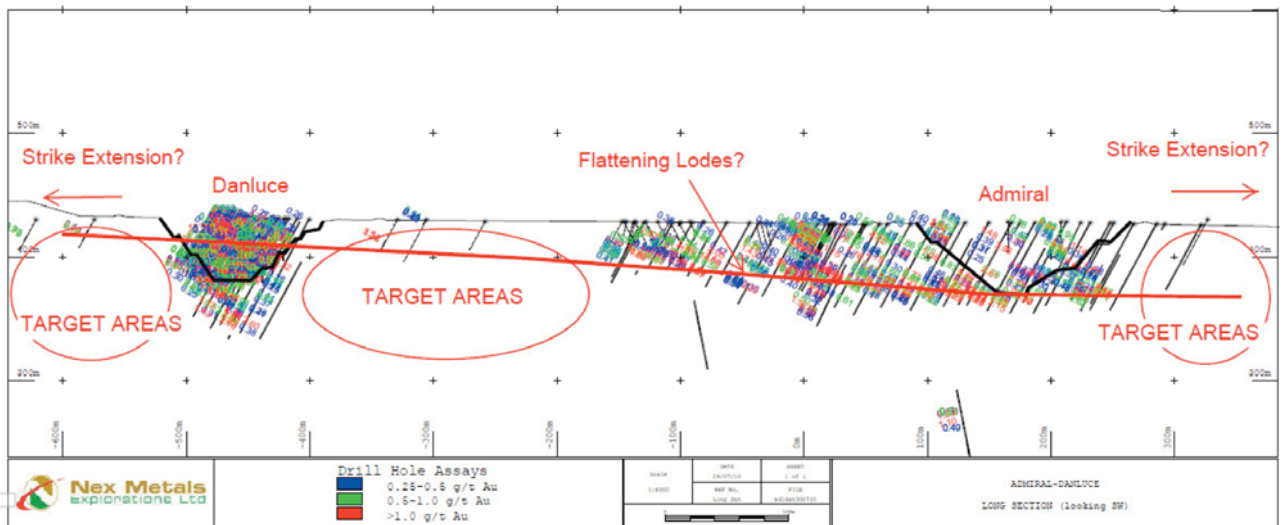




**Figure 5 Cross section within the Admiral Dolerite showing gold mineralisation (ref fig 4)**



**Figure 6 (Almost) Long section across the gold mineralized shear (location refer fig4)**



Excellent potential also exists for undiscovered mineralized shears that are parallel to those currently defined. Both sections show the shallow drilling between deposits commonly returned at least one assay exceeding 0.25 g/t Au, hinting at the potential of additional mineralization to be discovered.

The potential of plunging ore shoots exists where the shear zones intersect the contacts of the dolerites; this is a new idea still being evaluated with current data set. If present, they will represent another exciting target due to their inherently shallow plunges.

The Nex concept for the Admiral Butterfly area is all of the deposits connected into one large super pit. Data accumulation along with hypothetical resource and open pit optimisation studies will be run in the coming months to further develop drilling targets.

Drilling at the Admiral Butterfly will occur once the mining of Phase 1 has settled into a production pattern.

