Nex Metals
Explorations Ltd

ABN: 63 124 706 449

Financial Report
For the year ended 30 June 2010

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Thomas F Percy QC
Kenneth Allen
Horst Prumm
Kasit Phisitkul
Hock Hoo Chua

COMPANY SECRETARY

Kenneth Allen

PRINCIPAL OFFICE

Unit 2, 42 Terrace Road
EAST PERTH WA 6004

REGISTERED OFFICE

Unit 2, 42 Terrace Road
EAST PERTH WA 6004

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, NMEO

The directors of Nex Metals Explorations Ltd submit herewith the financial report for the financial year ended 30 June 2010.

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	
Horst Prumm	
Kasit Phisitkul	
Hock Hoo Chua	(appointed 13 September 2010)

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 Ltd – 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 Ltd – Non Executive Director – Appointed 12 February 2006, Resigned 10 March 2008, Reappointed 7 May 2009.

Horst (Edd) Prumm (Technical Director) B.Sc.
Edd is a Geologist and has been a member of the AUSIMM for more than 20 years. His understanding of orebody morphology and high motivation has resulted in a successful 24 year career in exploration and mining with Australian and International Mining Companies in Western Australia, Africa and South America. He has a broad experience base having worked with a variety of commodities including Gold, Tin, Tantalum, Industrial Minerals and Base Metals.

Edd is the owner operator of the Westonia Magnesite and also consults for Serabi Mining and Macrae Clough in Australia and overseas as the Principal Geologist.

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

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.

Principal Activities
The principal activity of Nex Metals Explorations Ltd is exploring for gold, copper and nickel.

Operating Result
The loss of the company after taxation for the year ended 30 June 2010 was $4,805,170 (2009 : $1,977,773).

Dividends Paid or Recommended
No dividends were paid during the year and no recommendation is made as to dividends.

Review of Operations

Kookynie

- Established a JORC-compliant gold inventory of 20.19 million tonnes for 632,000 ounces of gold.
- Determined a 55% gold recovery for the Orient Well Laterite Dump Leach with low reagent usage and indications that recoveries were increasing beyond the 90 day test period; preliminary metallurgy from the Butterfly open pit yielded an average recovery of 63% from a 25mm crush size indicating the potential of a heap leach extraction process for this ore.
- Drilling
    - RAB Drilling at the JJ Laterite– 1,301 metres in 188 holes, defined expandable resource
    - RAB Drilling at the Orient Well Laterite – 2924 metres in 378 holes, defined expandable resource
    - RC QA/QC Drilling at the Admiral – 599 metres in 8 holes, allowed 44% of Admiral Resource to be categorized as a Measured Resource
    - Diamond Drilling at Cosmopolitan – 3,134 metres in 10 holes, intersected mineralization 75 metres away from historic workings and returned 1.5 metres of 17.9 g/t in hole NXDD003
    - RC Drilling at Cumberland North – 816 metres in 7 holes, intersected quartz reef in 4 holes and returns 1 metre of 3.1 g/t
- Extensive field work included 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 to evaluate potential for heap leach gold extraction.
- Desktop studies included data entry and clean up of the extensive dataset.
- Conceptualized and evaluated the potential of a 'Super-Pit' scenario in the Admiral-Butterfly-King area in which the known deposits could be connected through under-tested zones of mineralization.
- Acquired additional mining, prospecting and exploration leases in the region to further consolidate Nex's dominant land position in the Kookynie area.

Figure 1. Resource estimate calculations from the Kookynie Gold Project released within the year ending June 30, 2010.

