

31 January 2017

Company Announcements Officer  
Australian Securities Exchange  
Esplanade Perth WA 6000

Dear Sir/Madam

**Quarterly Report for the Period Ended 31 December 2016**

Nex Metals Explorations Ltd (Nex or the Company) provides the following update on recent Company activities.

- Kookynie Gold Tailings and CSIRO
- Cosmopolitan and Champion underground mining projects.
- Evaluation of various projects.
- Continuation of Legal Action.

**Kookynie Gold Tailings and CSIRO**

During the Quarter the Company signed a Collaboration agreement with CSIRO – Gold Processing team, for the development and commissioning of a mobile processing facility at the Cosmopolitan tailings in Kookynie. A grant is being applied for the majority of funding of the plant. The Company is pleased that a research organization of this caliber is working with us in parallel on our Non-Toxic gold processing methodology that we have been developing over the last few years to significantly reduce environmental impacts (no cyanide or other toxic products to be used) but at the same time having cost-benefits to process low grade ores at a low capital and operating expenditure. CSIRO have developed their propriety process and reagents for gold extraction. A number of testing streams will be operating concurrently to measure performance outcomes. CSIRO estimate that this process has the potential to unlock significant value of lost gold each year in Australia which is currently constrained or lost to waste. The Kookynie project will be a first in the pilot programs.

**Cosmopolitan and Champion underground mining projects.**

During the quarter has entered into discussions and has reached general agreement with a China based underground mining Company with respect to the re-opening of both the Cosmopolitan and Champion historical mines. Nex will not be required to provide any capital expenditure for the re-opening. The Company will provide an update to the market on signing of the formal agreement.



### **Evaluation of Projects**

The Company continues to have projects presented to it for evaluation during the past quarter extending from Gold, base metals and copper. The Company takes the view that in the current commodities market that projects need to show exceptional value for the Company to proceed to any type of acquisition arrangement.

### **Continuation of Legal Action**

The Supreme Court action with Stone Resources Australia Limited (ASX:SHK) is still pending experts reports to be submitted to the Court. The Company expects the matter to be referred back to the Supreme Court during the next Quarter.

### **Administration**

The 2016 rebate for Research and Development was received subsequent to the end of the Quarter.

The Company has funds due from outstanding debtors of \$220,000 and balance of the sale of the Kookynie project of \$1,067,000 (plus interest). The Company has completed transfers of tenements (Kookynie Gold Project) into the Company's name being the subject of sale to A & C Mining. This completes any barrier to completion of the sales process and hence transfer of balance of funds the Company.

The Company continues to manage the Kookynie Gold project.

### **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.



**Nex Metals Explorations Ltd**  
**Consolidated Tenement Schedule as at 31 December 2016**

Lease	Nex Area	Locality	Status	Holder	Area Hectares
G40/3	Kookynie Central	Kookynie	Live	NEX METALS EXPLORATIONS LTD	7.239
M40/27	Kookynie Central	Champion	Live	NEX METALS EXPLORATIONS LTD	85.475
M39/410	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	978
L40/9	Kookynie Central	Kookynie	Live	NEX METALS EXPLORATIONS LTD	1
M39/274	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	230
M39/839	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	7.3
M39/840	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	9.7
M40/0061	Kookynie Central	Kookynie	Live	NEX METALS EXPLORATIONS LTD	832.7
M40/22	Niagra	Leipold deposit	Live	NEX METALS EXPLORATIONS LTD	121.7
M40/0077	Niagra	Mc Tavish Hill	Live	NEX METALS EXPLORATIONS LTD	119.2
M39/84	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	378
M39/407	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	896
M39/408	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	785
M39/409	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	966
M39/406	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	124
L39/34	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	1
L39/51	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	2
L39/52	Yundamindera	Yundamindera	Live	NEX METALS EXPLORATIONS LTD	1

For personal use only

## Appendix 5B

### Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

**Name of entity**

Nex Metals Explorations Ltd

**ABN**

63124706449

**Quarter ended ("current quarter")**

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	151	227
1.2 Payments for		
(a) exploration & evaluation	(87)	(108)
(b) development	-	-
(c) production	-	-
(d) staff costs	(94)	(174)
(e) administration and corporate costs	(57)	(96)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	8	(4)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(80)</b>	<b>(156)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

For personal use only

## Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	230	306
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(80)	(156)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>150</b>	<b>150</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	150	230
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>150</b>	<b>230</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
0
0

NIL directors fees and salaries paid during the quarter

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
0
0

For personal use only

## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	80
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>230</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

For personal use only

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 31/1/2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.