

NEX METALS EXPLORATIONS LTD

ABN: 63 124 706 449

**Financial Report
For the year ended 30 June 2011**

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Nex Metals Explorations Ltd
ABN 63 124 706 449

CORPORATE DIRECTORY

DIRECTORS

Thomas F Percy QC
Kenneth Allen
Kasit Phisitkul
Hock Hoo Chua
Raja Mohd Azmi bin Raja Razali (Alternate to 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

Nex Metals Explorations Ltd
ABN 63 124 706 449

DIRECTORS' REPORT

The directors of Nex Metals Explorations Ltd submit herewith the financial report for the financial year ended 30 June 2011.

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 QC

Kenneth M Allen

Kasit Phisitkul

Hock Hoo Chua (appointed 13 September 2010)

Horst Prumm (resigned 23 January 2011)

Raja Mohd Azim bin

Raja Razali (appointed 28 March 2011) (Alternate to Hock Hoo Chua)

Directors Qualifications and Experience

Thomas F 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, Resigned 18 December 2010.

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.

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DIRECTORS' REPORT

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.

Raja Mohd Azmi bin Raja Razali (Alternate representing Hock Hoo Chua)

Mr Razali is a former Group Chief Financial Officer of AirAsia and Chief Executive Officer of AirAsia between 2001 and 2007. Currently a director of Malaysia listed company Masterskill Education Group Berhad and Executive Chairman of private property development group Mainstay Holdings Sdn Bhd (owner of Space U8 Shopping Complex)

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 2011 was \$3,376,719 (2010 : \$4,805,170).

Dividends Paid or Recommended

No dividends were paid during the year and no recommendation is made as to dividends.

DIRECTORS' REPORT

Review of Operations

Kookynie

- Established a JORC-compliant gold inventory of **22.18 million tonnes for 749,000 ounces** of gold by completing resource estimations for the Niagara Mining Centre, Gladstone and Leipold (*formerly Lubra Queen*).

