



**Nex Metals**  
Explorations Ltd

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## Quarterly Report Third Quarter Period ending 31 March 2012

The Directors of Nex Metals Explorations Ltd (Nex or the Company) are pleased to report on the company's activities during the March quarter 2012.

### Highlights:

- Nex attains producer status with first gold pour
- Mining of the Butterfly Open Pit starts
- Toll-milling at the Brightstar Mill starts
- Butterfly grade control drilling yields impressive results
- Additional mining proposals being prepared
- Additional Financing obtained

### Mining Commences

Mining of the Butterfly Open Pit began in January with drill and blast contractor Total Drilling Services Pty Ltd (TDS) starting a six month blast-hole drilling program. The first blast was conducted 18 January 2012 in waste rock to gauge blast dynamics and vectors without sacrificing the integrity of the orebody. Removal of ore from the pit has involved a hired Hitachi EX1200 excavator and the fleet of Nex-operated CAT 777B dump trucks along with several ancillary support vehicles. As at 31 March 2012, 28,224 tonnes of high-grade ore (expected grade of 2.2 g/t Au), 7,325 tonnes of low-grade ore (expected grade of 1.26 g/t Au), 3,024 tonnes of mineralised waste (expected grade of 1.08 g/t Au) and 126,773 tonnes of waste had been removed from the Butterfly Pit. The low-grade ore and mineralised waste will be stockpiled for future treatment in the Orient Well Heap Leach facility.

High-grade Butterfly ore transport to Stone Resources' Brightstar Mill, totaling 21,068 tonnes, started two weeks later via triple road train provided by Calin Haulage Pty Ltd. Calin had been previously hauling ore from Puzzle and Champion stockpiles within the Kookynie Project to Brightstar to be used as flushing material and additional high-grade feed respectively; this transport totaled 11,293 and 3,030 tonnes respectively. Treatment of lower-grade, flushing material prior to high-grade ore is designed to cleanse the mill of remnant material from previously treated ores. The treatment of the Puzzle flushing material began 18 February 2012 whilst high-grade Butterfly ore began treatment 24 February 2012. By the end of the March quarter, tonnes treated through Brightstar comprised 6,046 tonnes of high-grade Butterfly, 723 tonnes of Champion and 7,874 tonnes of Puzzle. Nex is currently working through the gold-in-circuit accounting for this period.

The first parcel of gold-bearing (loaded) carbon was removed from Brightstar in March and transported to Perth for stripping which resulted in the first gold bar of 7.54 kilograms (bar NEX 001).

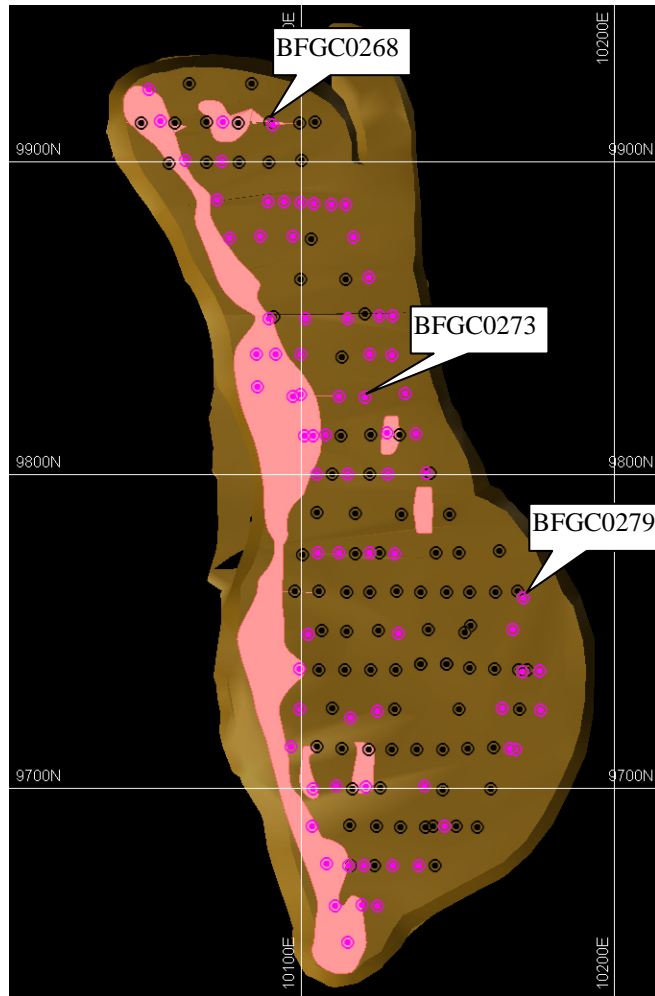
### Grade Control Drilling Results - Butterfly Pit

