



31 October 2012

Australian Securities Exchange  
2 The Esplanade  
Perth WA 6000

### Quarterly Report for the Period Ended 30 September 2012

#### Highlights:

- 9,038 t milled at the Brightstar Mill
- 418 ounces of gold produced
- Geological field work and exploration ongoing

#### Mining Butterfly Pit

Mining of the Butterfly Open Pit ended 23 June of the previous quarter. The overall mining campaign between February and June 2012 totalled 51,091 tonnes of high-grade ore, 25,402 tonnes of low-grade ore, 11,578 tonnes of mineralised waste and 302,198 tonnes of waste.

The Brightstar Mill processed 9,038 tonnes (Table 1) bringing the total processed for the overall campaign to 58,533 tonnes (including 8,134 tonnes of Champion and Puzzle ore). A parcel of 1,000 tonnes of Butterfly ore was not processed during the quarter due to continual operational issues at the Brightstar Mill and remains stockpiled. A total of 418 ounces was produced during the quarter. The continual operational issues of the Brightstar Mill during the campaign have resulted in significantly reduced processing than the contracted tonnage the Company is assessing the outcomes on cashflows and will advise shareholders further on remedies available to the Company.

The low grade ore and mineralised waste was stockpiled on site for future treatment in the Orient Well CIP/Heap Leach facility.

Table 2: Month-by-month milling production figures from Butterfly Open Pit for the September quarter

Month	Mill Feed (t)	Recovered Gold (g)	Recovered Gold (oz)*	Weighted Head Grade (g/t)
July	4,661	7,346	236	1.61
August	4,377	5,657	182	1.56
September				
<b>Total</b>	<b>9,038</b>	<b>13,003</b>	<b>418</b>	<b>1.59</b>

#### Field Work/Pit optimisations

A four-person geological field crew spent the quarter soil sampling and topographically surveying various tenements. Refining of pit optimisation work continues as part of the mine life planning with the focus still being the refurbishment of the current mothballed mill to an initial capacity of 700,000 tonne per annum when funding is achieved.

#### 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 Australia Pty 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")

30 September 2012

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	276	276
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(52) - (608) (182)	(52) - (608) (182)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 - R & D tax offset received - GST net - Other	147 300 103	147 300 103
<b>Net Operating Cash Flows</b>	<b>(16)</b>	<b>(16)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Refund of bonds paid	- -	- -
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(16)</b>	<b>(16)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(16)	(16)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
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	95	95
	<b>Net financing cash flows</b>	<b>95</b>	<b>95</b>
	<b>Net increase (decrease) in cash held</b>	<b>79</b>	<b>79</b>
1.20	Cash at beginning of quarter/year to date	15	15
1.21	Exchange rate adjustments to item 1.20		
		94	94
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 \$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	0

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 \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements	7,000	- (a)

+ See chapter 19 for defined terms.

(a) In June 2012, Nex Metals entered into a standby subscription agreement with Gurney Capital Nominees Pty Ltd. The total facility, of which drawdowns can be made subject to certain terms and conditions, is \$7M. Nil amounts have been drawn down on this facility in the quarter ended 30 September 2012.

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	
4.4 Administration	200
<b>Total</b>	<b>300</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	94	15
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>94</b>	<b>15</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E25/339	Partial surrender of 3 blocks	100%	100%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

For personal use only

**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> (description)				
7.2 Changes during quarter (a) Increases through issues (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 (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> (description)	1 convertible note (face value of \$1,500,000)		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.
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (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				

+ See chapter 19 for defined terms.

For personal use only

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

7.9	Exercised during quarter				
7.10	Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.11	<b>Debentures</b> <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: 31/10/2012

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.

== == == == ==

---

+ See chapter 19 for defined terms.

For personal use only