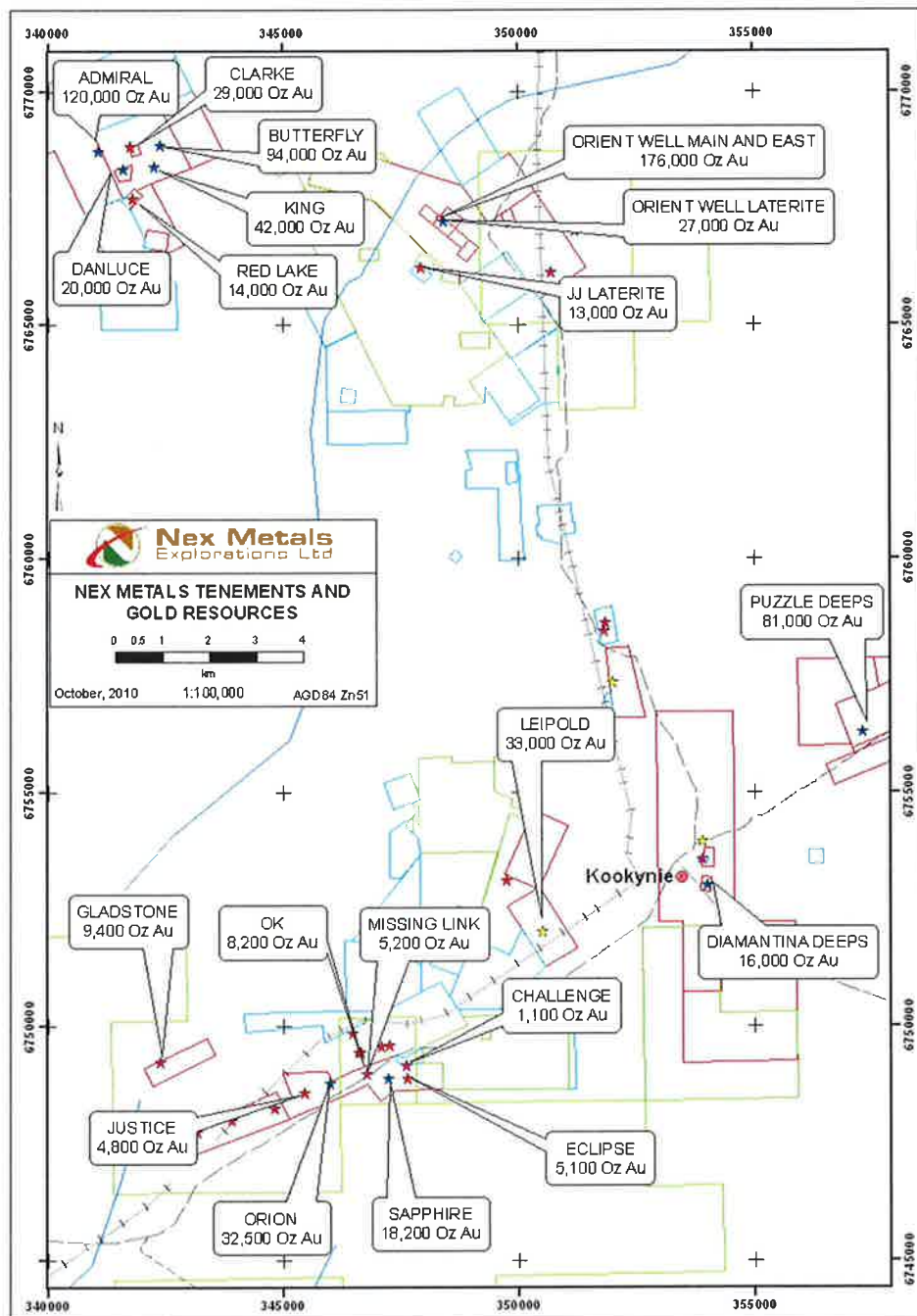


Figure 1. JORC-Compliant Resource Estimations for Nex Metals' Kookynie Project.

DIRECTORS' REPORT

- Heap leach construction initiated including pad clearing, pond building, haul and transport roads and cyanide facility.



Figure 2. 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.

- Mobile crushing and screening unit purchased – capable of processing over 1 million tonnes per annum.
- Camp and Orient Well mill facility upgraded with continued refurbishment and expansion.
- Conducted pit optimisation studies on several deposits including the Butterfly Pit for toll-treating and heap leaching.

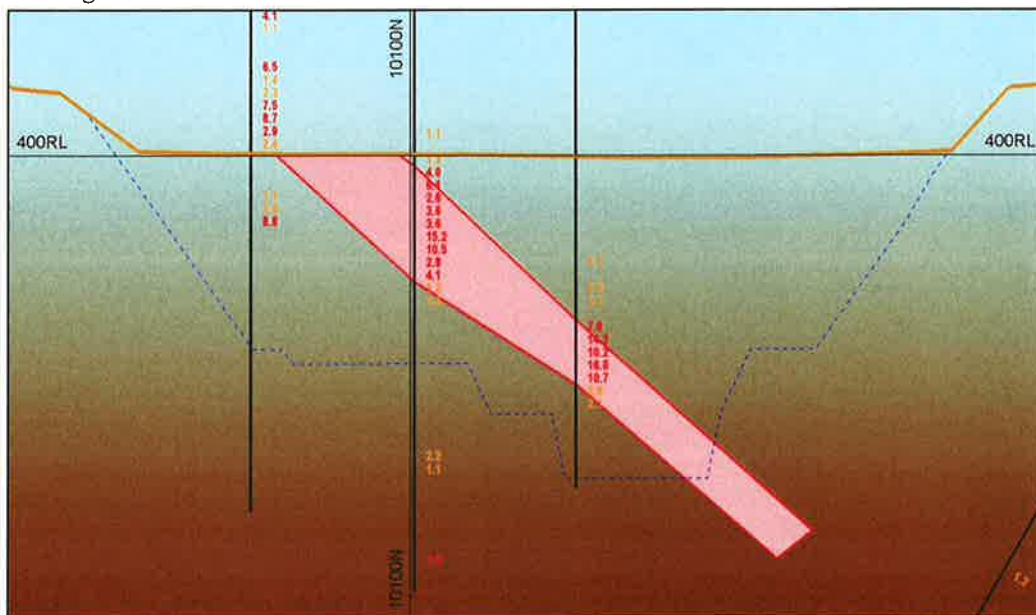


Figure 3. Cross-section from the Butterfly pit depicting high-grade intersections for toll-treating including 9 metres of 5.83 g/t gold and 5 metres of 11.94 g/t gold; individual assays represent one metre samples.

DIRECTORS' REPORT

- Explored several possibilities for toll-treating Nex ore at local mills to generate swift, near term cash flow.
- Further metallurgical studies conducted on laterite ore with low reagent consumption and high percolation rates during heap leach treatment.
- Metallurgical studies on Admiral-Butterfly ore indicate recoveries over 92% to be expected through carbon-in-leach treatment and insignificant abundances of deleterious elements.
- 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.
- Acquired additional leases in the region to further consolidate Nex's dominant land position in the Kookynie area; land package exceeds 300km².

Yundamindera

- Airborne magnetic and radiometric survey flown over entire land package.
- LiDAR survey flown over entire land package.
- Air core drilling program conducted to follow-up geophysical anomalies coincident with historic workings, soil anomalies and previous drill intersections.
- Nex attained 60% interest in the project from Saracen Gold Mines Pty Ltd with \$1 million in exploration expenditure within the first 2 years of the joint venture.

