NEMEX RESOURCES LIMITED

ACN 146 243 843

AND ITS CONTROLLED ENTITIES

HALF - YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2013

CONTENTS

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity ("Group") for the half-year ended 31 December 2013. The directors report as follows:

Directors

The directors of the Company during or since the end of the half-year are listed below. All directors were in office for this entire period unless otherwise stated.

Patrick Flint	Non-Executive Chairman
Peter Turner	Managing Director
Paul Jurman	Non-Executive Director

Results

The consolidated loss for the half-year after tax was $279,991 (2012: $365,269).

Review of Operations

Télimélé Project, Guinea

Nemex continued negotiations with potential investment groups with respect to funding the next stages of the exploration at Nemex's Télimélé DSO iron project in western Guinea. Nemex has indicated that the next steps towards developing the Télimélé Project are to drill with a view to increasing the DSO resources (at an estimated cost of USD 2m), and to complete a bankable feasibility (at an estimated cost of USD 5m).

Nemex also continued to be involved in the World Bank-sponsored infrastructure study that is looking at potential areas of operational efficiencies with a number of other potential mining companies operating close to Nemex, and whose operations require a port and road/rail solution. These included discussion with several bauxite groups on potential cooperation of the construction of a multi-user port at Bel Air peninsula, located between Boffa and Kamsar.

Côte d'Ivoire Projects

Nemex acquired 1,186km2 of gold and base metal exploration licences in eastern Côte d'Ivoire in the period, and began working on two of these licences, Abengourou and Dabakala.

Reconnaissance soil sampling was undertaken at Abengourou over several aeromagnetic targets within a sheared corridor that was interpreted to have magnetic intrusive rocks. This corridor was determined to be a high priority target for gold mineralization. The first results of the 683-sample program successfully highlighted five significant gold anomalies grading up to 246 ppb Au. Closer-spaced sampling was undertaken over each of the anomalies with the result that the southernmost anomaly, 'Anomaly 5' showed semi-continuous gold anomalies over 4km with gold grades of 100-525 ppb Au. As the anomaly was tested up to the southwest border of the licence boundary, an extension application for a further 20km of strike-length has been submitted to the Mines Ministry in Côte d'Ivoire. Nemex intends to continue the along-strike continuation of the anomaly once the extension has been granted.

At Dabakala, 1,154 samples were collected over a high-priority gold target area comprising a large zone of altered and silicified rocks bordering a large granite to the northwest. These samples were composited to 616 samples and were sent to SGS's sample preparation facility in Yamoussoukro, central Côte d'Ivoire for sample preparation for geochemical analysis. They are currently awaiting analysis but are on hold until negotiations with a third party with respect to a farm-in arrangement are finalised or terminated.

The joint venture negotiations with the third party include the Alepe Licence, Nemex's third granted exploration licence.

Nemex has three additional licence areas under application.

Woodley Project, Western Australia

Nemex Resources owns 100% of the Woodley DSO Project in Mid-West Western Australia. GWR Group Limited (ASX: GWR) is earning an 85% interest in the project through $1 million expenditure on exploration.

During the half-year period, GWR announced encouraging results from a 14-hole RC drilling program for 1,138m. GWR consider the Woodley DSO iron project as a possible satellite iron deposit to their Wiluna West DSO iron project.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

P Turner
Managing Director
Perth
Dated this 11th day of March 2014

Competent Person's Statement

The information in this report that relates to the Abengourou Licence was first reported by the Company in compliance with JORC 2012 in market releases dated 27 November 2013 and 23 January 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements dated 27 November 2013 and 23 January 2014.

The information reported above (other than in respect of the Abengourou Project) relating to Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Results (other than in respect of the Abengourou Project) is based on, and fairly represents, information and supporting documentation compiled by Dr Peter Turner, who is a member of the Australian Institute of Geoscientists (AIG). Dr Turner is the Managing Director of the Company. Dr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'. Dr Turner consents to the form and context in which the Exploration Results, Mineral Resources and the supporting information are presented in this report.

