



31 October 2011

Quarterly Report

First Quarter

Period Ending 30 September 2011

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

Highlights

- Resource estimations completed for the Champion and McTavish deposits
- Kookynie Project resources now total 22.38 Mt for 769,000 ounces of gold
- Toll treating agreement signed with Navigator (Bronzewing) Pty Ltd
- Mining proposal approved for the Butterfly Pit
- Additional pit optimisations and production scheduling advancing
- Various permitting, environmental studies and reporting ongoing
- Financing efforts progressing well

New Resource Estimations

The Champion and McTavish deposits lie within 4 kilometres of the town of Kookynie having seen past production from small-scale underground and open cut mining; historic production numbers from the deposits include 33,003 ounces from Champion and 5,962 ounces from McTavish at average grades of 16.5 g/t and 30.3 g/t, respectively. The JORC-compliant resource estimates, including 'Indicated' and 'Inferred' categories, were conducted by independent consultants Apex Geoscience Australia Pty Ltd (Apex).

The Champion deposit contains 117,000 tonnes grading 3.8 g/t Au for 14,000 ounces while McTavish reported 79,000 tonnes grading 2.2 g/t Au for 6,000 ounces. Significant potential exists to expand the deposits along strike and down dip (Figures 1 and 2). Exploration drilling conducted by Diamond Ventures Exploration Pty Ltd at Champion in 2002/03 included 7 metres of 165 g/t Au in hole DVR0074.

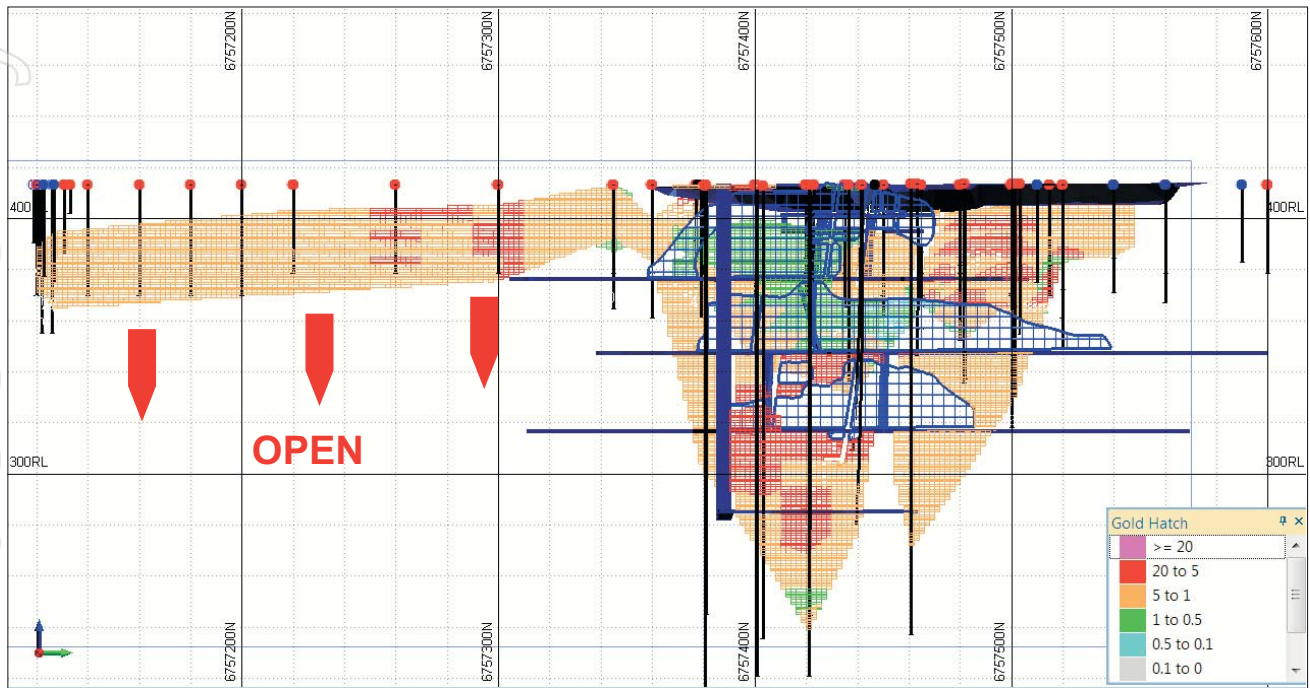


Figure 1. Block model long section of the Champion deposit with drill holes (black lines), current open pit (black solid, top right) and existing stopes (blue hatch). Significant high-grade portions remain unmined (red blocks) and large areas have been untested by drilling, particularly down dip.