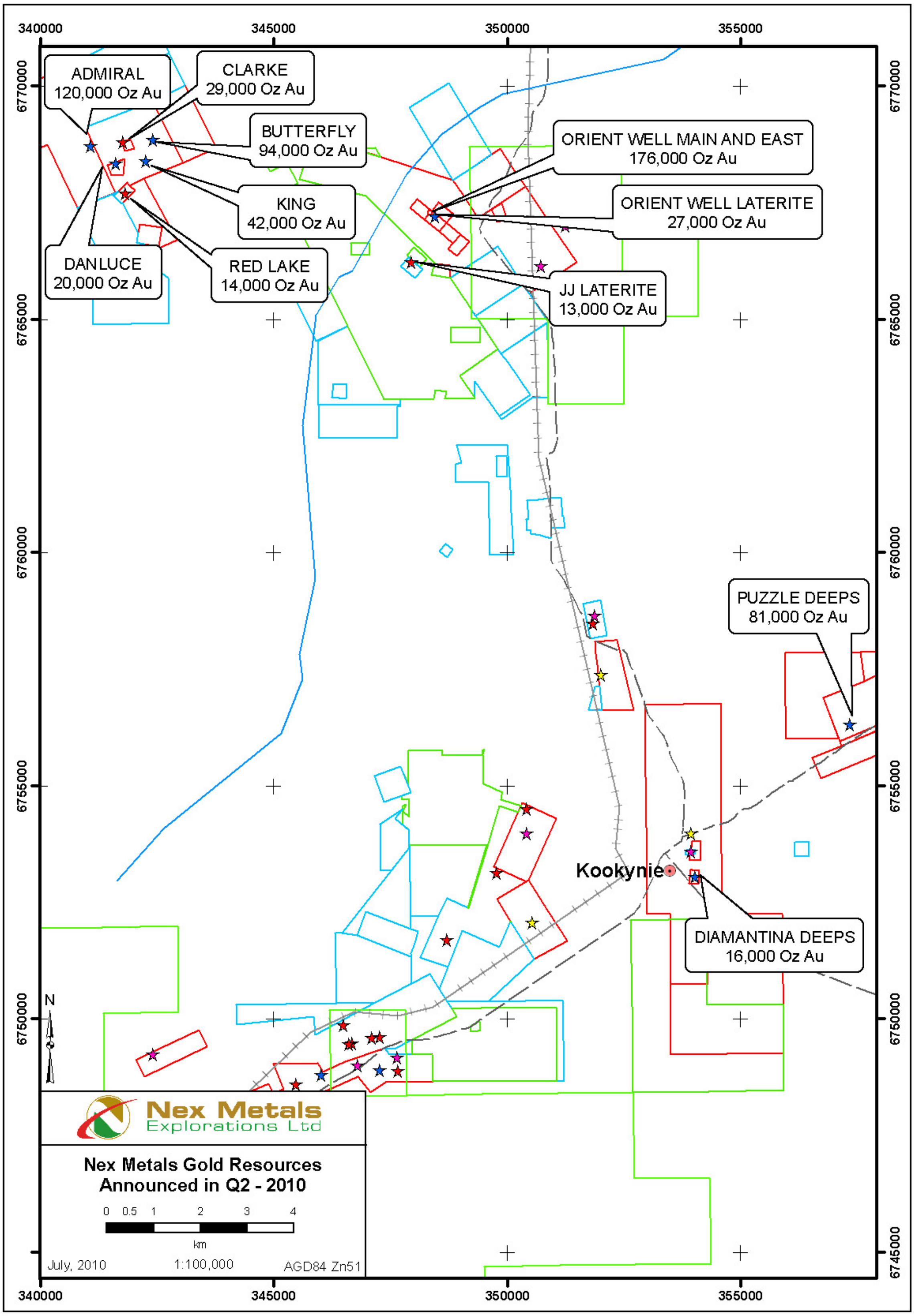


Figure 2. Historic drill highlights from the Admiral-Butterfly area depicting the paucity of drill testing below 35 metres between the historic open pits. The black, dashed lines represent the current structural interpretation of the dolerite-mafic volcanics interaction with through-going shear zones.

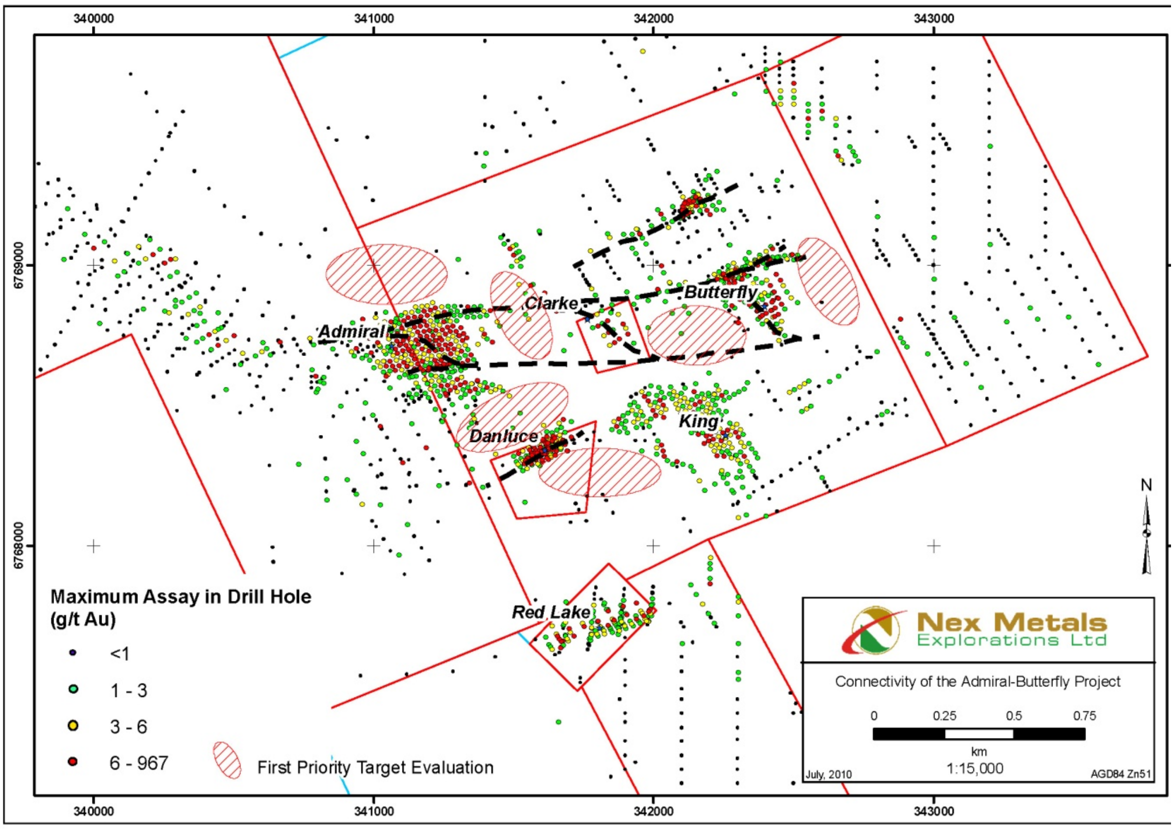
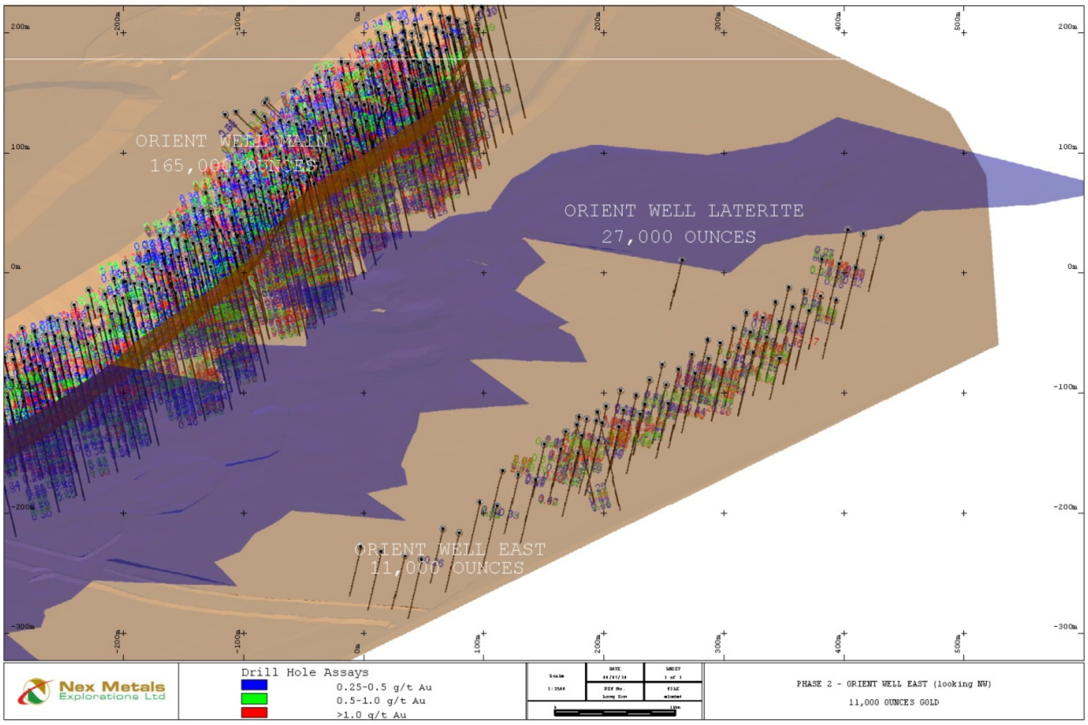