Results referenced to GWR Group Ltd in relation to the Woodley Project are extracts from publicly released information by GWR Group Ltd.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Nemex Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
11 March 2014

L Di Giallonardo
Partner

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half - year ended 31 December 2013

	Notes	31 December 2013 $	31 December 2012 $
REVENUES			
Interest income		1,897	36,022
		1,897	36,022
EXPENSES			
Administrative expenses		(153,281)	(157,196)
Depreciation expense		(72,517)	(71,497)
Employee benefits expense		(115,737)	(94,852)
Impairment of exploration expenditure		-	(53,014)
Occupancy expenses		(24,258)	(24,732)
Loss before income tax expense	2	(363,896)	(365,269)
Income tax benefit – R & D tax offset		83,905	-
Net loss for the period		(279,991)	(365,269)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		33,481	(9,890)
Other comprehensive income / (loss) for the period		33,481	(9,890)
Total comprehensive loss for the period		(246,510)	(375,159)
Basic and diluted loss per share (cents per share)	5	(0.48)	(0.90)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	31 December 2013 $	30 June 2013 $
Current Assets			
Cash and cash equivalents		205,309	271,557
Other receivables		127,631	46,882
Total Current Assets		332,940	318,439
Non-Current Assets			
Property, plant and equipment	3	191,262	262,761
Deferred exploration and evaluation expenditure	4	4,814,913	4,488,411
Other assets		10,125	10,125
Total Non-Current Assets		5,016,300	4,761,297
Total Assets		5,349,240	5,079,736
Current Liabilities			
Trade and other payables		122,689	97,885
Total Liabilities		122,689	97,885
Net Assets		5,226,551	4,981,851
Equity			
Issued capital	6	7,356,510	6,886,301
Equity based compensation reserve	7	455,937	434,936
Foreign currency translation reserve		159,984	126,503
Accumulated losses		(2,745,880)	(2,465,889)
Total Equity		5,226,551	4,981,851

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half - year ended 31 December 2013

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Equity Based Compensation Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2012	6,886,301	(1,671,990)	6,754	370,296	5,591,361
Loss for the period	-	(365,269)	-	-	(365,269)
Exchange differences arising on translation of foreign subsidiaries	-	-	(9,890)	-	(9,890)
Total comprehensive loss for the period	-	(365,269)	(9,890)	-	(375,159)
Fair value of options issued	-	-	-	11,109	11,109
Balance at 31 December 2012	6,886,301	(2,037,259)	(3,136)	381,405	5,227,311
	$	$	$	$	$
Balance at 1 July 2013	6,886,301	(2,465,889)	126,503	434,936	4,981,851
Loss for the period	-	(279,991)	-	-	(279,991)
Exchange differences arising on translation of foreign subsidiaries	-	-	33,481	-	33,481
Total comprehensive loss for the period	-	(279,991)	33,481	-	(246,510)
Shares issued during the year (net of costs)	470,209				470,209
Fair value of performance rights and options issued	-	-	-	21,001	21,001
Balance at 31 December 2013	7,356,510	(2,745,880)	159,984	455,937	5,226,551

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2013

	31 December 2013 $	31 December 2012 $
Cash flows from operating activities		
Cash payments in the course of operations	(301,626)	(261,491)
Interest received	2,205	53,395
Net cash used in operating activities	(299,421)	(208,096)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(266,813)	(846,488)
Payments for plant and equipment	-	(54,267)
Net cash used in investing activities	(266,813)	(900,755)
Cash flows from financing activities		
Proceeds from issue of shares and options	545,312	-
Issue costs - shares and options	(43,541)	-
Net cash provided by financing activities	501,771	-
Net decrease in cash and cash equivalents	(64,463)	(1,108,851)
Cash and cash equivalents at the beginning of the reporting period	271,557	2,447,544
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(1,785)	(1,290)
Cash and cash equivalents at the end of the reporting period	205,309	1,337,403

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Nemex Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the period after tax of $279,991 (2012: $365,269) and experienced net operating and investing cash outflows of $566,234 (2012: $1,108,851). As at 31 December 2013, the Group has net current assets of $210,251.