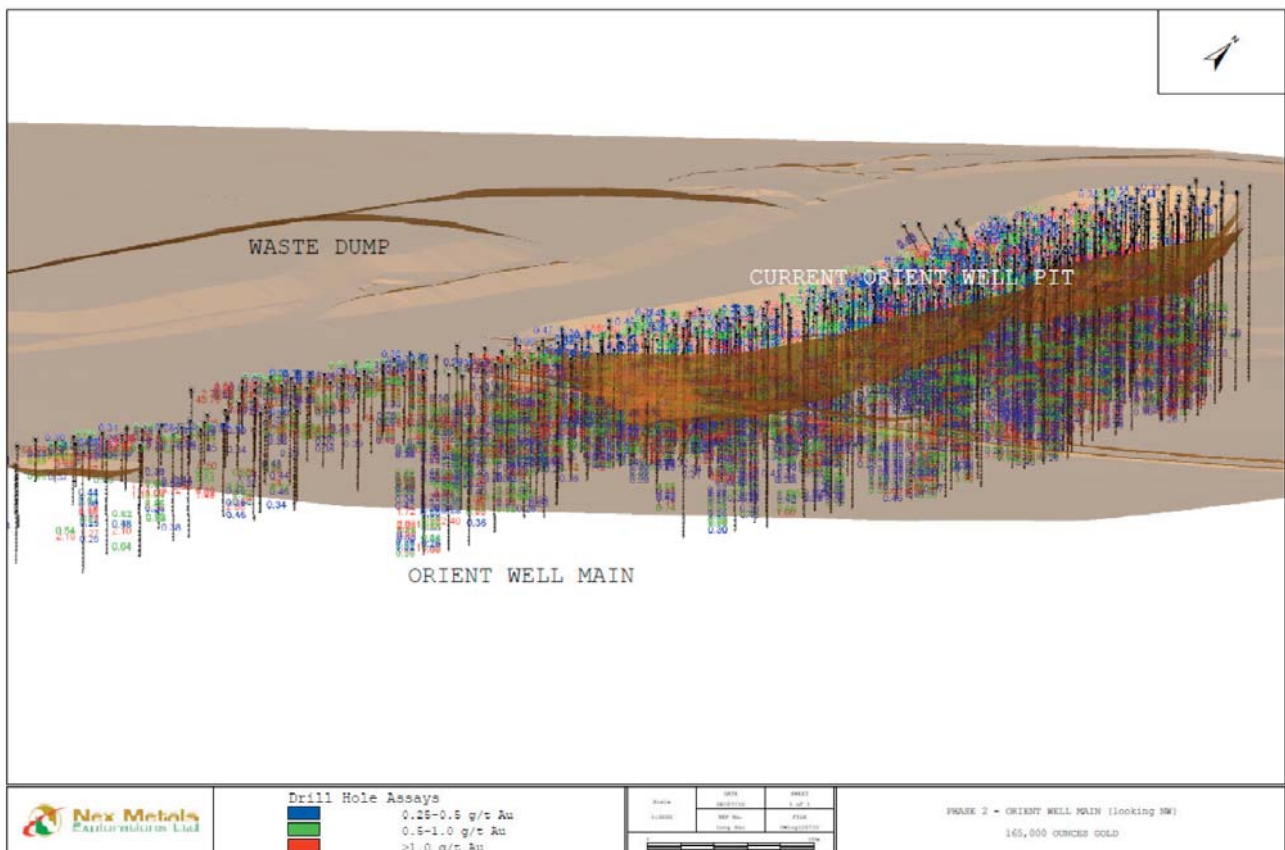




## Resource Development Orient Well Main

The Orient Well Main area has a Mineral Resource Estimate of 165,000 ounces of gold based on close spaced Reverse Circulation (RC) drilling.

**Figure 7 Oblique view of the Orient Well Main pit with drilling.**



The long sectional view displayed above in figure 7 is an excellent depiction of the Orient Well Main gold mineralisation.

Gold mineralisation at this prospect is stock work in nature and occurs within a WNW striking rhyolite which dips to the ENE @ approximately 70 degrees.

The gold mineralisation was previously mined as an open cut to approximately 50 metres depth over a strike length of roughly 800 metres. Mining was undertaken by Consolidated Goldfields Ltd. during the 1990's. At the time, the Australian dollar gold price fluctuated between \$220 and \$340.





