



**Quarterly Report
Fourth Quarter
Period ending 30 June 2011**

The Directors of Nex Metals Explorations Ltd (Nex or the Company) are pleased to report on the company's activities during the June quarter 2011.

Highlights:

- Continuing upgrades to camp and maintenance areas
- Progressing heap leach construction
- Discussions with various parties for toll treating Butterfly ore
- Developing mine plan for the Butterfly Pit
- Mining proposal submitted for Butterfly Pit

Infrastructure Upgrades

Ongoing work to the camp and mill areas has included erection of new structures for storage, maintenance and living space in preparation for the upcoming mining of the Butterfly Pit and subsequent mining and exploration. All light-vehicle and ore haul roads have been contoured, bunded and signed accordingly.



Photo 1. The Orient Well Camp capable of holding 35 people.



Photo 2. New maintenance shelter being installed for working on the mining fleet.

Heap Leach Facility

Work continues on the heap leach facility with extensive earthworks. The stormwater, and pregnant and barren solution ponds have been excavated and contoured in preparation for laying the plastic liners, the flood bund along Dingo Creek has been constructed and new haul roads have been built for transport of ore and cyanide (Photos 3 and 4).



Photo 3. The Komatsu WA800-2, CAT D11N and one of the CAT 777Bs working in the stormwater pond with the pregnant and barren solution ponds and cyanide storage tank to the right.

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Photo 4. New haul road construction for ore and cyanide transport at the heap leach facility.

Toll Treating

Nex has engaged in discussions with several local mill facilities to toll treat a portion of its current gold resources (further announcement on completion of contract is expected shortly). Previously optimized ore remains within the current outlines of the Admiral and Butterfly pits and represents readily accessible tonnes of 2.2+ g/t Au material (Figures 1 and 2). Nex plans to toll treat approximately 150,000 tonnes of ore from the Butterfly pit to generate swift, near term cash flow.

Nex has been preparing for the commencement of mining at the Butterfly Pit by further evaluating the current and historic resource estimations in conjunction with input from Minecomp Pty Ltd who are conducting new pit optimizations. The historic drill results (exploration and grade control) are being used to define parcels of ore categorized into: 1) high-grade toll-treating ore; 2) medium-grade heap leach ore; and 3) waste (Figure 3). The mining plan will be centred on these categories with the toll-treating ore transported to an existing mill facility in the area and the heap leach ore stacked on Nex's heap leach facility at Orient Well, 8.5 kilometres to the east of Butterfly.

Historic grade control drilling results from 2001 and 2002 are incorporated into the Nex database and mining plans. Grade control holes were drilled on a 8 by 12.5 metre grid over the current pit floor giving excellent data coverage. This data provides significant savings in cost and time. Confirmation drilling will ensure overall assay reliability and to test several discrete targets with gold-bearing potential.

Butterfly Metallurgical Work

Preliminary metallurgical test work was conducted on Butterfly ore, with a calculated head grade of 2.19 g/t Au, by way of a gravity recovery and subsequent gravity tail tank leach tests. This work indicated high recoveries of 92% with rapid kinetics and low reagent consumption. Further test work is being planned.