The Board recognises that additional funding is required to ensure that the Group can continue to fund its operations and further develop its mineral exploration and evaluation assets for a period of at least twelve months from the date of signing this financial report. The Directors believe that such additional funding is potentially available from a number of sources including:

- Project funding expenditure from parties earning a joint venture interest in the Group's projects;
- The placement of further securities;
- Loan funds secured against assets of the Group; and
- The sale of assets.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

Going Concern - continued

The Directors believe the Group will obtain sufficient funding from one or more of the funding opportunities detailed above to enable it to continue as a going concern and therefore that it is appropriate to prepare the financial statements on a going concern basis.

Should funding from the abovementioned sources not be secured, there will exist a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets (in particular its deferred exploration expenditure) and extinguish its liabilities in the normal course of business.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current half-year.

2. LOSS BEFORE INCOME TAX EXPENSE

	31 December 2013 $	31 December 2012 $
These expense items are relevant in explaining the financial performance for the half-year:		
Depreciation expense	72,517	71,497
Exploration expenditure impaired	-	53,014

3. PROPERTY, PLANT AND EQUIPMENT

	31 December 2013	30 June 2013
	$	$
Movement in carrying amounts		
Balance at the beginning of the period	262,761	341,303
Additions	-	59,022
Depreciation expense	(72,517)	(141,529)
Foreign exchange effects	1,018	3,965
Balance at the end of the period	191,262	262,761

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013	30 June 2013
	$	$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at the beginning of the period	4,488,411	2,919,409
Expenditure incurred	294,134	1,569,406
Exploration expenditure impaired	-	(111,013)
Foreign exchange effects	32,368	110,609
Balance at end of the period	4,814,913	4,488,411

The expenditure above relates to the exploration and expenditure phase. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

5. LOSS PER SHARE

	31 December 2013	31 December 2012
	cents	cents
Basic loss per share	(0.48)	(0.90)

	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	58,590,576	42,625,001

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decreased loss per share.

6. ISSUED CAPITAL

	CONSOLIDATED			
	Six Months to 31 December 2013		Year to 30 June 2013	
	Number	$	Number	$
(a) Ordinary shares, issued and fully paid	65,437,478	7,356,510	43,125,001	6,886,301
Movements in Ordinary Shares:				
Balance at the beginning of the period	43,125,001	6,886,301	42,625,001	6,886,301
Performance rights vested and converted to ordinary shares at nil consideration	500,000	-	500,000	-
Non renounceable entitlement issue at an issue price of 2.5 cents each in August 2013	21,812,477	545,312	-	-
Transaction costs arising from issue of securities	-	(75,103)	-	-
Balance at the end of the period	65,437,478	7,356,510	43,125,001	6,886,301

6. ISSUED CAPITAL - continued

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2013	Options Issued	Options Exercised/ Expired	Closing Balance 31 December 2013
		Number	Number	Number	Number
On or before 31 March 2014	$0.20	22,812,500	-	-	22,812,500
On or before 31 March 2014	$0.20	1,166,667	-	-	1,166,667
On or before 31 March 2014	$0.25	666,667	-	-	666,667
On or before 31 March 2014	$0.30	666,666	-	-	666,666
On or before 31 December 2014	$0.05	-	14,906,241	-	14,906,241
On or before 1 November 2014	$0.05	-	2,000,000	-	2,000,000
Total		25,312,500	16,906,241	-	42,218,741

In August 2013, the Company completed a pro-rata non-renounceable entitlement issue on the basis of one new share for every two shares held at an issue price of 2.5 cents per share to raise approximately $545,312 together with one free attaching option exercisable at a price of $0.05 per option and expiring on 31 December 2014 for every two shares issued. 10,906,241 options were allotted and dispatched in August 2013.