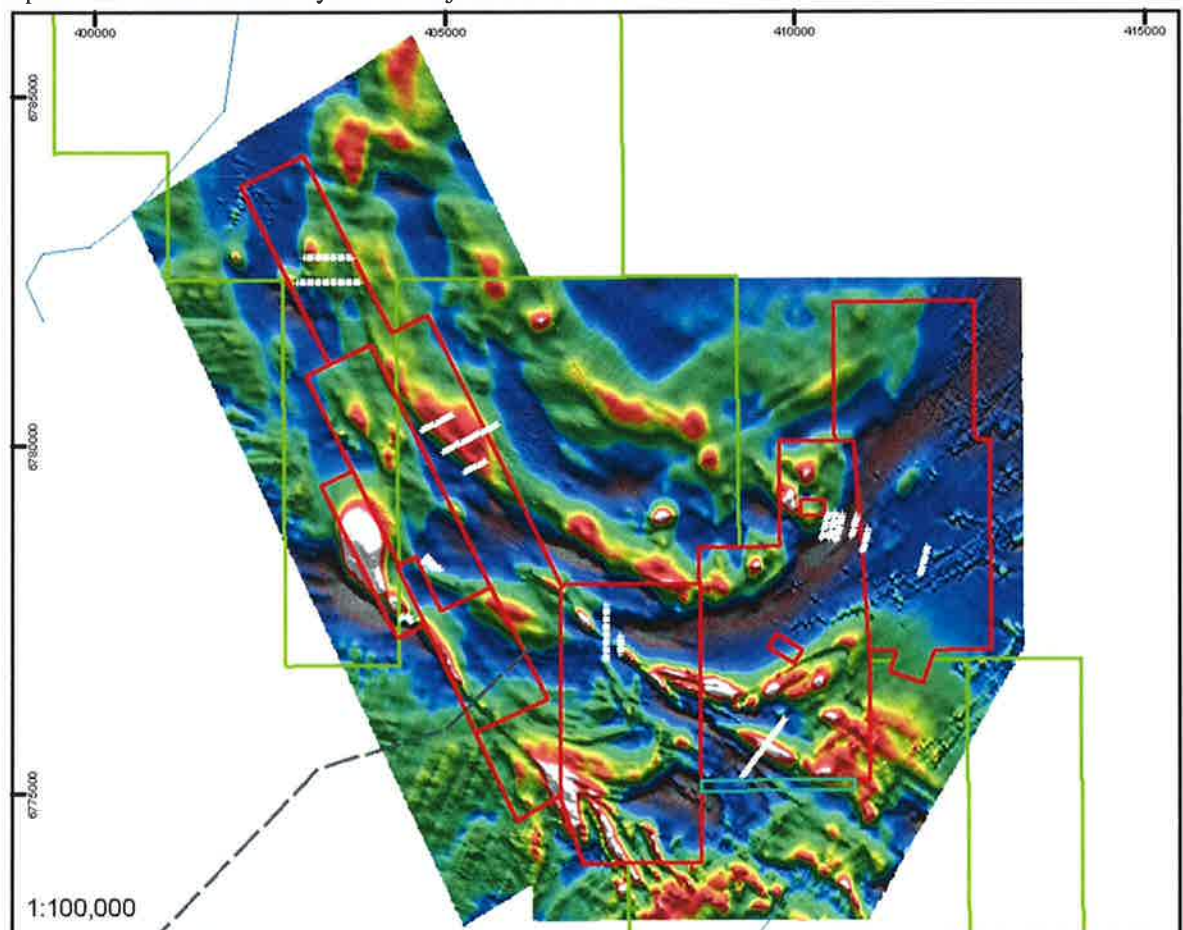


Figure 4. Total Magnetic Intensity image for the Yundamindera area with new aircore drill holes in white.

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DIRECTORS' REPORT

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.

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 2011 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 except as disclosed in Note 24.

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 Ltd's 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, 2 board meetings and 4 circular resolutions were passed by Directors.

Directors	Board of directors	
	A	B
Thomas F Percy QC	6	6
Kenneth Allen	6	6
Horst Prumm	3	2
Kasit Phisitkul	5	3
Hock Hoo Chua	5	4
Raja Mohd Azmi Bin Raja Razali	1	1

Notes

A - Number of meetings held during the time the director held office during the period, including circular resolutions.

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.

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DIRECTORS' REPORT

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 F Percy	1,000,000	3,500,000
K Allen	7,150,001	5,850,000
K Phisitkul	1,000,000	3,500,000
H H Chua	860,000	430,000
R Razali	7,600,000	3,800,000

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
15 December 2010	30 November 2011	\$0.25	10,972,446
12 January 2011	30 November 2011	\$0.25	7,077,797
			83,726,889

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 (Audited)

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.

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DIRECTORS' REPORT

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, since the issue of options to Directors on 1 July 2007. These options expire on 30 November 2012.