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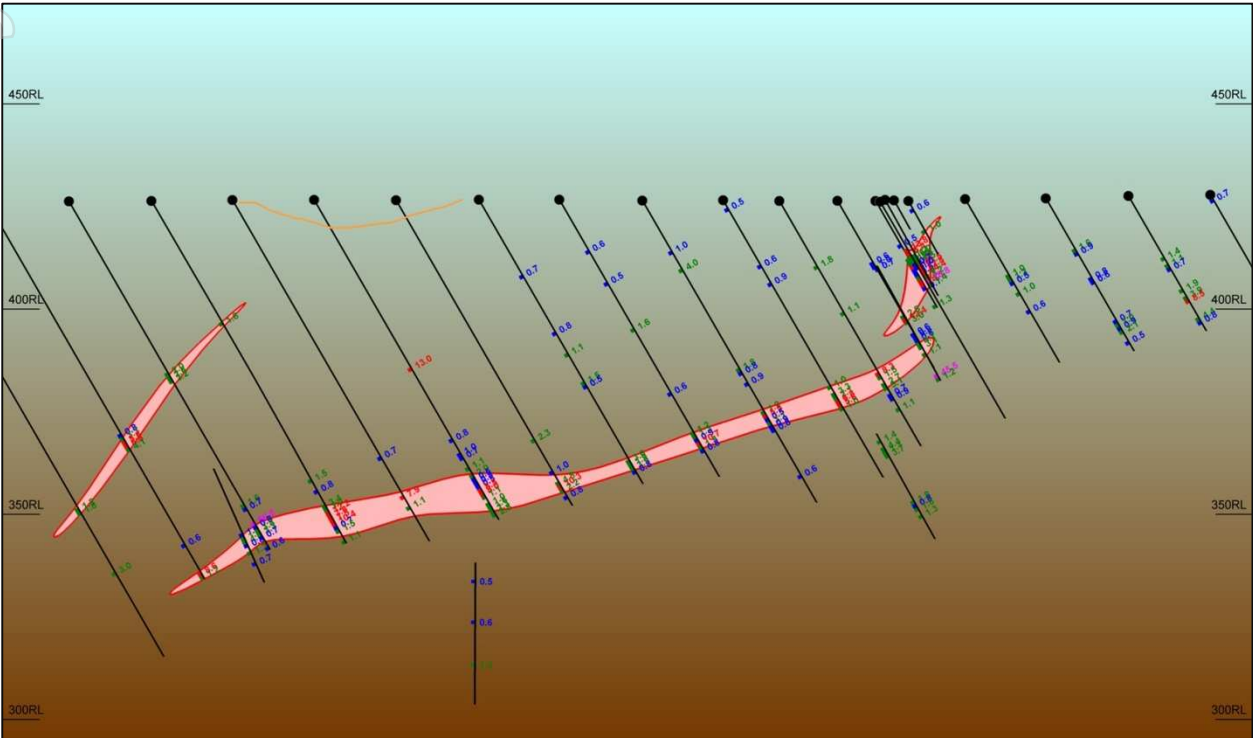


Figure 1. Cross-section from Admiral (unmined ore) including drill intercepts of 18.6 g/t over 4 metres, 5.8 g/t over 8 metres and 7.7 g/t over 9 metres; individual assays represent one metre samples.