Results from the Butterfly Pit grade control drilling conducted December 2011 were received in the quarter and underscored the impressive grades within Butterfly. The drill results also served to refine the orebody model for mining, blasting and overall pit design.

Highlights from the grade control included holes BFGC0268 with 4.82 g/t Au over 7 metres, BFGC0273 reporting 7.72 g/t Au over 5 metres and BFGC0279 with 8.65 g/t Au over 6 metres, (see Butterfly drill plan below).



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### Financing

The Company issued a \$1,500,000 convertible note to Malayan United Industries Berhad (MUI Global) a multi-disciplinary investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad since 30 June 1971. Terms of the note provide a conversion period of 2 years (no conversion permitted within first 6 months) at a 10% interest rate and strike price of \$0.08/share. In addition placement occurred to sophisticated shareholders to raise \$1,262,000 at \$0.08 both raisings have been used to fund working capital for the commencement of production  
A member of MUI Global will be invited on to the Nex board of directors.

### Approvals and Reporting

Nex is moving forward with mining permits of several optimised pits in the Kookynie Gold Project to ensure continued production once the Phase 1 mining of the Butterfly Pit is concluded.

### 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.*

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Nex Metals Explorations Ltd

ABN

63 124 706 449

Quarter ended ("current quarter")

31 March 2012

#### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors  | 377                        | 377                                   |
| 1.2 Payments for (a) exploration & evaluation<br>(b) development<br>(c) production<br>(d) administration | (242)<br>(2,500)<br>(470)  | (462)<br>(3,436)<br>(890)             |
| 1.3 Dividends received   |                            |                                       |
| 1.4 Interest and other items of a similar nature received  | -                          | 13                                    |
| 1.5 Interest and other costs of finance paid   | (20)                       | (22)                                  |
| 1.6 Income taxes paid  |                            |                                       |
| 1.7 - Other<br>- GST net   | -<br>(165)                 | -<br>188                              |
| <b>Net Operating Cash Flows</b>  | <b>(3,020)</b>             | <b>(4,232)</b>                        |
| <b>Cash flows related to investing activities</b>  |                            |                                       |
| 1.8 Payment for purchases of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets          | -<br>(70)                  | -<br>(70)                             |
| 1.9 Proceeds from sale of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets             |                            |                                       |
| 1.10 Loans to other entities   | (18)                       | (30)                                  |
| 1.11 Loans repaid by other entities  |                            |                                       |
| 1.12 Other<br>- Refund of bonds paid   | -<br>-                     | 253<br>-                              |
| <b>Net investing cash flows</b>  | <b>(88)</b>                | <b>153</b>                            |
| 1.13 Total operating and investing cash flows (carried forward)  | <b>(3,108)</b>             | <b>(4,079)</b>                        |