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 2011	30 June 2010
Revenue	\$9,497	\$8,168
Net Loss	\$3,376,719	\$4,805,170
Share Price	\$0.095	\$0.18

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 Directors and 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
Kasit Phisitkul	Non-Executive Director
Hock Hoo Chua	Non-Executive Director
Raja Mohd Azmi Bin Raja Razali	Non-Executive Director

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DIRECTORS' REPORT

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

Year ended 30 June 2011	Short-term			Post employment Superannuation \$	Share-based payments Options \$	Total \$
	Salary & Fees \$	Consulting \$	Non Cash \$			
Directors						
T Percy	37,500	-	2,997	3,375	-	43,872
K Allen	122,004	-	2,997	10,980	-	135,981
H Prumm	14,073	74,140	2,997	1,267	-	92,477
K Phisitkul	24,996	-	2,997	-	-	27,993
H Chua	20,000	-	2,997	1,800	-	24,797
R Razali	-	-	-	-	-	-
	218,573	74,140	14,985	17,422	-	325,120

Year ended 30 June 2010	Short-term			Post employment Superannuation \$	Share-based payments Options \$	Total \$
	Salary & Fees \$	Consulting \$	Non Cash \$			
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

(c) *Service agreements*

The agreements related to remuneration are set out below

- (i) The Company has entered into an executive services agreement with Kenneth Malcolm Allen whereby the Company has agreed to employ Kenneth Malcolm 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 Hock Hoo Chua, whereby the Company has agreed to pay Hock Hoo Chua \$25,000 per annum, plus statutory entitlements, payable monthly in arrears for acting as a Non-Executive Director of the Company.
- (iii) The company has entered into a letter agreement with Thomas Francis Percy QC whereby the Company has agreed to pay Thomas Francis Percy QC 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.
- (v) The Company has entered into a letter agreement with Raja Mohd Azmi Bin Raja Razali, whereby the Company has agreed to pay Raja Mohd Azmi Bin Raja Razali \$25,000 per annum, plus statutory entitlements, when Raja Mohd Azmi Bin Raja Razali stands in as an alternate for Hock Hoo Chua on a pro rata basis. No payments were made to Raja Mohd Azmi Bin Raja Razali during the year.

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DIRECTORS' REPORT

Indemnification of Officers and Auditors

During the financial year, 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.

Non-Audit Services

The directors are satisfied that the provision of non-audit services, during the year, 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 2011

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DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, including Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated entity;
2. the directors have been given the declarations required by s295A of the Corporations Act 2001; and
3. 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.

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



Kenneth Allen
Managing Director

Perth
30 September 2011

Nex Metals Explorations Ltd
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	30 June 2011	30 June 2010
		\$	\$
Revenue	3(a)	9,497	8,168
Other income	3(b)	81,051	331,576
Occupancy expenses		(17,581)	(34,372)
Administration expenses		(447,771)	(316,191)
Consultants expenses		(324,908)	(184,280)
Depreciation expense	3(c)	(237,874)	(160,201)
Employment and contractor expenses		(529,084)	(668,617)
Other operating expenses		(2,351)	(10,846)
Travel expenses		(54,650)	(80,016)
Exploration and evaluation expenses		(1,778,048)	(2,452,891)
Tenement acquisition expenses written off		(75,000)	(1,056,250)
Loss on disposal of tenements		-	(181,250)
Loss before income tax expense		(3,376,719)	(4,805,170)
Income tax expense		-	-
Loss for the year		(3,376,719)	(4,805,170)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(3,376,719)	(4,805,170)
Loss per share:			
Basic loss per share (cents)	15	(3.10)	(5.52)
Diluted loss per share (cents)		(3.10)	(5.52)

The accompanying notes form part of this financial statements.

Nex Metals Explorations Ltd
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Current assets			
Cash and cash equivalents	20(a)	626,260	443,973
Trade and other receivables	6	430,185	61,574
Other financial assets	7	92	56,456
Total current assets		<u>1,056,537</u>	<u>562,003</u>
Non-current assets			
Property, plant and equipment	8	1,600,524	652,509
Exploration and evaluation expenditure	9	414,769	2,829,714
Mine development expenditure	10	4,167,700	-
Total non-current assets		<u>6,182,993</u>	<u>3,482,223</u>
Total assets		<u>7,239,530</u>	<u>4,044,226</u>
Current liabilities			
Trade and other payables	11	736,534	530,888
Total current liabilities		<u>736,534</u>	<u>530,888</u>
Total liabilities		<u>736,534</u>	<u>530,888</u>
Net assets		<u>6,502,996</u>	<u>3,513,338</u>
Equity			
Contributed equity	12(a)	17,112,303	10,771,207
Option reserve	13	2,260,245	2,234,964
Accumulated losses	14	(12,869,552)	(9,492,833)
Total equity		<u>6,502,996</u>	<u>3,513,338</u>

The accompanying notes form part of this financial statements.