Figure 3. Calculated resources in the Orient Well area including the laterite, the East Lode and ore beneath the floor of the current Orient Well Pit.



Yundamindera

- Drilling
    - RAB Drilling at Landed at Last – 2,727 metres in 111 holes, returned minor anomalous gold mineralization and sterilized excellent area for potential heap leach pad or waste dump location
    - RAB Drilling south of Queen of Sheba – 196 metres in 5 holes, tested local granite-mafic contact
    - Diamond Drilling at Landed at Last – 79.6 metres in 2 holes, designed to verify the tenor, continuity and style of mineralization and provided material for preliminary metallurgical tests
- Comprehensive field work included rock sampling, geological mapping, sampling of historic drill spoil, and surveying of historic workings, drill holes, infrastructure and topography.
- Desktop studies included data entry and clean up of the extensive dataset.

- ***Kalgoorlie West (Binduli)***
- • Continuing Desktop review of project
- • Rationalisation of tenement holdings.
- ***Euro Project (Laverton)***
- Project area sold to Crescent Gold Ltd .

Other Project Areas
Nex Continues to rationalize non core project areas.

Significant Changes in the State of Affairs
Except as otherwise set out in this report, the Directors are unaware of any significant changes in the state of affairs or principal activities of the company that occurred during the period under review.

After Balance Date Events
No matters or circumstance has arisen since 30 June 2010 that has 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 Ltd 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' 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' 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, 4 board meetings and 2 circular resolutions were passed by Directors.

	Board of directors	
Directors	**A**	**B**
Thomas F Percy	4	4
Kenneth Allen	4	4
Horst Prumm	4	4
Kasit Phisitkul	4	4

Notes
A - Number of meetings held during the time the director held office during the period.
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 over Ordinary Shares**
T Percy	1,000,000	3,500,000
K Allen	7,030,001	5,850,000
H Prumm	2,080,000	4,040,000
K Phisitkul	1,000,000	3,500,000
H Chua	860,000	430,000

Share Options

Unissued ordinary shares of Nex Metals Explorations Ltd under option as at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of options	Number under options
29 May 2008	30 November 2011	$0.25	38,071,646
6 December 2007	6 December 2011	$0.25	5,000,000
1 July 2007	30 November 2012	$0.25	3,000,000
1 July 2007	30 November 2012	$0.40	1,500,000
1 July 2007	30 November 2012	$0.50	1,500,000
1 July 2007	30 November 2012	$0.60	3,000,000
1 July 2007	30 November 2012	$0.75	3,000,000
1 July 2007	30 November 2012	$1.00	6,000,000
29 April 2010	30 November 2011	$0.25	3,585,000
26 August 2010	30 November 2011	$0.25	1,020,000
			65,676,646

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Remuneration Report

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 Ltd 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 Ltd 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%. 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.

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.