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**Appendix 5B**  
**Mining exploration entity quarterly report**

|   |  |              |              |
|---|--|--------------|--------------|
| 1.13  | Total operating and investing cash flows (brought forward) | (3,108)      | (4,079)      |
| <b>Cash flows related to financing activities</b> |  |              |              |
| 1.14  | Proceeds from issues of shares, options, etc.              | 1,262        | 2,153        |
| 1.15  | Proceeds from sale of forfeited shares                     |              |              |
| 1.16  | Proceeds from borrowings                                   |              |              |
| 1.17  | Repayment of borrowings                                    |              |              |
| 1.18  | Dividends paid   |              |              |
| 1.19  | Other – Share issue costs                                  | (81)         | (87)         |
|   | Other  | 348          | 398          |
|   | Proceeds from issue of convertible note                    | 1,500        | 1,500        |
|   | <b>Net financing cash flows</b>                            | <b>3,029</b> | <b>3,964</b> |
|   | <b>Net increase (decrease) in cash held</b>                | <b>(79)</b>  | <b>(115)</b> |
| 1.20  | Cash at beginning of quarter/year to date                  | 323          | 359          |
| 1.21  | Exchange rate adjustments to item 1.20                     |              |              |
|   |  | 244          | 244          |
| 1.22  | <b>Cash at end of quarter</b>                              |              |              |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 0                          |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   |                            |

1.25 Explanation necessary for an understanding of the transactions

NIL directors fees and salaries paid during the quarter.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

**Financing facilities available**

Add notes as necessary for an understanding of the position.

|     |                             | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities             |                             |                        |
| 3.2 | Credit standby arrangements |                             |                        |

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

|                                | \$A'000     |
|--------------------------------|-------------|
| 4.1 Exploration and evaluation | 100         |
| 4.2 Development                | 350         |
| 4.3 Production                 | 7500        |
| 4.4 Administration             | 225         |
| <b>Total</b>                   | <b>8175</b> |

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 244                        | 323                         |
| 5.2 Deposits at call                             |                            |                             |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter</b> (item 1.22) | <b>244</b>                 | <b>323</b>                  |

**Changes in interests in mining tenements**

|   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|---|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | E77/1219<br>E20/666   |                                  | 100%<br>100%                           | 0%<br>0%                         |
| 6.2 Interests in mining tenements acquired or increased           |                       |                                  |  |                                  |

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**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|  | Total number                                   | Number quoted | Issue price per security (see note 3) (cents)  | Amount paid up per security (see note 3) (cents)  |
|--|--|---------------|--|---|
| 7.1 <b>Preference +securities</b><br>(description)   |  |               |  |   |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |  |               |  |   |
| 7.3 <b>+Ordinary securities</b>  | 152,716,956                                    | 152,716,956   |  |   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 15,775,000                                     | 15,775,000    | \$0.08   | \$0.08  |
| 7.5 <b>+Convertible debt securities</b><br>(description)   | 1 convertible note (face value of \$1,500,000) |               |  |   |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | 1 convertible note (face value of \$1,500,000) | 0             | Convertible note issued during the quarter, convertible at the lower of \$0.08 per share or the VWAP based on 10 trading days prior to conversion. | Maturity date – February 2014. Conversion price - \$0.08 or VWAP based on 10 trading days prior to conversion. Interest rate – 10%pa. |
| 7.7 <b>Options</b><br>(description and conversion factor)  |  |               | <i>Exercise price</i>  | <i>Expiry date</i>  |
|  | 3,000,000                                      | -             | \$0.25   | 30/11/2012  |
|  | 1,500,000                                      | -             | \$0.40   | 30/11/2012  |
|  | 1,500,000                                      | -             | \$0.50   | 30/11/2012  |
|  | 3,000,000                                      | -             | \$0.60   | 30/11/2012  |
|  | 3,000,000                                      | -             | \$0.75   | 30/11/2012  |
|  | 6,000,000                                      | -             | \$1.00   | 30/11/2012  |
| 7.8 Issued during quarter  |  |               |  |   |
| 7.9 Exercised during quarter   |  |               |  |   |

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**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |   |  |  |                       |                    |
|------|---|--|--|-----------------------|--------------------|
| 7.10 | Expired during quarter                      |  |  | <i>Exercise price</i> | <i>Expiry date</i> |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>   |  |  |                       |                    |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i> |  |  |                       |                    |

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 30/04/2012

Print name: KENNETH ALLEN

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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