



Nex Metals Explorations Ltd

ACN 127 706 449

of Unit 2, 42-52 Terrace Road, East Perth WA 6004

**Circular to Shareholders
including
NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM**

**General Meeting of Nex Metals Explorations Ltd to be held at
the Goodearth Hotel, 195 Adelaide Terrace, Perth WA 6000
on Friday, the 5th day of October 2012 commencing at 2.00 pm (WST).**

This document should be read in its entirety. If after reading this Circular to Shareholders, you have any questions or doubts as to how you should vote, you should contact your stockbroker, solicitor, accountant or professional adviser.

For personal use only

Corporate Directory

Directors	Thomas Percy QC Kenneth Allen Hock Hoo Chua Kasit Phisitkul	Chairman – Non-Executive Managing Director Director – Non-Executive Director – Non-Executive
Secretary	Kenneth Allen	
Head Office	Unit 2 42-52 Terrace Road EAST PERTH WESTERN AUSTRALIA 6004 Phone: (08) 9221 6813 Fax: (08) 9221 3091 Website: www.nexmetals.com	
Registered Office	Unit 2 42-52 Terrace Road EAST PERTH WESTERN AUSTRALIA 6004	
Auditors	RSM Bird Cameron 8 St Georges Terrace PERTH WESTERN AUSTRALIA 6000	
Lawyers	Lawton Gillon Level 11 16 St Georges Terrace PERTH WESTERN AUSTRALIA 6000	
Share Registry	Security Transfer Registrars Pty. Limited 770 Canning Highway APPLECROSS WESTERN AUSTRALIA 6153	
ASX Code	NME	

Notice of General Meeting

NOTICE IS GIVEN THAT a General Meeting of the Company will be held at the Goodearth Hotel, 195 Adelaide Terrace, Perth WA 6000 on Friday, the 5th day of October 2012 commencing at 2.00 pm (WST).

Information on the proposals to which the resolutions set out below relates is contained in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

BUSINESS OF THE MEETING

ORDINARY BUSINESS

RESOLUTIONS

1. RESOLUTION 1 – RATIFICATION OF ISSUE OF SECURITIES

To consider and, if thought fit, pass with or without amendment the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the issue of 14,650,000 Shares on the dates and on the terms set in the Explanatory Statement be subsequently approved.”

Voting Exclusion

In accordance with Listing Rule 7.5.6, any votes cast on Resolution 3 by or on behalf of a person who participated in the placement and any of the respective associates of such persons, will be disregarded.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO HOLDER OF CONVERTIBLE NOTE

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the Company be authorised to issue that number of shares in the Company as set out in the Explanatory Memorandum to Cesuco Trading Limited pursuant to a Convertible Note Agreement dated 3 February 2012 and otherwise on the terms set out in the Explanatory Memorandum.”

Voting Exclusion

In accordance with Listing Rule 7.3.8, any votes cast on Resolution 4 by or on behalf of a person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 4 is passed, and any of the respective associates of such persons, will be disregarded.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the Company be authorised to issue up to 30,000,000 fully paid ordinary shares at an issue price of not less than 80 per cent of the average market price of the fully paid ordinary Shares of the Company where the average market price is calculated over the last 5 days on which sales in the Company’s Shares were recorded before the day on which the issue is made and otherwise on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion

In accordance with Listing Rule 7.3.8, any votes cast on Resolution 1 by or on behalf of a person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 1 is passed, or any of the respective associates of such persons, will be disregarded.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

“Snap-Shot” Time

The Corporations Act permits the Company to specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all Shares of the Company that are quoted on ASX at 5.00 pm WST 3rd October 2012 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion is not specified each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

DATED: 5th Day of September 2012

BY ORDER OF THE BOARD



KENNETH ALLEN
Company Secretary
Nex Metals Explorations Ltd

EXPLANATORY STATEMENT

This Explanatory Statement is an important document. You should read the document. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, you should contact your stockbroker or other professional adviser.

General Information.

This Explanatory Statement has been prepared for the information of Shareholders of Nex Metals in connection with the business to be conducted at the General Meeting to be held at the Goodearth Hotel, 195 Adelaide Terrace, Perth, Western Australia on the date set out in the notice of meeting.