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 2010	**30 June 2009**
Revenue	$8,168	$114,856
Net Loss	$4,805,170	$1,977,773
Share Price	$0.18	$0.15

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. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

(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
Horst Prumm	Non-Executive Director
Kasit Phisitkul	Non-Executive Director

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

Year ended 30 June 2010	**Short-term**			**Post employment**	**Share-based payments**	**Total**
	Salary & Fees	*Consulting*	*Non Cash*	*Superannuation*	*Options*	
	$	*$*	*$*	*$*	*$*	*$*
Directors						
T Percy	37,500	-	2,817	3,375	-	43,692
K Allen	122,004	-	2,817	10,980	-	135,801
H Prumm	24,996	138,063	2,817	2,250	-	168,126
K Phisitkul	25,157	-	2,817	-	-	27,974
	209,657	138,063	11,268	16,605	-	375,593

Year ended 30 June 2009	**Short-term**			**Post employment**	**Share-based payments**	**Total**
	Salary & Fees	*Consulting*	*Non Cash*	*Superannuation*	*Options*	
	$	*$*	*$*	*$*	*$*	*$*
Directors						
T Percy	50,137	-	-	4,512	-	54,649
Sharad Nigam *	23,972	18,932	-	2,158	-	45,062
K Allen	161,786	-	-	14,561	-	176,347
H Prumm	33,425	59,865	-	3,008	-	96,298
Shashwat Nigam *	23,972	-	-	2,158	-	26,130
K Phisitkul	33,425	-	-	-	-	33,425
	326,717	78,797	-	26,397	-	431,911

* Resigned 13 February 2009

(c) Share-Based Compensation

On 1 July 2007, 18,000,000 options were granted to Directors of the Company. All options expire on 30 November 2012. The options immediately vested and there are no performance standards or employment period required before exercise can take place. Details of the options granted are as follows:

	No. of options	**Value per option (cents)**	**Total $**
Directors options exercisable at 25 cents each	3,000,000	13.01	390,159
Directors options exercisable at 40 cents each	1,500,000	9.67	145,040
Directors options exercisable at 50 cents each	1,500,000	8.13	122,013
Directors options exercisable at 60 cents each	3,000,000	6.95	208,352
Directors options exercisable at 75 cents each	3,000,000	5.60	168,020
Directors options exercisable at $1.00 cents each	6,000,000	4.09	245,316
	18,000,000		1,278,900

The share options issued in the year ended 30 June 2008 have been valued using the Black Scholes valuation method and the following assumptions:

Share price	25 cents
Exercisable	25 cents to $1.00 per above
Risk free interest rate	6.11%
Volatility	50%
Time to expiry	5 years and 2 months

No options were granted as compensation during the year ended 30 June 2010 (2009: Nil).

(d) 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.

(ii) The Company has entered into a letter agreement with Horst Edmund Prumm whereby the Company has agreed to pay Horst Edmund Prumm $50,000 per annum, payable monthly in arrears, for acting as a non-executive director of the Company in addition to consulting services provided by Horst Edmund Prumm to the Company at the request of the Company on normal terms and conditions. In October 2008 Mr Prumm agreed to reduce his base remuneration by 50% effective October 2008 until further notice.

(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.

Indemnification of Officers and Auditors

During the financial period, 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

The directors are satisfied that the provision of non-audit services, during the period, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are also satisfied that the provision of non-audit services by the auditor, as set out in note 5 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor's independence as set out in APES110: Code of Ethics for Professional Accountants.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Financial Report.

Details of amounts paid or payable to the auditor, RSM Bird Cameron Partners, for audit and non-audit services provided during the year are set out in note 5 to the financial statements.

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.

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

Kenneth Allen
Managing Director

Perth, 30 September 2010

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
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

As lead auditor for the audit of the financial report of Nex Metals Explorations Ltd for the year ended 30 June 2010, 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.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

Perth, WA
Dated: 30 September 2010

RSM! Bird Cameron Partners
Chartered Accountants

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 9111
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

NEX METALS EXPLORATIONS LTD

Report on the Financial Report

We have audited the accompanying financial report of Nex Metals Explorations Ltd, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's Independence Declaration

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

RSM! Bird Cameron Partners
Chartered Accountants

Auditor's Opinion

In our opinion:

(a) the financial report of Nex Metals Explorations Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of $4,805,170 (2009: $1,977,773) and had cash outflows from operating activities of $3,412,535 (2009:$1,206,796) during the year ended 30 June 2010 and, as of that date, the company had net current assets of $31,115 (2009: $3,162,546). These conditions, along with other matters as set forth in Note 2 indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to 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.

Report on the Remuneration Report

We have audited the Remuneration Report which is included within the directors' report for the financial year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Nex Metals Explorations Ltd for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

Perth, WA
Dated: 30 September 2010

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes set out on pages 18 to 43 are in accordance with the Corporations Act 2001, including:

   (a) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

   (b) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year then ended;

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.

3. The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and

4. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001.

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

KENNETH ALLEN
Director

Date: 30 September 2010

Nex Metals Explorations Ltd
ABN 63 124 706 449

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	30 June 2010 $	30 June 2009 $
Revenue	3(a)	8,168	114,856
Other income	3(b)	331,576	48,153
Occupancy expenses		(34,372)	(17,261)
Administration expenses		(316,191)	(126,927)
Consultants expenses		(184,280)	(126,904)
Depreciation	3(c)	(160,201)	(23,678)
Employment and contractor expenses		(668,617)	(482,887)
Other operating expenses		(10,846)	(18,443)
Travel expenses		(80,016)	(48,273)
Exploration and evaluation expenses		(2,452,891)	(587,405)
Tenement acquisition expenses written off		(1,056,250)	(709,004)
Loss on disposal of tenements		(181,250)	-
Share based payment	21	-	-
Loss before income tax expense		(4,805,170)	(1,977,773)
Income tax expense		-	-
Loss for the year		(4,805,170)	(1,977,773)
Other comprehensive income		-	-
Total comprehensive income for the year		(4,805,170)	(1,977,773)
Loss per share:			
Basic (cents per share)	14	(5.52) cents	(2.57) cents
Diluted (cents per share)		(5.52) cents	(2.57) cents

The accompanying notes form part of this financial report.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010 $	30 June 2009 $
Current assets			
Cash and cash equivalents	19(a)	443,973	3,194,256
Trade and other receivables	6	61,574	190,091
Other financial assets	7	56,456	55,018
Total current assets		562,003	3,439,365
Non-current assets			
Property, plant and equipment	8	652,509	296,748
Exploration and evaluation expenditure	9	2,829,714	3,942,164
Total non-current assets		3,482,223	4,238 ,912
Total assets		4,044,226	7,678,277
Current liabilities			
Trade and other payables	10	530,888	276,819
Total current liabilities		530,888	276,819
Total liabilities		530,888	276,819
Net assets		3,513,338	7,401,458
Equity			
Contributed equity	11(a)	10,771,207	9,854,157
Option reserve	12	2,234,964	2,234,964
Accumulated losses	13	(9,492,833)	(4,687,663)
Total equity		3,513,338	7,401,458

The accompanying notes form part of this financial report.