**Figure 8 A typical cross section in the north end of the Orient Well Open Pit**

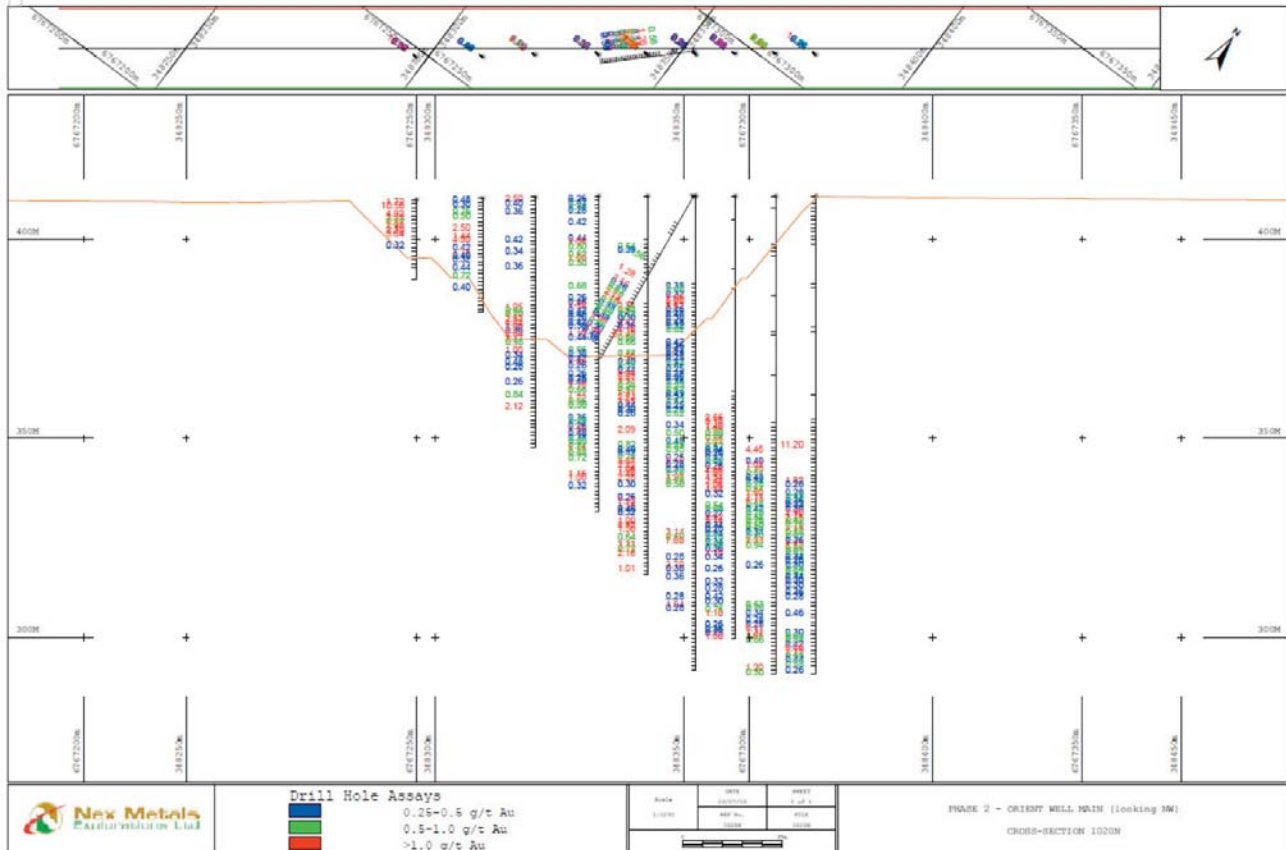


Figure 8 above, displays the excellent continuity of ore beneath the existing open pit and along strike to the south. The cross sectional example of figure 4 is a graphic display of the real extent and continuity of the gold mineralisation.

Although of relatively low gold tenor the ore zone displays excellent continuity over a true thickness of 50 metres and a horizontal width of 75 metres.

Of note in the cross section above, the drilling did not completely define the foot wall gold mineralisation.