The purpose of this Explanatory Statement is to provide Shareholders with information which is reasonably required by Shareholders to decide how to vote upon the resolution. This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting. This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

RESOLUTION 1 - RATIFICATION OF ISSUE OF SECURITIES

Proposed subsequent shareholder approval

Listing Rule 7.1 imposes a 15% cap on the number of new securities that a company can issue over any 12 month period without shareholder approval. ASX Listing Rule 7.4 allows a company to seek the subsequent approval of shareholders for an issue of securities. Shareholder approval of securities issued under the Placement refreshes the Company's 15% annual capacity to raise additional capital without the need to obtain shareholder approval. This provides additional funding flexibility for the Company.

Effect of the proposal

If Resolution 1 is approved, the Company will not have to count the securities issued under the Placement towards the 15% limit of securities that may be issued by the Company in any 12 month period under Listing Rule 7.1. Accordingly, if Resolution 1 is passed, the Company's annual capacity to issue capital within the 15% limit under Listing Rule 7.1 (in respect of the Placement, being 14,650,000 Shares) will be refreshed. The Directors of the Company consider it prudent to maintain such funding flexibility as part of the Company's capital management strategy.

If Resolution 1 is not approved, it will have no effect upon the 14,650,000 Shares issued or agreed to be issued. Those Shares have already been either issued and quoted on the ASX or the Company has agreed to issue the Shares. However the Shares would be counted towards the 15% of additional securities that may be issued by the Company in any twelve month period under Listing Rule 7.1. The Shares which have been issued were issued to the following:

Allottee	No of Shares	Issue price	Date issued
Tan Ah Kim	3,125,000	7 cents	12 March 2012
Chua Hock Peng	1,500,000	7 cents	12 March 2012
Silktree Inv PL	1,250,000	7 cents	12 March 2012
Yeo Peck Chong	1,000,000	7 cents	12 March 2012
Kow Wong Sam	1,000,000	7 cents	12 March 2012
Goh Siang Joon	1,000,000	7 cents	12 March 2012
Hernstadt William Henry	625,000	7 cents	12 March 2012
Cheang Siew Giap	625,000	7 cents	12 March 2012
Petard PL	500,000	7 cents	12 March 2012
Hong Lim Aik	500,000	7 cents	12 March 2012
Barac Mate	487,500	7 cents	12 March 2012
Whitham Alan	400,000	7 cents	12 March 2012
Seng Ong Chee	375,000	7 cents	12 March 2012
Ong Chin Giap	375,000	7 cents	12 March 2012
Loon Kang Sin	375,000	7 cents	12 March 2012
Dick Barry David & Kim	375,000	7 cents	12 March 2012
Phillips Margaret Olive	312,500	7 cents	12 March 2012
Ng Bee Bee	200,000	7 cents	12 March 2012
Wah Fan Poh	187,500	7 cents	12 March 2012
McDonald John Stanley	187,500	7 cents	12 March 2012
Chin Woan Jen	125,000	7 cents	12 March 2012
Breamlea PL	125,000	7 cents	12 March 2012
TOTAL No OF SHARES	14,650,000		

Use of funds raised

The funds raised from the Placement were used for general working capital purposes.

The Shares were issued on the same terms and conditions as the Company's existing ordinary Shares.

Recommendation

In order to ensure that the Company has adequate funding flexibility, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 - APPROVAL TO ISSUE SHARES TO HOLDER OF CONVERTIBLE NOTE

Background for Resolution 2

The Company entered into a Convertible Note with Cesuco Trading Limited on 13 February 2012 whereby Cesuco Trading Limited advanced the sum of \$1,500,000 to the Company. Cesuco Trading Limited has the right to convert the debt, or any part thereof, to shares in the Company at an exercise price of the lower of 8 cents or the 10 trading day volume weighted average price,

which means the maximum number of shares the Company may be obliged to issue to Cesuco Trading Limited is 18,750,000 in the event that the conversion is effected at 8 cents, otherwise it will be determined as follows:

$$N = \frac{\$1,500,000}{\text{VWAP}}$$

where:

N = the number of Shares to be issued to Cesuco Trading Limited; and

VWAP = the volume weighted average trading price of Shares on ASX for the 10 trading days immediately preceding the receipt of a conversion notice from Cesuco Trading Limited.