Nex Metals Explorations Ltd
ABN 63 124 706 449

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders			
	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2008	7,901,657	2,237,719	(2,709,890)	7,429,486
Loss for the year	-	-	(1,977,773)	(1,977,773)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-		(1,977,773)	(1,977,773)
Transactions with owners in their capacity as owners				
Issue of shares in consideration for exploration expenses	1,950,000	-	-	1,950,000
Issue of options – Adjustment to balance	-	(255)	-	(255)
Conversion of options	2,500	(2,500)	-	-
Total contributions by owners	1,952,500	(2,245)	-	1,950,255
Balance at 30 June 2009	9,854,157	2,234,964	(4,687,663)	7,401,458

	Attributable to equity holders			
	Ordinary Shares $	Option Reserve $	Accumulate d Losses $	Total Equity $
Balance at 1 July 2009	9,854,157	2,234,964	(4,687,663)	7,401,458
Loss for the year	-	-	(4,805,170)	(4,805,170)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(4,805,170)	(4,805,170)
Transactions with owners in their capacity as owners				
Issue of shares for working capital	717,000	-	-	717,000
Issue of shares in consideration for tenement acquisition	100,050	-	-	100,050
Conversion of options	100,000	-	-	100,000
Total contributions by owners	917,050	-	-	917,050
Balance at 30 June 2010	10,771,207	2,234,964	(9,492,833)	3,513,338

The accompanying notes form part of this financial report.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	30 June 2010 $	30 June 2009 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,439,423)	(1,321,652)
Sundry receipts		18,720	
Interest received		8,168	114,856
Net cash used in operating activities	19(b)	(3,412,535)	(1,206,796)
Cash flows from investing activities			
Payments for acquisition of mineral interests		(145,000)	(348,414)
Payments for plant and equipment		(1,095,112)	(146,874)
Proceeds from disposal of tenements		120,000	-
Proceeds from disposal of plant and equipment		887,364	-
Net cash used in investing activities		(232,748)	(495,288)
Cash flows from financing activities			
Proceeds from issues of equity securities		895,000	2,500
Payment for share issue costs		-	-
Net cash provided by financing activities		895,000	2,500
Net increase in cash and cash equivalents		(2,750,283)	(1,699,584)
Cash and cash equivalents at the beginning of the period		3,194,256	4,893,840
Cash and cash equivalents at the end of the period	19(a)	443,973	3,194,256

The accompanying notes form part of this financial report.

1. Corporate Information

The financial report of Nex Metals Explorations Ltd (the Company) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

Nex Metals Explorations Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Company are the exploration for gold, copper, and nickel.

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.

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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Going concern

As disclosed in the financial statements, the Company recorded a loss of $4,805,170 (2009:$1,977,773) and net cash outflows from operating activities of $3,412,535 (2009: $1,206,796) for the year ended 30 June 2010. The Company at balance date had net current assets of $31,115 (2009: $3,162,546). 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 August 2010, the Company issued a further 1,260,000 shares, raising approximately $220,500 in working capital.
- The Company is currently negotiating with various sophisticated investors to secure equity capital of up to $5 million. The Company has scheduled a general meeting to allow the issue of this capital under the Corporations Act 2001.
- The Company is in advanced stages of development of infrastructure and capabilities to commence profitable mining operations at its Kookynie tenements. This is estimated to generate positive cashflows in 2011.
- Whilst the Directors are confident in securing funds, if sufficient funding is not raised, the Board is able to reduce the Company's ongoing costs and commitments accordingly and, if necessary, 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 that 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.

2. **Summary of Significant Accounting Policies (continued)**

(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 benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(c) Financial assets
Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets
Shares and options held by the company are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in statement of comprehensive income for the period.

Financial assets at fair value through profit or loss
The Company classifies certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of comprehensive income.

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

(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.

2. **Summary of Significant Accounting Policies (continued)**

(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 each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Income tax
Current tax
Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

2. Summary of Significant Accounting Policies (continued)

(g) Income tax (continued)

Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) Exploration and Evaluation Expenditure
Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the balance sheet where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

2. **Summary of Significant Accounting Policies (continued)**

(i) Operating cycle
The operating cycle of the entity coincides with the annual reporting cycle.

(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) Presentation currency
The entity operates entirely within Australia and the presentation currency is Australian dollars.

(l) Plant and equipment
Each class of property, 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%

(m) Provisions
Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(n) Revenue recognition
Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(o) 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.

(p) 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.

2. **Summary of Significant Accounting Policies (continued)**

(q) 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.

Leased assets are depreciated on a 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.

(r) 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.

(s) 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:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current.
These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

2. **Summary of Significant Accounting Policies (continued)**

(t) Adoption of New and Revised Accounting Standards

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Nex Metals Explorations Ltd.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Company's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has not resulted in a significant change from the prior year. The Company results are viewed as the only segment as this is how they are reviewed by the chief operating decision maker.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

2. Summary of Significant Accounting Policies (continued)

(t) Adoption of New and Revised Accounting Standards (continued)

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for Application in Future Periods

The following standards, amendments to standards and interpretations have been identified as those that may impact the equity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied preparing this financial report:

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement.