Figure 9 East Lode Orient Well Main and Orient Well Laterite Locations

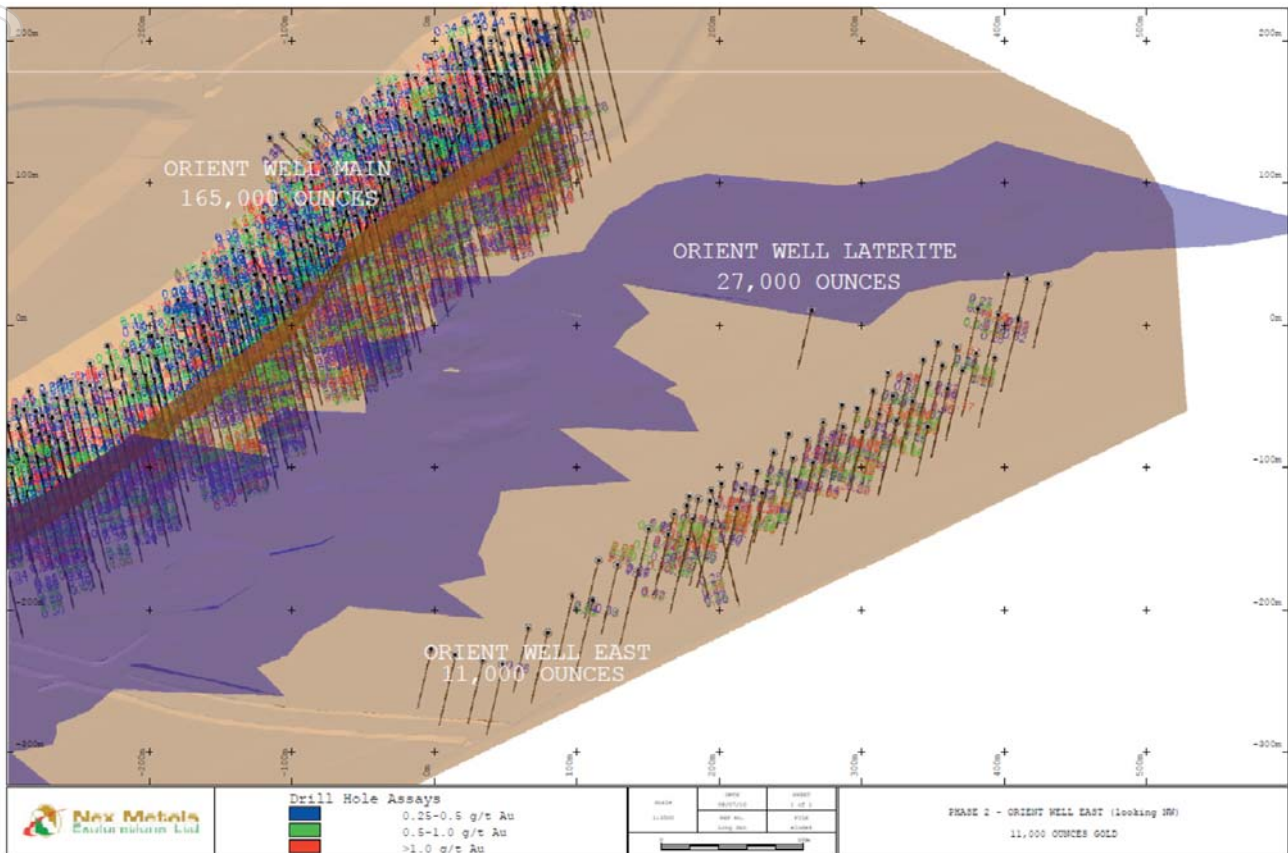
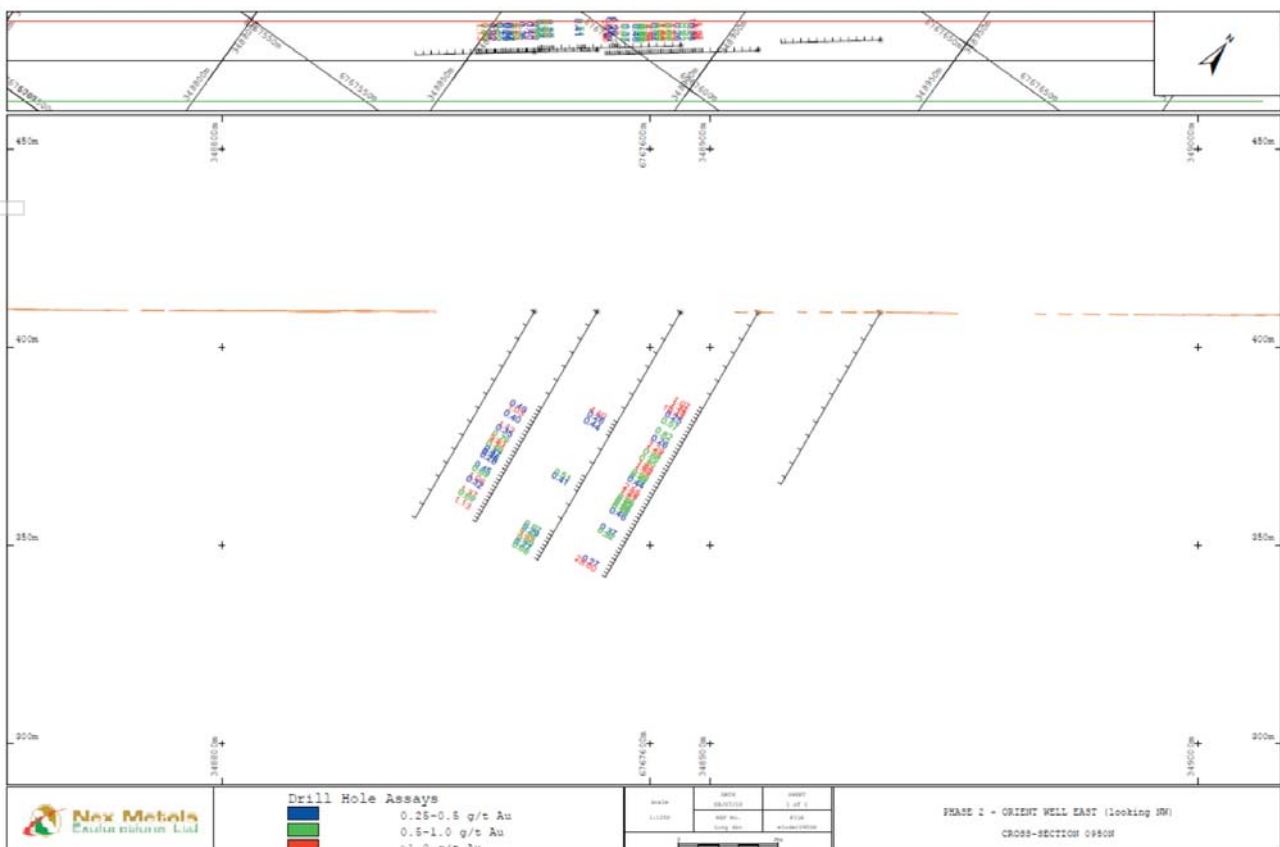


Figure 10 A typical Cross section of the Orient Well East Lode.







Shown above in Figures 9& 10 is the East lode. The East Lode is similar in nature to the Orient Well Main and located in the hanging wall. The gold mineralisation is open at depth and along strike also.

Nex plans to run a number of open pit optimisations on the existing drilling and complete some detailed metallurgy on the Orient Well Main gold mineralised rock in the coming quarters, once the Phase 1 Dump Leach gold project is operational.

***For Further details please contact***

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

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

***Responsibility Statement***

*The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and Mr Edd Prumm who is a full time employee of the Company. Mr. Spiers and Mr Prumm have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are 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. Spiers and Mr Prumm consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.*

*Mr E Prumm the Technical Director and Exploration Manager of the Company is a Member of the Australasian Institute of Mining and Metallurgy, and the Australian Institute of Geoscientists, Mr Spiers is a Member of the Australian Institute of Geoscientists.*