Nex Metals Explorations Ltd
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Attributable to equity holders			Total Equity \$
	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	
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 for the year	-	-	-	-
Total comprehensive income for the year	-	-	(4,805,170)	(4,805,170)
Transactions with owners, in their capacity as owners, and other transfers				
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 transactions with owners and other transfers	917,050	-	-	917,050
Balance at 30 June 2010	10,771,207	2,234,964	(9,492,833)	3,513,338
	Attributable to equity holders			Total Equity \$
	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	
Balance at 1 July 2010	10,771,207	2,234,964	(9,492,833)	3,513,338
Loss for the year	-	-	(3,376,719)	(3,376,719)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(3,376,719)	(3,376,719)
Transactions with owners, in their capacity as owners, and other transfers				
Issue of shares for working capital	6,409,650	-	-	6,409,650
Issue of shares in consideration for services rendered	271,958	-	-	271,958
Issue of options in lieu of share issue costs	(25,281)	25,281	-	-
Share issue costs	(315,231)	-	-	(315,231)
Total transactions with owners and other transfers	6,341,096	25,281	-	6,366,377
Balance at 30 June 2011	17,112,303	2,260,245	(12,869,552)	6,502,996

The accompanying notes form part of this financial statements.

Nex Metals Explorations Ltd
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,153,908)	(3,439,423)
Sundry receipts		81,051	18,720
Interest received		9,497	8,168
Net cash used in operating activities	20(b)	<u>(3,063,360)</u>	<u>(3,412,535)</u>
Cash flows from investing activities			
Payments for acquisition of mineral interests		(86,849)	(145,000)
Payments for plant and equipment		(1,045,721)	(1,095,112)
Payments for mine development		(1,740,905)	-
Proceeds from disposal of tenements		-	120,000
Proceeds from disposal of plant and equipment		-	887,364
Loan – Other		27,054	-
Net cash used in investing activities		<u>(2,846,421)</u>	<u>(232,748)</u>
Cash flows from financing activities			
Proceeds from issues of equity securities		6,409,650	895,000
Payment for share issue costs		(315,231)	-
Net cash provided by financing activities		<u>6,094,419</u>	<u>895,000</u>
Net increase in cash and cash equivalents		184,638	(2,750,283)
Effects of exchange rate on cash and cash equivalents		(2,351)	-
Cash and cash equivalents at the beginning of the financial year		443,973	3,194,256
Cash and cash equivalents at the end of the financial year	20(a)	<u>626,260</u>	<u>443,973</u>

The accompanying notes form part of this financial statements.

Nex Metals Explorations Ltd
ABN 63 124 706 449

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. Corporate Information

The financial statements of Nex Metals Explorations Ltd (the Company) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 30 September 2011.

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 statements are general purpose financial statements 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 statements 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 as issued by the IASB. Material accounting policies adopted in the preparation of this financial statements are presented below and have been consistently applied unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company recorded a loss of \$3,376,719 (2010: \$4,805,170) and had net cash outflows from operating activities of \$3,063,360 (2010: \$3,412,535) for the year ended 30 June 2011. The Company at reporting date had net current assets of \$320,003 (2010: \$31,115). 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 2011, the Company issued a further 2,000,000 shares, raising \$210,000 in working capital.
- The ability of the Company to issue additional shares under the *Corporations Act 2001*, as occurred during the year as disclosed in the Statement of Changes in Equity.
- The Company is in advanced stages of development of infrastructure and capabilities, to commence profitable mining operations of its Kookynie tenements. This is estimated to generate positive cashflows in 2012.
- 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 statements 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 statements have 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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.

(b) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(c) Financial assets

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and their fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designed as such to avoid an accounting mismatch or to enable performance evaluation where a group or financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting periods. All other investments are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2. Summary of Significant Accounting Policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At the end of each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2. Summary of Significant Accounting Policies (continued)

(f) Impairment of assets

At the end of each reporting year, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2. Summary of Significant Accounting Policies (continued)

(h) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the years in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken for each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

(i) Mine Development

Development expenditure incurred by or on behalf of the company is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and capitalised exploration and evaluation expenditure transferred from capitalised exploration and evaluation expenditure account.

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

Mine properties are tested for impairment in accordance with the policy in note 1(f).

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating to dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of the future costs and current legal requirements and technology, discounted to present value. Any changes in the estimates for the costs are accounted for on a prospective basis.

(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) 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%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2. Summary of Significant Accounting Policies (continued)

(l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting year.

(m) Revenue recognition

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2. Summary of Significant Accounting Policies (continued)

(r) 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 reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

(s) New accounting standards applicable for future periods

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	No expected material impact on the Company
AASB 124	<i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011	Disclosure only

t) Comparative Figure

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Nex Metals Explorations Ltd
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
3. Loss before income tax		
(a) Revenue		
Interest revenue	9,497	8,168
(b) Other Income		
Gain on foreign exchange currency	-	3,204
Profit on disposal of plant and equipment	-	308,214
Sundry income	13,034	20,158
Fuel tax credits	68,017	-
	81,051	331,576
(c) Expenses		
Depreciation of plant and equipment	237,874	160,201
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:		
Loss from operations	(3,376,719)	(4,805,170)
Income tax benefit calculated at 30%	(1,013,016)	(1,441,551)
Permanent differences		
Capital raising costs allowable	(43,452)	(24,538)
Non-deductible expenses	13,253	3,484
	(1,043,215)	(1,462,605)
Movements in unrecognised temporary differences	5,501	342,611
Unused tax loss not recognised as a deferred tax asset	1,037,714	1,119,994
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 attributable to tax losses carried forward at balance date is approximately \$3,786,738 (2010: \$2,749,024). They will only be of 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		
Audit and review of the financial report	34,000	42,750