The other terms of the Convertible Note Agreement are as follows:

- (a) No interest is payable on the amount advanced.
- (b) The term of the convertible note expires 12th February 2014.

The Company seeks approval to issue the shares in anticipation of Cesuco Trading Limited electing to convert the debt to equity so the issue of the shares does not count towards the Company's 15 per cent placement capacity.

For the purposes of Listing Rule 7.3 the Company provides the following information:

- (a) the maximum number of securities to be issued is 18,750,000 if the conversion price is 8 cents or otherwise it will be determined as follows:

$$N = \frac{\$1,500,000}{\text{VWAP}}$$

where:

N = the number of Shares to be issued to Cesuco Trading Limited; and

VWAP = the volume weighted average trading price of Shares on ASX for the 10 trading days immediately preceding the receipt of a conversion notice from Cesuco Trading Limited,

provided however under no circumstances is Cesuco Trading Limited entitled to issue a notice of conversion in the event that to do so would mean that Cesuco Trading Limited's interest in the ordinary shares of Nex Metals would exceed 19.9 % of the shares then on issue;

- (b) the Shares will be issued within 3 months of the date of this meeting or such later date as approved by ASX. It is intended that the Shares will be allotted progressively;
- (c) the shares will be issued when Cesuco Trading Limited issues a notice to the Company requiring the allotment of the shares;
- (d) the issue price of the shares will be the lower of 8 cents per share or the volume weighted average trading price of Nex Metals shares on ASX for the 10 trading days immediately preceding receipt of a notice of conversion;
- (e) the shares will be allotted to Cesuco Trading Limited;

- (f) the shares will be issued on the same terms and conditions of the Company's existing ordinary shares;
- (g) no funds will be raised from the issue of the shares as the Company has already received the sum of \$1,500,000 from Cesuco Trading Limited. The funds were used in the development of the Company's Kookynie gold project.

Recommendation

The Directors unanimously recommend the shareholders vote in favour of Resolution 2.

RESOLUTION 3 - APPROVAL TO ISSUE SHARES

Background for Resolution 3

Proposed subsequent shareholder approval

As at the date of this notice Nex is in negotiations with a number of potential investors with a view to securing a cornerstone shareholder. This will assist the Company with funds needed to progress mine development activities at its Kookynie Project.

Listing Rule 7.1 imposes a 15 per cent cap on the number of new securities that a company can issue over any 12 month period without shareholder approval. Listing Rule 7.1 allows a company to seek the approval of shareholders to an issue of securities which would exceed the 15 per cent annual cap prescribed by it.

To give the Company flexibility and the capacity to issue Shares to a potential new shareholder within 3 months of the date of this meeting, the Company seeks approval of shareholders to enable up to 30,000,000 fully paid ordinary Shares to be issued at not less than 80 per cent of the market price of the Company's Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made.

The Company has not identified any allottees of the proposed Shares and does not have any arrangements in place to issue the Shares.

Effect of proposal

If Resolution 3 is approved, the Company will have the capacity to issue up to 30,000,000 fully paid ordinary Shares to various allottees as per the purpose stated above. The funds raised will be used for general working capital purposes to assist in the development of the Company's Kookynie Project.

For the purposes of Listing Rule 7.3 the Company provides the following information:

- (a) the maximum number of securities to be issued is 30,000,000 fully paid Shares;
- (b) the Shares will be issued within 3 months of the date of this meeting. It is intended that the Shares will be allotted progressively;
- (c) the issue price of the Shares is to be not less than 80 per cent of the market price of the Company's Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made;
- (d) the Shares will be issued to various allottees who are yet to be determined, however it is intended that the allottees will be sophisticated or other exempt investors to whom the Shares can be offered without disclosure and in any event will not be directors, their associates or related parties;
- (e) these Shares will be issued on the same terms and conditions as the Company's existing ordinary Shares;