In August 2013, the Company granted 4,000,000 options exercisable at a price of $0.05 per option and expiring on 31 December 2014 to nominees of Pareto Capital Pty Ltd as part consideration for underwriting services for the non-renounceable entitlement offer.

In October 2013, the Company granted 2,000,000 options exercisable at a price of $0.05 per option and expiring on 1 November 2014 as part consideration for investor relation services.

(c) Performance rights

Performance rights in the Company have been granted as follows:

Exercise price	Expiry date	Opening balance	Granted during the period	Vested and converted into shares during the period	Forfeited during the period	Balance at end of period	Vested and exercisable at end of the period
		Number	Number	Number	Number	Number	Number
Nil	29-Nov 15	2,000,000	-	(500,000)	-	1,500,000	-

7. EQUITY BASED COMPENSATION RESERVE

	31 December 2013 $	30 June 2013 $
Equity Based Compensation Reserve	455,937	434,936
Movements during the period:		
Balance at beginning of period	434,936	370,296
Fair value of options issued for underwriting services	31,562	-
Fair value of options issued to consultants	11,239	-
Fair value of performance rights and options issued as part of remuneration package	-	64,640
Reversal of value of performance rights due to reassessment of rights that will vest	(21,800)	-
Balance at end of period	455,937	434,936

8. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2013.

9. EVENTS OCCURRING SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since 31 December 2013 that have significantly affected the operations, results, or state of affairs of the consolidated entity in future financial periods.

10. SEGMENT REPORTING

Management has determined that the Group has two reportable segments, being mineral exploration in Australia and West Africa. The Group is focused on mineral exploration and the Board monitors the Group based on actual versus budgeted exploration expenditure incurred on the individual areas of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing activities, while also taking into consideration the results of exploration work that has been performed to date.

	Australia 31 December 2013 $	West Africa 31 December 2013 $	Total 31 December 2013 $
Revenue			
Unallocated revenue	1,897	-	1,897
Total revenue	**1,897**	**-**	**1,897**
Results			
Operating loss before income tax	**(271,732)**	**(94,061)**	(365,793)
Unallocated profit/(loss)	-	-	1,897
Income tax benefit	-	-	83,905
Net loss			**(279,991)**
Non-Cash Expenses			
Depreciation	15,128	57,389	72,517
Assets			
Reportable segment assets	1,604,274	3,744,966	5,349,240
Non-current assets acquired	380	293,754	294,134
Liabilities			
Reportable segment liabilities	75,850	46,839	122,689

	Australia 31 December 2012 $	West Africa 31 December 2012 $	Total 31 December 2012 $
Revenue			
Unallocated revenue	36,022	-	36,022
Total revenue	**36,022**	**-**	**36,022**
Results			
Operating loss before income tax	**(318,127)**	**(83,164)**	(401,291)
Unallocated profit/(loss)	-	-	36,022
Income tax expense	-	-	-
Net loss			**(365,269)**
Non-Cash Expenses			
Depreciation	17,302	54,195	71,497
Assets			
Reportable segment assets	2,661,884	2,891,282	5,553,166
Non-current assets acquired	69,892	953,353	1,023,245
Liabilities			
Reportable segment liabilities	288,839	37,016	325,855

DIRECTORS' DECLARATION
31 December 2013

In the opinion of the directors of Nemex Resources Limited ('The Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

    a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year then ended.

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

P Turner
Managing Director

Dated at Perth this 11th day of March 2014

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Nemex Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nemex Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nemex Resources Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial report which indicates that the Group will be required to raise additional funding to enable it to continue as a going concern. If the Group is unable to secure sufficient additional funding, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets (in particular its deferred exploration expenditure) and extinguish its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Giallonardo.

L Di Giallonardo
Partner

Perth, Western Australia
11 March 2014