Nex Metals Explorations Ltd
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
6. Trade and other receivables		
Sundry receivables	430,185	61,574
7. Other financial assets		
Prepayments	92	56,456
8. Property, plant and equipment		
	Motor Vehicles \$	Plant and Office Equipment \$
	\$	\$
Year ended 30 June 2011		
Balance at 1 July	187,205	465,304
Additions	187,902	997,987
Depreciation charge for the year	(58,046)	(179,828)
Balance at 30 June	317,061	1,283,463
At 30 June 2011		
Cost or fair value	419,732	1,586,274
Accumulated depreciation	(102,671)	(302,811)
	317,061	1,283,463
	Motor Vehicles \$	Plant and Office Equipment \$
	\$	\$
Year ended 30 June 2010		
Balance at 1 July	105,040	191,708
Additions	376,233	718,879
Disposal proceeds	(253,000)	(634,364)
Profit/(loss) on sale	8,780	299,434
Depreciation charge for the year	(49,848)	(110,353)
Balance at 30 June	187,205	465,304
At 30 June 2010		
Cost or fair value	231,830	588,287
Accumulated depreciation	(44,625)	(122,983)
	187,205	465,304

Nex Metals Explorations Ltd
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
9. Exploration expenditure		
Opening balance	2,829,714	3,942,164
Costs of acquisition of interests during the financial year	86,849	245,050
Writedown of acquired exploration assets	(75,000)	(1,056,250)
Costs of disposal of interests during the financial year	-	(301,250)
Transfer to mine development expenditure	(2,426,794)	-
Current year expenditure	1,646,258	2,452,891
Current year expenditure written off	(1,646,258)	(2,452,891)
Closing balance	<u>414,769</u>	<u>2,829,714</u>
10. Mine development expenditure		
Opening balance	-	-
Transfer from exploration expenditure	2,426,794	-
Capitalisation of costs	1,740,906	-
Amortisation	-	-
Closing balance	<u>4,167,700</u>	<u>-</u>
11. Trade and other payables		
Current		
Trade payables	672,977	414,315
Employee entitlements	63,557	38,573
Deposits - other	-	78,000
	<u>736,534</u>	<u>530,888</u>
12. Contributed equity		
131,550,931 fully paid ordinary shares (2010 : 89,293,292)	<u>17,112,303</u>	<u>10,771,207</u>
(a) Movements in contributed equity:		
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	<u>89,293,292</u>	<u>10,771,207</u>

Nex Metals Explorations Ltd
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

12. Contributed equity (continued)

(a) Movements in contributed equity (continued):

Year ended 30 June 2011

	No of Shares	Issue Price	\$
Balance at 1 July 2010	89,293,292		10,771,207
Shares issued for working capital	390,000	0.20	78,000
Shares issued for working capital	12,530,000	0.175	2,192,750
Shares issued for working capital	21,154,922	0.1575	3,331,900
Shares issued for working capital	6,456,000	0.125	807,000
Shares issued for services rendered	1,726,717	0.1575	271,958
Share issue costs	-		(315,231)
Share issue costs satisfied by issue of options	-		(25,281)
Balance at 30 June 2011	<u>131,550,931</u>		<u>17,112,303</u>

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

(c) Movements in Options on Issue

	2011 Number	2010 Number
Opening balance	64,656,646	61,471,646
Options issued for nil consideration to satisfy share issue costs	1,203,837	-
Options issued for nil consideration as part of share placements	17,866,406	3,585,000
Exercise of options	-	(400,000)
Closing Balance	<u>83,726,889</u>	<u>64,656,646</u>

13. Reserves

	30 June 2011 \$	30 June 2010 \$
Option reserve	<u>2,260,245</u>	<u>2,234,964</u>
Option reserve		
Balance at beginning of financial year	2,234,964	2,234,964
Issue of options	25,281	-
Balance at end of financial year	<u>2,260,245</u>	<u>2,234,964</u>