AASB 9 will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.

AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party. The amendments, which will become mandatory for the Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 will be withdrawn from the application date. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(t) Adoption of New and Revised Accounting Standards (continued)

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

	30 June 2010 $	30 June 2009 $
3. Loss before income tax		
(a) Revenue		
Interest revenue	8,168	114,856
(b) Other Income		
Gain on foreign exchange currency	3,204	48,153
Profit on disposal of plant and equipment	308,214	-
Sundry income	20,158	-
	331,576	48,153
(c) Expenses		
Depreciation of plant and equipment	160,201	23,678

4. Income tax

(a) No Income tax is payable by the company as it has incurred losses for income tax purposes for the year

(b) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	30 June 2010 $	30 June 2009 $
Loss from operations	(4,805,170)	(1,977,773)
Income tax benefit calculated at 30%	(1,441,551)	(593,332)
Permanent differences		
Capital raising costs allowable	(24,538)	(24,538)
Non-deductible expenses	3,484	19,131
	(1,462,605)	(598,739)
Movements in unrecognised temporary differences	342,611	164,550
Unused tax loss not recognised as a deferred tax asset	1,119,994	434,189
Income tax attributable to operating loss	-	-

(c) **Unrecognised deferred tax balances**

The directors estimate that the potential deferred tax benefits (at 30%) not brought to account at balance date is approximately:

	30 June 2010 $	30 June 2009 $
Tax losses	2,745,662	1,625,667
Temporary differences	(179,636)	67,255
Net deferred tax assets	2,566,026	1,692,922

The net deferred tax assets not brought into account will only be of a 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.

5. Remuneration of auditors

	30 June 2010 $	30 June 2009 $
Audit and review of the financial report	42,750	48,250

	30 June 2010 $	30 June 2009 $
6. Trade and other receivables		
Current		
Sundry receivables	61,574	190,091
7. Other financial assets		
Prepayments	56,456	55,018

8. Property, plant and equipment

	Motor Vehicles $	Plant and Office Equipment $	Total $
Year ended 30 June 2010			
Opening net book value	105,040	191,708	296,748
Additions	376,233	718,879	1,095,112
Disposal proceeds	(253,000)	(634,364)	(887,364)
Profit/(loss) on sale	8,780	299,434	308,214
Depreciation charge for the period	(49,848)	(110,353)	(160,201)
Closing net book value	187,205	465,304	652,509
At 30 June 2010			
Cost or fair value	231,830	588,287	820,117
Accumulated depreciation	(44,625)	(122,983)	(167,608)
Net book value	187,205	465,304	652,509

8. Property, plant and equipment (Contd)

	Motor Vehicles $	Plant and Office Equipment $	Total $
Year ended 30 June 2009			
Opening net book value	-	45,553	45,553
Additions	108,597	166,276	274,873
Depreciation charge for the period	(3,557)	(20,121)	(23,678)
Closing net book value	105,040	191,708	296,748
At 30 June 2009			
Cost or fair value	108,597	223,835	332,432
Accumulated depreciation	(3,557)	(32,127)	(35,684)
Net book value	105,040	191,708	296,748

	30 June 2010 $	30 June 2009 $
9. Exploration expenditure		
Opening Balance	3,942,164	2,352,754
Costs of acquisition of interests during the financial year	245,050	2,298,414
Writedown of acquired exploration assets	(1,056,250)	(709,004)
Costs of disposal of interests during the financial year	(301,250)	-
Current year expenditure	2,452,891	587,405
Current year expenditure written off	(2,452,891)	(587,405)
Closing balance	2,829,714	3,942,164
10. Trade and other payables		
Current		
Trade payables (i)	414,315	256,819
Employee entitlements	38,573	20,000
Deposits - other	78,000	-
	530,888	276,819

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms

11. Contributed equity

89,293,292 fully paid ordinary shares (2009 : 84,873,292)	10,771,207	9,854,157

(a) **Movements in contributed equity:**

Year ended 30 June 2009	No of Shares	Issue Price	$
Balance at 1 July 2008	76,843,292		7,901,657
Reconciliation correction – 1 September 2008	220,000	$0.25	-
Conversion of options	10,000	$0.25	2,500
Shares issued as consideration for the acquisition of tenements – 30 June 2009	7,800,000	$0.25	1,950,000
Balance at 30 June 2009	84,873,292		9,854,157

11. Contributed equity (continued)

(a) **Movements in contributed equity (continued):**

Year ended 30 June 2010

	No of Shares	Issue Price	$
Balance at 1 July 2009	84,873,292		9,854,157
Shares issued for working capital	3,585,000	0.20	717,000
Conversion of options	400,000	0.25	100,000
Shares issued as consideration for the acquisition of tenements – 30 June 2010	435,000	0.23	100,050
Balance at 30 June 2010	89,293,292		10,771,207

(b) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(c) Movements in Options on Issue	2010 Number	2009 Number
Opening balance	61,471,646	61,481,646
Options issued for nil consideration	3,585,000	-
Exercise of options	(400,000)	(10,000)
Closing Balance	64,656,646	61,471,646

12. Reserves

	30 June 2010 $	30 June 2009 $
Option reserve	2,234,964	2,234,964
Option reserve		
Balance at beginning of financial period	2,234,964	2,237,719
Exercise of options	-	(2,500)
Other adjustment	-	(255)
Balance at end of financial period	2,234,964	2,234,964

This option issue reserve is used to recognise both the fair value or issue price of options issued.