- (f) the amount raised from the issue of the Shares is not able to be determined at this time, however the amount raised will be used for general working capital of the Company, including the advancement of the Company's Kookynie Project.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

In this Notice of Meeting and Explanatory Statement, the following terms have the following unless the context otherwise requires:

DEFINITIONS

“**ASIC**” means the Australian Securities & Investments Commission;

“**ASX**” means ASX Limited (ACN 008 624 691);

“**Board**” means the Directors of the Company from time to time;

“**Business Day**” has the meaning ascribed to that term by the Listing Rules;

“**Company**” means Nex Metals Explorations Ltd (ACN 124 706 449);

“**Directors**” means each of the persons who acts as directors of the Company;

“**Listing Rules**” means the official listing rules of ASX;

“**Meeting**” and “**Shareholders' Meeting**” means the meeting of Shareholders convened by the Notice;

“**Notice**” means the notice of meeting to which this Explanatory Statement is attached;

“**Shares**” means ordinary fully paid Shares in the capital of the Company and “**Shareholders**” has a corresponding meaning;

“**WST**” means western standard Australian time.

NOTES

A shareholder who is entitled to attend and vote at a meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the company.

Where a voting exclusion applies, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions of the proxy form or it is cast by a person chairing the meeting as proxy for person who is entitled to vote in accordance with the direction of the proxy form to vote as the proxy decides. The directors of the company have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date is stated above.

A proxy form is attached. If required, it should be completed, signed and returned in accordance with the proxy instructions on that form. To be effective, the proxy form (and any power of attorney) must be lodged at the registered office of the company not less than 48 hours before the time of holding the meeting. The proxy may be lodged by facsimile transmission to Security Transfer Registrars Pty. Limited, facsimile number: (08) 9315 2233.

Proxy Form

NEX METALS EXPLORATIONS LTD

ABN 124 706 449

All correspondence to:

Security Transfer Registrars Pty. Limited

PO Box 535

APPLECROSS WA 6953)

Enquiries (within Australia)

(08) 9315 2333

(outside Australia) 61 8 9315 2333

Facsimile 61 8 9315 2233

Shareholder

Name, address and daytime telephone number of shareholder.

Name.....

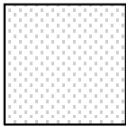
Address.....

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Daytime telephone no.....Email Address:.....

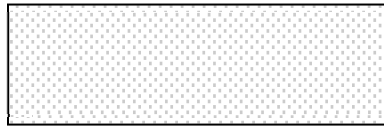
Appointment of Proxy

I/we being member/s of Nex Metals Explorations Ltd and entitled to attend and vote hereby appoint



The Chairman of the Meeting (mark with an "X")

OR



Write here the name of the person you are appointing if this person is **someone other than** the Chairman of

the Meeting.

or, failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Nex Metals Explorations Ltd to be held at the Goodearth Hotel, 195 Adelaide Terrace, Perth WA 6000 on Friday, the 5th day of October 2012 commencing at 2.00 pm (WST).

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution other than 'Resolution 1, in which case undirected proxies cannot and will not be voted by the Chairman.

Voting directions to your proxy – please X to indicate your directions

PROXY'S VOTING INSTRUCTIONS

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be countered in computing the required majority on a poll.

PROXY'S VOTING INSTRUCTIONS

(OPTIONAL)	⇒	FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
1. Ratification of issue of options		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval to issue shares to holder of convertible note		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval to issue shares		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE

This section MUST be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Securityholder 1

Sole director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Daytime contact telephone

Date

For personal use only

How to complete the Proxy Form

1. Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Security holders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Reception on +61 8 9221 6813 or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded;

(b) return both forms together in the same envelope.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders should sign

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry.

If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations

Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting at 2.00 pm on 5 October 2012.

Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged

by delivery, mail or facsimile to the Security Transfer Registrars Pty. Limited:

PO Box 535, APPLECROSS WA 6953)

Enquiries (within Australia) (08) 9315 2333

(outside Australia) 61 8 9315 2333

Facsimile 61 8 9315 2233

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