



Nex Metals
Explorations Ltd

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Australian Securities Exchange
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Quarterly Report for the Period Ended 31 December 2012

Highlights:

- Research and Development rebate received.
- Deposit resources and production scheduling revisited
- Geological field work and exploration ongoing

Forward Planning

Nex continued reviews of the gold resources and mine planning within the Kookynie Project in anticipation of the Orient Well Mill refurbishment. Several of the deposits were remodelled and reinterpreted based on new mapping and information and experience gathered from mining the Butterfly Pit. Mine scheduling revisions continue to insure the best cash flow scenario is achieved.

Field Work

A three-person geological field crew spent the quarter conducting soil sampling, prospecting, mapping and compiling data. Soil sampling programs were designed primarily to follow-up on previous anomalous results within the Kookynie and Yundamindera projects whilst some sampling was conducted in prospective areas with little to no previous work underscoring Nex's opinion that the projects have the potential for new discoveries. Numerous tenements outboard of these projects were also sampled, prospected and mapped in a cursory manner during the quarter.

Data compilation on newly granted tenements was initiated during the quarter comprising literature reviews, digitisation and verification of available data and ground truthing.

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Corporate

Nex Metals applied for and received a Research and Development rebate under the Federal Tax system of \$5.1m gross, for metallurgical and mining research undertaken during the trial mining.

The Company is still working with 2 Chinese entities on both capital injection and funding of the mill refurbishment. There have been delays in their funding from China but they are committed to the process and have invested significantly on engineering. The Directors are still of the opinion this provides a better outcome for Nex Shareholders as the funding of the Mill is structured as to not dilute shareholders interest in the Company.

The Company has received other interested investors in the project but any discussions are at an early stage for the Company to comment on.

Action against the Toll treating entity was being developed during the quarter for the losses incurred by Nex. Commencement of proceedings is expected in the first half of 2013.

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.

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