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

14. Accumulated losses

	30 June 2011 \$	30 June 2010 \$
Balance at beginning of financial year	(9,492,833)	(4,687,663)
Loss attributable to members	(3,376,719)	(4,805,170)
Balance at end of financial year	<u>(12,869,552)</u>	<u>(9,492,833)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Cents Per Share	2010 Cents Per Share
15. Loss per share		
Basic loss per share:	(3.10)	(5.52)
The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
	30 June 2011 \$	30 June 2010 \$
Loss for the year after income tax	(3,376,719)	(4,805,170)
Weighted average number of ordinary shares for the purposes of basic earnings per share	108,986,946	87,090,041
16. Commitments for expenditure		
(a) <u>Operating lease commitments</u>		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Not later than 1 year	38,125	-
Later than 1 year and not later than 2 years	41,340	-
Later than 2 years and not later than 5 years	28,938	-
	108,403	-
(b) <u>Exploration commitments</u>		
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:		
Not later than 1 year	1,564,385	1,276,180
Later than 1 year and not later than 2 years	1,416,004	1,038,662
Later than 2 years and not later than 5 years	3,394,197	2,424,118
	6,374,586	4,738,960
(c) <u>Royalty Commitments</u>		
(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		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

16. 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.

17. Contingent liabilities

During the year ended 30 June 2011, the Company's banker issued bank guarantees totalling \$253,000 with a facility limit of \$260,000 in favour of the Minister Responsible for the Mining Act 1978 in relation to certain mining tenements. There were also an indemnity guarantee facility of \$203,000 provided by the Company's other banker during the year which remains unused as at 30 June 2011. Other than the above, there were no other contingent liabilities as at 30 June 2011.

18. 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 2011	30 June 2010
	\$	\$
(i) Accounting, administration, rent & labour hire fees paid to Allens Business Group Pty Ltd, a related company of Kenneth Allen	57,698	36,053
(ii) Exploration consulting services paid to Mobile Gold Mining Pty Ltd and Prumm Corporation Pty Ltd, related companies of Horst Prumm *	74,140	138,063
(iii) Tenement administration fees paid to Absolute Tenement Services, related entity of Horst Prumm	23,100	51,700
(iv) Administration fees paid on behalf of International Mining Logistics Pty Ltd, a related entity of Kenneth Allen	1,385	-

* These amounts are included in Key Management Personnel remuneration totals in Note 19, 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.

Nex Metals Explorations Ltd
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

19. Key Management Personnel Disclosures

(a) Compensation of Key Management Personnel

	30 June 2011	30 June 2010
	\$	\$
Short term employee benefits	307,698	358,988
Post employment benefits	17,422	16,605
	<u>325,120</u>	<u>375,593</u>

(b) Option holdings of Key Management Personnel

	Balance at 01/07/10	Balance held at appointment	Exercise of Options	Other Changes during the year	Balance at 30/06/11
	No.		No.	No.	No.
2011					
Directors					
T F Percy	3,500,000	-	-	-	3,500,000
K Allen	5,850,000	-	-	-	5,850,000
H Prumm	4,040,000	-	-	*(4,040,000)	-
K Phisitkul	3,500,000	-	-	-	3,500,000
H H Chua	-	430,000	-	-	430,000
R Razali+	-	3,800,000	-	-	3,800,000
	<u>16,890,000</u>	<u>4,230,000</u>	<u>-</u>	<u>(4,040,000)</u>	<u>17,080,000</u>

* Represents balance held at date of resignation.

+ Indirect interests

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

19. Key Management Personnel Disclosures (continued)

(b) Option holdings of Key Management Personnel (continued)

	Balance at 01/07/09	Exercise of Options	Other changes during the year	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
	<u>17,290,000</u>	<u>(400,000)</u>	<u>-</u>	<u>16,890,000</u>

(c) Shareholdings of Key Management Personnel

	Balance at 01/07/10	Balance held at appointment	Exercise of Options	Other changes during the year	Correction of discrepancy	Balance at 30/6/11
2011	No.		No.	No.	No.	No.
Directors						
T F Percy	1,000,000	-	-	-	-	1,000,000
K Allen	7,030,001	-	-	120,000	-	7,150,001
H Prumm	2,080,000	-	-	*(2,080,000)	-	-
K Phisitkul	1,000,000	-	-	-	-	1,000,000
H H Chua	-	860,000	-	-	-	860,000
R Razali+	-	7,600,000	-	-	-	7,600,000
	<u>11,110,001</u>	<u>8,460,000</u>	<u>-</u>	<u>(1,960,000)</u>	<u>-</u>	<u>17,610,001</u>

* Represents balance held at date of resignation.

+ Indirect interests

	Balance at 01/07/09	Exercise of Options	Other changes during the year	Correction of discrepancy	Balance at 30/6/10
2010	No.	No.	No.	No.	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
	<u>10,730,001</u>	<u>400,000</u>	<u>-</u>	<u>(20,000)</u>	<u>11,110,001</u>

