



**Nex Metals**  
Explorations Ltd

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## Quarterly Report

### Second Quarter

### Period Ending 31 December 2010

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

#### Highlights

- Construction initiated on heap leach facility at Orient Well
- Ongoing engineering studies of mining activities
- Mining equipment and crushing/screening unit mechanically assessed
- New Mine Manager appointed
- Successful fundraising efforts
- AGM conducted and all resolutions passed
- Ongoing exploration field work and desktop studies on various project areas

Nex Metals Explorations Ltd. initiated the construction of the Orient Well Heap Leach Facility within the quarter whilst continuing with further design and engineering studies of the various facets of mining plans. The evaluation and preparatory work of all mechanical equipment was conducted alongside upgrade work of the Orient Well camp facilities.

The Company also appointed a new Mine Manager to oversee the construction, planning and scheduling of the heap leach facility and mining activities.

#### Construction of Heap Leach Facility Underway

With approvals and funding in place, construction of the Orient Well Heap Leach Facility began with the clearing of vegetation and topsoil and survey work for the location of heap pads and cyanide works. Areas were cleared to accommodate the cyanide works and the initial heap pads, located between the Orient Well and Double JJ laterite ore bodies which host a combined resource of greater than 40,000 ounces of gold. Engineering and environmental studies have been determining the most suitable, locally-sourced construction materials for the various required earthworks.



**Figure 1. D-11 bulldozer clearing the site for construction of the heap leach facility.**



### **Assessment and Preparation of Mining/Milling Equipment**

Heavy equipment already on site for the Company was being assessed and prepared for mining activities during the quarter. This included full mechanical and safety evaluations and rectifications of the haul trucks, loader and bull dozer.

The mobile crushing and screening unit, capable of treating 1.2 Mtpa, was evaluated and determined to be in excellent working order with only minor repairs and safety modifications required prior to full-scale activity. The plant comprises a three stage crushing circuit, screening and feed sections, conveyor and dust-suppression systems and a large inventory of spare parts.

**Figure 2. A component of Nex's mobile crushing/screening unit on site at Orient Well.**







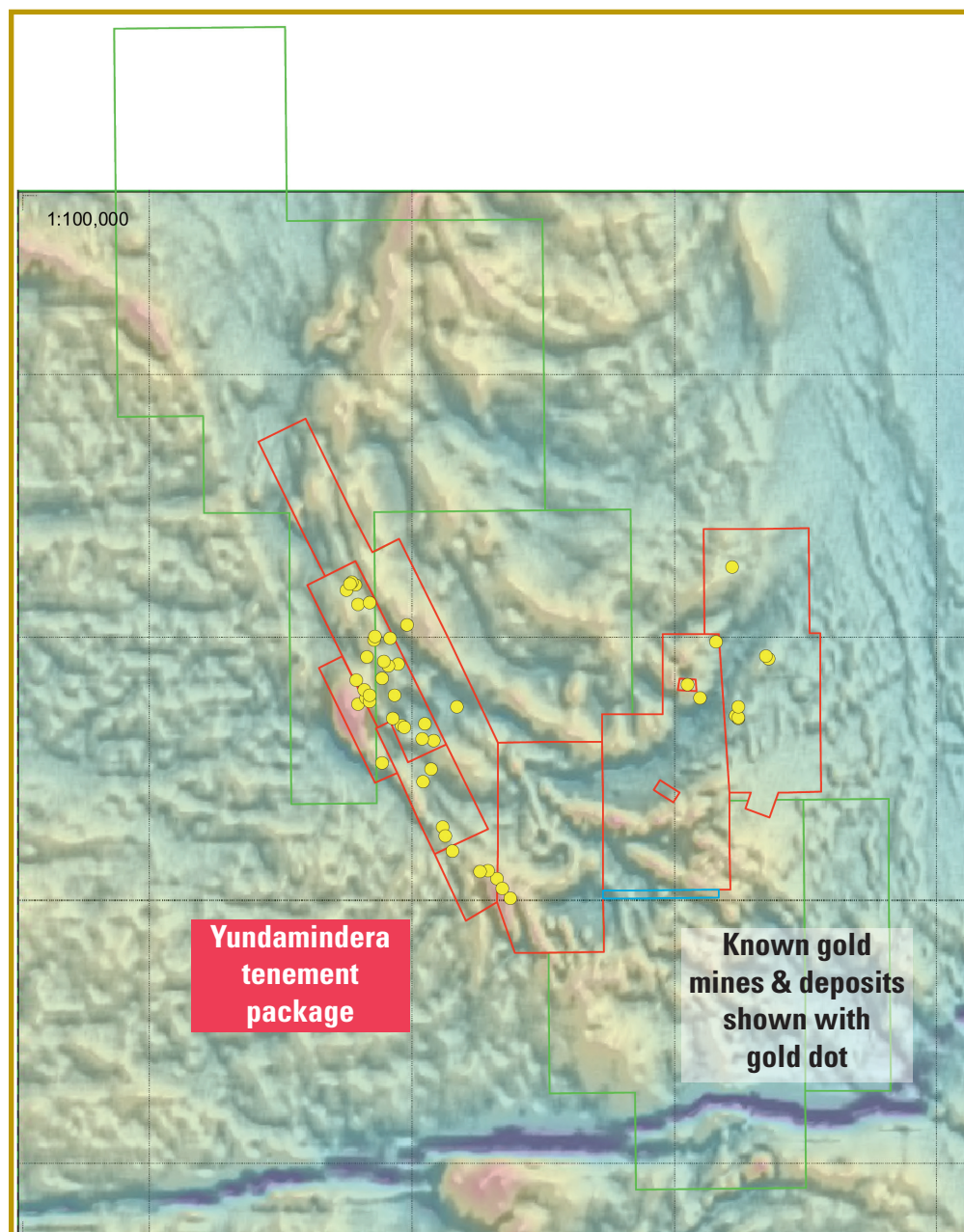
## Management Appointment

Nex appointed Mr. Greg Burke as the new Operations Manager for the Kookynie Project who will oversee the permitting, construction and scheduling of all mining activities. Mr. Burke has worked in the mining industry of Western Australia for 28 years as a surveyor, quarry manager, mines supervisor, mines superintendent and acting manager of mining.

## Ongoing Exploration

The Company continues exploration of its various project areas including Kookynie and Yundamindera. Nex is encouraged by the significant prospectivity of both areas and sees excellent potential to add to its resource base with ongoing evaluation and exploration.

**Figure 3. Tenement package at Yundamindera with airborne magnetics and locations of >50 known gold mines and deposits. Soil, drill and geophysical data suggest the area is prospective for significant gold resources**





## Corporate

The Company successfully completed a fund raising program during the quarter and now welcomes sophisticated investors from London, Denmark and Malaysia. The Company believes this will further benefit existing shareholders by providing a greater awareness of the Company in the broader market place.

***For Further details please contact***

**Mr Ken Allen**

**Managing Director, 0448447472**

## ***Responsibility Statement***

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Rob L'Heureux, who is a Member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (Canada). Mr. L'Heureux M.Sc., P.Geol., who is a full time employee of APEX Geoscience Ltd., has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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. L'Heureux consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.*