

**NEXT GEN METALS INC.**  
(the “Company”)

Dear Shareholders,

**NOTICE OF CONSOLIDATION OF SHARE CAPITAL**

The Board of Directors approved, through a resolution dated June 21, 2010, to consolidate the Company’s share capital.

All regulatory approvals have been obtained and the Company’s share capital was consolidated on the basis of two (2) old common shares of the Company for one (1) new common shares of the Company. The consolidated common shares of the Company commenced trading on the Canadian National Stock Exchange on June 28, 2010, with an effective date of June 30, 2010. The Company’s trading symbol did not change and remains as “N”.

*The Company would like to take this opportunity to explain the circumstances and reasons for Management’s decision to consolidate the share capital of the Company on a 2:1 basis.*

Management has begun the process of applying for listing on the TSX Venture Exchange (“TSXV”) as a Tier 2 Issuer in the Mining segment. The Company currently trades on the Canadian National Stock Exchange (“CNSX”) under the symbol “N”. The current Board of Directors was elected September 23, 2009 and, under this new management team, has worked towards revitalizing the Company and meeting the requirements for listing on the TSXV.

As part of the Company’s Initial Listing Requirements for the TSXV, among other things, we needed to create more shareholders with board lots (minimum of 1,000 shares = 1 board lot) and acquire a mineral property of merit. Due to the Global financial problems beginning in 2008, public companies were experiencing extreme difficulty in raising working capital to remain solvent and meet their financial/exploration/property obligations. To assist listed companies, the TSXV, on November 3, 2008, initiated “Temporary Relief Measures” which allowed companies to complete private placements with a share price of \$0.05 or lower. This relief measure was in effect up to October 1, 2009.

Based on the Bulletin dated November 3, 2008, *Temporary Relief Measures*, and their follow-up Bulletin dated March 6, 2009, and after discussions with the CNSX regarding the pricing, we announced a private placement of 12,196,000 common shares at \$0.025 per share on September 23, 2009, and completed the financing on November 9, 2009, for gross proceeds of \$304,900.00. The private placement created 214 more board lot shareholders, of which 138 of the placees (not including Principal’s shares) subscribed for 4,000 shares each. All placees of this financing entered into a Voluntary Pooling Agreement whereby one-quarter of their shares are released beginning six months after completion and every six months thereafter.

What was not apparent from the information provided in the TSXV Bulletins was that the underlying TSXV regulations were still in effect. Subsequently, this meant that all shares issued at \$0.05 or lower by companies that were not listed on the TSXV at the time, would be classified as “Founders Shares” and therefore subject to specific listing requirement rules.

The TSXV explained that all shares issued below \$0.05, and therefore classified as Founders Shares, could represent no more than 15% of the Company's issued and outstanding shares at the time of listing. Because we issued approximately 12 million shares at less than \$0.05, we would have to issue approximately 80 million shares in a subsequent private placement in order for the 12 million shares to represent 15% of the issued and outstanding shares.

Management has discussed and met with representatives of the TSXV to discuss this problem and we have presented our position that the private placement shares should not be considered "Founders Shares". Although they fully understood the problem facing Next Gen's application for listing, they could not agree to provide any exemptions from the rule.

The alternative solution was to consolidate the share capital of Next Gen on a 2:1 basis prior to applying for the listing on the TSXV. This would satisfy the TSXV listing requirements by removing the "Founders Shares" classification because all shares would be valued at \$0.05 or more.

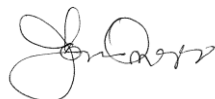
Although this was not the path that we were anticipating, and certainly were not expecting when we presented this initial financing, Management still feels that at a share price of \$0.05 it still represents an excellent entry level with little or no further downside. The Company is committed to listing your shares on a more senior exchange so that we can continue to finance projects, create shareholder wealth and provide the necessary liquidity to attract investment in your company.

**Accompanying this notice is a letter of transmittal which you may use to exchange your current share certificate(s) for the new share certificate(s) evidencing the consolidation. Please read carefully the Instructions on the reverse side of the letter of transmittal.**

If you have any questions please feel free to contact Jay Oness, VP Corporate/Business Development at either 604-685-1870 or by email at [jay@pfncapital.com](mailto:jay@pfncapital.com).

Yours truly,

**NEXT GEN METALS INC.**



Jay Oness,  
VP Business/Corporate Development

Encl.

2303 West 41st Avenue, 2nd Floor  
Vancouver, BC V6M 2A3  
Tel: (604) 685-1870  
Fax: (604) 685-6550