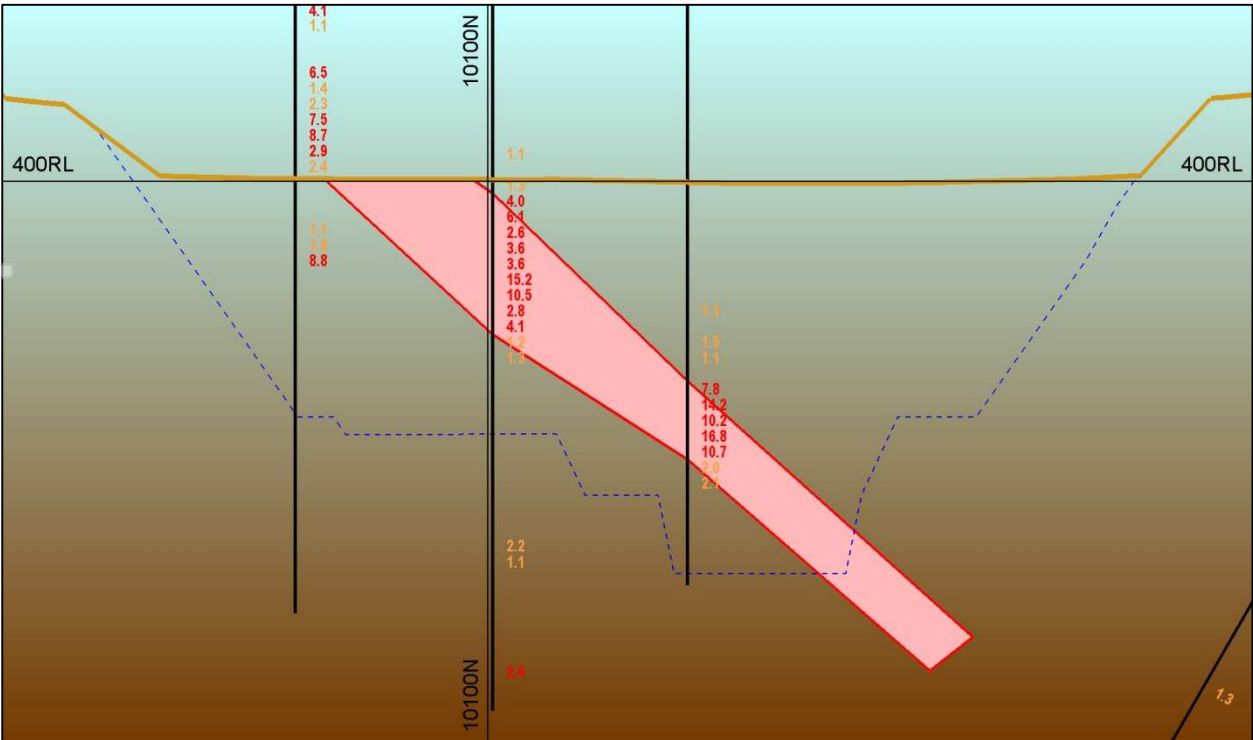


Figure 2. Cross-section from the Butterfly pit depicting high-grade intersections for toll-treating including 9 metres of 5.83 g/t gold and 5 metres of 11.94 g/t gold; individual assays represent one metre samples.

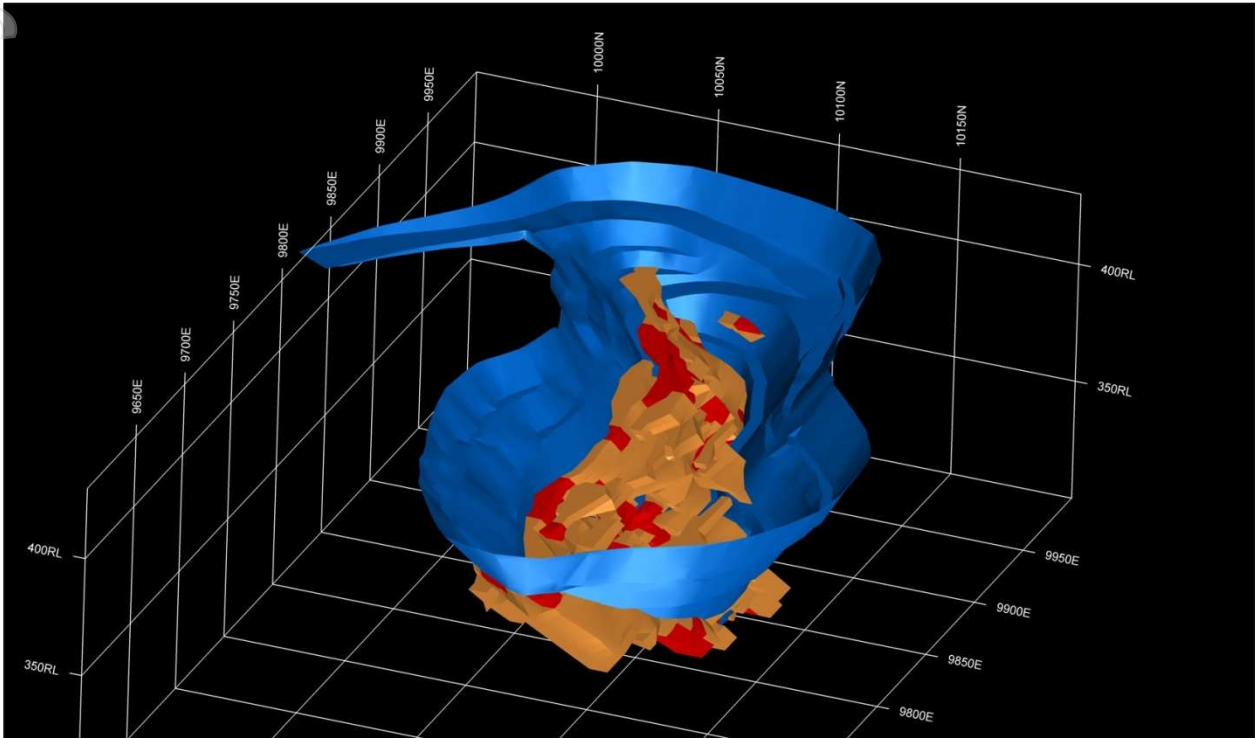


Figure 3. Proposed Butterfly pit expansion with heap leach and toll-treating ore (orange and red).

Mining Proposal Submitted

A Mining Proposal seeking permission for the resumption of mining of the Butterfly Pit was submitted to the Department of Mines and Petroleum in late June. The proposal plans the extraction of an initial 150,000 tonnes of ore in the higher grade category from the currently defined pit limits, no cutback or footprint expansion is required to deliver the toll-treating ore.

For further details please contact:

Mr Ken Allen
Managing Director

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.