	30 June 2010 $	30 June 2009 $
13. Accumulated losses		
Opening Balance	(4,687,663)	(2,709,890)
Loss attributable to members	(4,805,170)	(1,977,773)
Balance at end of financial period	(9,492,833)	(4,687,663)

	2010 Cents Per Share	2009 Cents Per Share
14. Loss per share		
Basic loss per share:	(5.52)	(2.57)

The loss for the period and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	30 June 2010 $	30 June 2009 $
Loss for the period after income tax	(4,805,170)	1,977,773
Weighted average number of ordinary shares for the purposes of basic earnings per share	87,090,041	77,054,963

15. Commitments for expenditure

(a) Operating lease commitments
There was no operating leases throughout the year.

(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:

	2010	2009
Not later than 1 year	1,276,180	1,518,450
Later than 1 year and not later than 2 years	1,038,662	1,226,390
Later than 2 years and not later than 5 years	2,424,118	2,786,964
	4,738,960	5,531,804

(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

15. Commitments for expenditure (continued)

(c) Royalty Commitments (continued)

(ii) The Company has royalty obligations to Prumm Corporation Pty Ltd pursuant to a mining tenement acquisition agreement . The royalty under the agreement is as follows:

(a) for gold, at the rate of $1.00 per tonne for any gold bearing ore extracted from the tenements;
(b) for uranium, at the rate of 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;
(c) for gypsum, at the rate of 5% of the sale price per tonne less selling costs; and
(d) for nickel or any other base metal, at the rate of 5% of the gross production of the processed nickel or other base metal less selling costs.

(iii) The Company has various royalty commitments in relation to tenements acquired in the Kookynie area during the year ended 30 June 2010. 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 immaterial.

16. Contingent liabilities

There were no known contingent liabilities at balance date.

17. 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.

	30 June 2010 **$**	**30 June 2009** **$**
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd , a related company of Kenneth Allen	36,053	-
(ii) Office rent paid to Allens Business Group Pty Ltd	-	6,000
(iii) Exploration consulting services paid to Mobile Gold Mining Pty Ltd and Prumm Corporation Pty Ltd , related companies of Horst Prumm *	138,063	59,865
(iv) Tenement administration fees paid to Absolute Tenement Services, related entity of Horst Prumm	51,700	23,525
(v) Consulting and administration fees paid to S C Nigam & Co and Silvero, related entities of Sharad Nigam *	-	18,932

(a) **Other transactions with director related entities (cont)**

* These amounts are included in Key Management Personnel remuneration totals in Note 18, and in the remuneration report in the Director's Report

(b) **Directors loans**

No loans existed during the year and as at balance date between the company and its directors.

18. Key Management Personnel Disclosures

(a) Compensation of Key Management Personnel

	30 June 2010 $	30 June 2009 $
Short term employee benefits	358,988	405,514
Post employment benefits	16,605	26,397
	375,593	431,911

(b) Option holdings of Key Management Personnel

	Balance at 01/07/09	Exercise of Options	Net Sales & Purchases	Balance at 30/06/10
2010	**No.**	**No.**	**No.**	**No.**
Directors				
T F Percy	3,500,000	-	-	3,500,000
K Allen	6,250,000	(400,000)	-	5,850,000
H Prumm	4,040,000	-	-	4,040,000
K Phisitkul	3,500,000	-	-	3,500,000
	17,290,000	(400,000)	-	16,890,000

	Balance at 01/07/08	Net Sales & Purchases	Options issued at $0.01	Balance held as at resignation 13/02/09	Balance at 30/06/09
2009	**No.**	**No.**			**No.**
Directors					
T F Percy	3,500,000	-	-	-	3,500,000
Sharad Nigam	6,250,000	-	-	6,250,000	-
K Allen	6,250,000	-	-	-	6,250,000
H Prumm	4,040,000	-	-	-	4,040,000
Shashwat Nigam	6,035,000	-	-	6,035,000	-
K Phisitkul	3,500,000	-	-	-	3,500,000
	29,575,000	-	-	12,285,000	17,290,000

(c) Shareholdings of Key Management Personnel

2010	Balance at 01/07/09 No.	Exercise of Options No.	Net Sales and Purchases No.	Correction of discrepancy No.	Balance at 30/6/10 No.
Directors					
T F Percy	1,000,000	-	-	-	1,000,000
K Allen	6,650,001	400,000	-	(20,000)	7,030,001
H Prumm	2,080,000	-	-	-	2,080,000
K Phisitkul	1,000,000	-	-	-	1,000,000
	10,730,001	400,000	-	(20,000)	11,110,001

	Balance at 01/07/08	Net Sales and Purchases	Balance held as at resignation 13/02/09	Balance at 30/6/09
2009	**No.**	**No.**		**No.**
Directors				
T F Percy	1,000,000	-	-	1,000,000
Sharad Nigam	6,500,001	-	6,500,001	-
K Allen	6,500,001	150,000	-	6,650,001
H Prumm	2,080,000	-	-	2,080,000
Shashwat Nigam	6,070,001	-	6,070,001	-
K Phisitkul	1,000,000	-	-	1,000,000
	23,150,003	150,000	12,570,002	10,730,001

(d) Other transactions with Key Management Personnel
Other transactions with Key Management Personnel are included in Note 17.