(d) Other transactions with Key Management Personnel

Other transactions with Key Management Personnel are included in Note 18.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
20. Notes to the cash flow statement		
(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	626,260	443,973
	<u>626,260</u>	<u>443,973</u>
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(3,376,719)	(4,805,170)
Depreciation	237,874	160,201
Non-cash expenditures	131,790	
Profit on sale of plant and equipment	-	(308,214)
Loss on sale of exploration project	-	181,250
Capitalised exploration written off	75,000	1,056,250
Loss on foreign exchange currency	2,351	-
<u>Changes in assets and liabilities:</u>		
Trade and other receivables	(384,743)	128,517
Prepayments	56,362	(1,438)
Trade and other payables	194,725	176,069
Net cash (used) in operating activities	<u>(3,063,360)</u>	<u>(3,412,535)</u>
(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
Consideration for the acquisition of plant and equipment partly satisfied by the issue of shares	140,168	-

21. 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:

Financial assets

Cash and cash equivalents	626,260	443,973
Trade and other receivables	430,185	61,574
	<u>1,056,445</u>	<u>505,547</u>

Financial liabilities

Trade and other payables	736,534	530,888
	<u>736,534</u>	<u>530,888</u>

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FOR THE YEAR ENDED 30 JUNE 2011

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 \$2,351 (2010 : \$9,076) 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 2011.

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 2011, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(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 2011	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	626,260	-	-	626,260	4.0
Trade and other receivables	430,185	-	-	430,185	-
	<u>1,056,445</u>	<u>-</u>	<u>-</u>	<u>1,056,445</u>	
Financial Liabilities:					
Trade and other payables	736,534	-	-	736,534	-
	<u>736,534</u>	<u>-</u>	<u>-</u>	<u>736,534</u>	
As at 30 June 2010	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	443,973	-	-	443,973	4.0
Trade and other receivables	61,574	-	-	61,574	-
	<u>505,547</u>	<u>-</u>	<u>-</u>	<u>505,547</u>	
Financial Liabilities:					
Trade and other payables	530,888	-	-	530,888	-
	<u>530,888</u>	<u>-</u>	<u>-</u>	<u>530,888</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Sensitivity analysis – interest rates

At 30 June 2011, 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, trade receivables and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

22. Share based payments

(a) (i) Directors Options

There were no directors options issued in the year ended 30 June 2011 (2010: Nil).

(ii) Directors Options Outstanding

During the year 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 year 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
	<u>18,000,000</u>		<u>1,278,900</u>

The fair value of these options has been recognised as an expense in the statement of comprehensive income during the year ended 30 June 2008 as they were fully vested.

The weighted average remaining contractual life of the director share options outstanding at 30 June 2011 was 1.4 years (2010 : 2.4 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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

Year ended 30 June 2011

On 12 January 2011, 836,762 shares valued at \$131,790 were issued to vendors as part consideration for services rendered, and 889,955 shares valued at \$140,168 were issued to vendors as part consideration for acquisition of plant and equipment.

No shares were issued during the year for acquisition of mineral tenements.

On 31 January 2011, 1,203,837 options valued at \$25,281 were issued for nil consideration to vendors as part consideration for services rendered. These options are due to expire on 30 November 2011 and have an exercise price of \$0.25.

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.

23. Segment Reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company operates predominantly in one business segment which is mineral mining and exploration and predominantly in one geographical area which is Western Australia.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located. 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 2011 is \$Nil (2010 : Nil). All the assets are located predominantly in Australia. Segment assets are allocated to countries based on where the assets are located.

24. Subsequent events

- (a) In July 2011, the company issued 2,000,000 shares at \$0.105, raising \$210,000.
- (b) In August 2011, the company announced the signing of a toll treating agreement with Navigator (Bronzewing) Pty Ltd.

Other than the above, there are no other matters or circumstances that have arisen since 30 June 2011 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial periods.

25. Company Details

The registered office and principal place of business is:
Nex Metals Explorations Ltd
Unit 2
42 Terrace Road
EAST PERTH WA 6004

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 9101
www.rsmi.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NEX METALS EXPLORATIONS LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Nex Metals Explorations Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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 about 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.

RSM Bird Cameron Partners

Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nex Metals Explorations Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Nex Metals Explorations Limited 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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of \$3,376,719 and had cash outflows from operating activities of \$3,063,360 during the year ended 30 June 2011 and, as of that date, the company's current assets exceeded its current liabilities by \$320,003. These conditions, along with other matters as set out 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, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

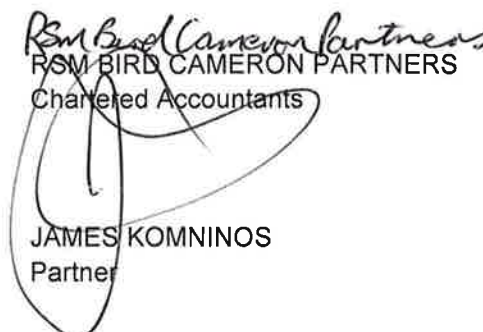
We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Nex Metals Explorations Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Perth, WA

Dated: 30 September 2011


RSM BIRD CAMERON PARTNERS
Chartered Accountants
JAMES KOMNINOS
Partner

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Nex Metals Explorations Limited for the year ended 30 June 2011, 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

JAMES KOMNINOS
Partner

Perth, WA
Dated: 30 September 2011