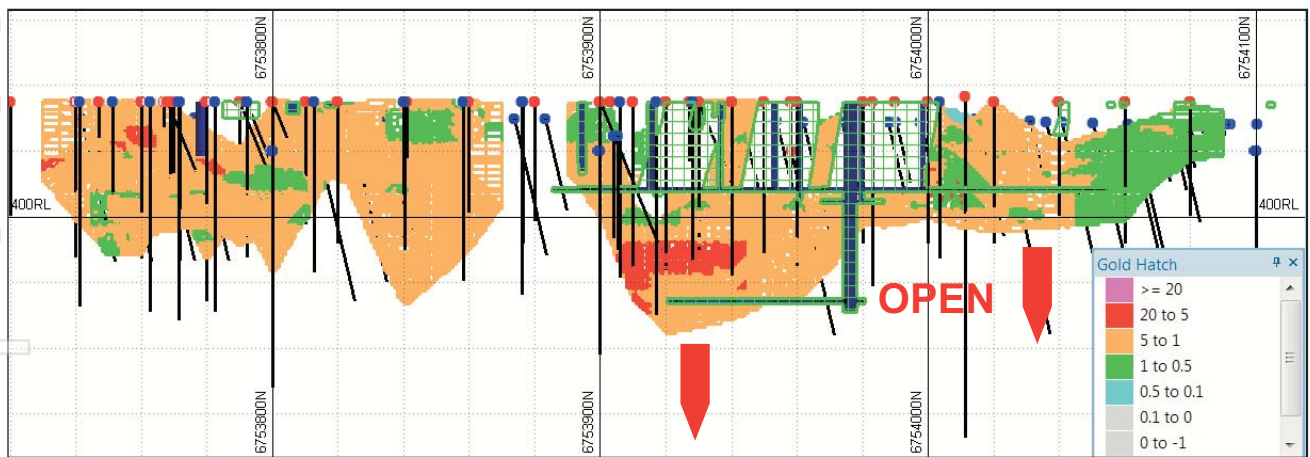


Figure 2. Block model long section of the McTavish deposit with drill holes (black lines) and existing stopes (green hatch). High-grade portions (red blocks) are unmined while mineralisation remains open at depth beneath the historic mining.

Toll Treating

During the quarter Nex entered into an agreement with Navigator (Bronzewing) Pty Ltd whereby Nex can process up to 150,000 tonnes of ore through the Bronzewing Processing Plant. Nex commissioned Butterfly pit optimisation studies, conducted by Minecomp Pty Ltd, and proceeded with mine planning and scheduling whilst securing contractors for various facets of the mining and hauling operations. These studies indicate that 186,000 tonnes of ore averaging 2.55 g/t Au can be mined within the current pit outline. Initial treatment is being targeted for December 2011 or January 2012.



Mining Proposal Approved

The Mining Proposal and ancillary documentation submitted for deepening the Butterfly Open Pit has been approved by the Department of Mines and Petroleum. All permits and approvals are now in place for mining.

Pit Optimisations and Mining Scheduling

Minecomp Pty Ltd has been working through pit optimisations on additional deposits within the Kookynie Project including Admiral, King, Danluce, Clark, Orient Well, and Cosmopolitan using current resource estimations. Favourable economics have been calculated for several of these deposits, consequently mine planning and scheduling has begun. Nex is currently forecasting 3 years of production for the planned 700,000 tonne per annum Orient Well Carbon-in-Leach mill.

Exploration planning includes work around the sub-economic resources in an attempt to increase the size and economic potential of these deposits.

Approvals and Reporting

Various reporting and permitting matters were completed in the quarter including revisions to the Project Management Plan for mining and heap leach operations, road use applications for hauling ore on public roads and water use approvals.

Environmental work comprised the introduction of a water quality management plan including proper usage of the licenced bore field, maintaining potable water quality for camp use and regulating the use of water within the heap leach facility. The Annual Environmental Report for the Kookynie Project was submitted to the Department of Mines and Petroleum including an environmental management plan. Nex has been collecting baseline environmental data for the area to use in effective management of the environmental facets of the project development.

Financing and Costing

Nex continued to refine the costs associated with refurbishing and restarting the Orient Well mill and investigated various financing options with individuals and institutions. These efforts are proceeding well with significant interest from several parties.

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.

The resource estimation information above that relates to Mineral Resources for Champion and McTavish was compiled by Mr Steven Nicholls (MAIG), resource geologist of Apex Geoscience Australia Pty Ltd. Mr Nicholls has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Nicholls consents to the inclusion in this report of the matters based on their information in the form and content in which it appears.