19. Notes to the cash flow statement

	30 June 2010 $	30 June 2009 $
(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	443,973	3,194,256
	443,973	3,194,256
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(4,805,170)	(1,977,773)
Depreciation	160,201	23,678
Profit on sale of plant and equipment	(308,214)	-
Loss on sale of exploration project	181,250	-
Capitalised exploration written off	1,056,250	709,004
Changes in assets and liabilities		
Trade and other receivables	128,517	(30,955)
Prepayments	(1,438)	5,076
Trade and other payables	176,069	64,174
Net cash (used) in operating activities	(3,412,535)	(1,206,796)
(c) Non cash financing and investing activities		
Consideration for the acquisition of mining tenements partly satisfied by the issue of shares and options	100,050	1,950,000

20. Financial risk management and policies

Nex Metals Explorations Ltd '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:

	30 June 2010 $	30 June 2009 $
Financial assets		
Cash and cash equivalents	443,973	3,194,256
Trade and other receivables	61,574	190,091
	505,547	3,384,347
Financial liabilities		
Trade and other payables	530,888	276,819
	530,888	276,819

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.

(a) Foreign Currency
Nex Metals Explorations Ltd operates internationally and is exposed to foreign exchange risk arising from currency exposure to the Laos Kip and 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 Company's exposure to foreign currency risk at the reporting date was limited to an amount of $9,076 (2009 : $3,065) held in a bank account denominated in US Dollars.

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

The foreign currency risk is immaterial 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 Ltd has no significant exposure to credit risk from external parties at period end. The maximum exposure to credit risk at the reporting date is equal to the carrying value of financial assets at 30 June 2010.

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 Ltd '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.

During the year ended 30 June 2010, Nex Metals Explorations Ltd 's strategy was to keep borrowings to a minimum. The company's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs.

(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 sufficient cash reserves to meet its requirements. The Company has no access to credit standby facilities or arrangements for further funding or borrowings in place.

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 due within the normal 30-60 days terms of creditor payments.

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

As at 30 June 2010	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	443,973	-	-	443,793	4.0
Receivables & other	61,574	-	-	61,574	-
	505,547	-	-	505,547	
Financial Liabilities:					
Trade payables and Advance deposits	530,888	-	-	530,888	-
	530,888	-	-	530,888	

As at 30 June 2009	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	3,194,256	-	-	3,194,256	3.0
Receivables & other	190,091	-	-	190,091	-
	3,384,347	-	-	3,384,347	
Financial Liabilities:					
Trade payables and Advance deposits	276,819	-	-	276,819	-
	276,819	-	-	276,819	

Sensitivity analysis – interest rates

At 30 June 2010, if interest rates had changed by -/+ 80 basis points from the year end rates with all variables held constant, post-tax result for the year would have been approximately $3,000 lower/higher mainly as a result of higher/lower interest income from cash and cash equivalents.

(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.

21. Share based payments

(a) (i) Directors Options

There were no directors options issued in the year ended 30 June 2010 (2009: Nil).

(ii) Directors Options issued in the period ended 30 June 2008

During the period ended 30 June 2008, 18,000,000 options were granted to Directors of the Company. All options expire on 30 November 2012. Details of the options that were granted as compensation during the reporting period ended 30 June 2008 are as follows:

	No. of options	Value per option (cents)	Total $
Directors options exercisable at 25 cents each	3,000,000	13.01	390,159
Directors options exercisable at 40 cents each	1,500,000	9.67	145,040
Directors options exercisable at 50 cents each	1,500,000	8.13	122,013
Directors options exercisable at 60 cents each	3,000,000	6.95	208,352
Directors options exercisable at 75 cents each	3,000,000	5.60	168,020
Directors options exercisable at $1.00 cents each	6,000,000	4.09	245,316
	18,000,000		1,278,900

The fair value of these options has been recognised as an expense in the statement of comprehensive income.

The share options issued have been valued using the Black Scholes valuation method and the following assumptions:

Share price	25 cents
Exercisable	25 cents to $1.00 per above
Risk free interest rate	6.11%
Volatility	50%
Time to expiry	5 years and 2 months

The weighted average remaining contractual life of share options outstanding at 30 June 2010 was 2.4 years (2009 : 3.4 years).

The weighted average exercise price is 34.5 cents.

No director options were exercised during year ended 30 June 2008, 2009 and 2010, and 18,000,000 director options remain on issue at the date of this report.

(b) Shares and options issued in consideration of assets and services

Year ended 30 June 2010

On 28 October 2009, 435,000 shares valued at $100,050 were issued to vendors as part consideration for the acquisition of mineral tenements. The fair value of these tenements has been capitalised as exploration expenditure on the balance sheet.

Year ended 30 June 2009

On 30 June 2009 7,800,000 shares valued at $1,950,000 were issued to vendors as part consideration for the acquisition of mineral tenements. The fair value of these tenements has been capitalised as exploration expenditure on the balance sheet.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2010	**2009**
	$	**$**
Options issued to Directors	-	-
	-	-

22. 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. During the year ended 30 June 2009 the Company entered into an agreement to acquire mining interests in Laos. The value of these interests was expensed in the year ended 30 June 2009. The net loss related to exploration activities in Laos for the year ended 30 June 2010 is $Nil (2009 : $50,000). At balance date there were no material assets or liabilities attributable to these overseas segments.

23. Subsequent events

(a) In July and August 2010, the Company issued 390,000 shares and 1,260,000 shares at $0.20 and $0.175 respectively. Funds of $78,000 for the 390,000 shares issued were received prior to 30 June 2010 and is shown as Deposits – other at Note 10.

(b) In July and August 2010, 1,020,000 options were issued as free attaching options to the above share placements. These options are exercisable on or before 30 November 2011 at an exercise price of $0.25.

There are no other matters or circumstances that have arisen since 30 June 2010 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial periods.

24. Company Details

The registered office of the Company is:

Nex Metals Explorations Ltd
Unit 2
42 Terrace Road
EAST PERTH WA 6004

The principal place of business is:

Nex Metals Explorations Ltd
Unit 2
42 Terrace Road
EAST PERTH WA 6004