



NEMEX

RESOURCES LIMITED

ACN 146 243 843

AND ITS CONTROLLED ENTITIES

**HALF - YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2014**

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity ("Group") for the half-year ended 31 December 2014. 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	Non-Executive Director
Paul Jurman	Non-Executive Director

Results

The consolidated loss for the half-year after tax was \$1,522,593 (2013: \$279,991).

Review of Operations

Investment in Security Biometric Technology

In April 2014, the Company entered into a conditional agreement to earn up to a 51% interest in Wavefront Biometric Technologies Pty Ltd ("WBT") and its unique biometric technology. WBT has developed and patented a biometric technology for reliable and secure authentication of a person's identity, based on capturing data associated with the eye.

With the Company's funding, WBT commenced a three phase development program with the objective of adapting its technology to a mobile platform and commercialising the product. The first phase of the program was completed on time and on budget in August 2014. This "proof of concept" phase involved WBT successfully miniaturising and adapting its technology to a mobile platform (WBT's prototype unit). Following completion of the first phase of the development program, in September 2014 the Company exercised its option to invest a further \$625,000 and increase its interest in WBT to 30%.

The second phase of the development program is focussing on improving the design and performance of the prototype unit. WBT has also developed and progressed the concept of a multi modal biometric system that incorporates WBT's unique, patented technology and other biometric modalities. This exciting development has the potential to further improve system performance by combining the strengths of multiple biometric modalities. This new multi modal biometric system is being incorporated into the prototype unit.

Télimélé Project, Guinea

During the period and in response to the fall in the iron ore price, the Company reviewed exploration and development plans for the project and the potential to improve project economics. Discussions were held with potential partners interested in assisting develop the Télimélé DSO iron project into a working mine and export operation. No field work was possible at the project due to the spread of the Ebola virus in Guinea.

Côte d'Ivoire Projects

During the period the Company disposed of its mineral interests in Côte d'Ivoire for cash consideration of A\$200,000.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Corporate

The Company completed the following share placements during the period:

- In September 2014, issue of 10,562,522 shares at 2 cents per share, together with 10,562,522 attaching options (exercisable at 5 cents on or before 31 December 2015) to raise \$211,250.
- In October 2014, issue of 12,000,000 shares at 3 cents per share, together with 6,000,000 attaching options (exercisable at 5 cents on or before 31 December 2015) to raise \$360,000.
- In November 2014, issue of 6,000,000 shares at 5 cents per share, together with 6,000,000 attaching options (exercisable at 5 cents on or before 31 December 2015) to a group of Hong Kong-based professional investors ("Investors") to raise \$300,000. The Company also issued 5 million options to the Investors (exercisable at 5 cents on or before 31 December 2015) for introducing the Company to their network of institutional and high net worth investors.

During the period a total of 3,975,399 options (ASX:NXROA) exercisable at 5 cents were exercised on or before the expiry date of 31 December 2014 and 2,000,000 unlisted options exercisable at 5 cents were exercised before the expiry date of 31 October 2014, raising \$298,770.

The monies from the placements and option conversions will provide funding for the Company's ongoing working capital requirements.

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 2014.

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 Flint
Chairman
Perth
Dated this 3rd day of March 2015

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 2014, 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
3 March 2015

L Di Giallonardo
Partner

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

For the half - year ended 31 December 2014

	Notes	31 December 2014 \$	31 December 2013 \$
REVENUES			
Interest income		3,645	1,897
Foreign currency exchange gains		3,532	-
Profit on disposal of plant and equipment		18,419	-
Profit on disposal of Ivory Coast exploration tenements		61,771	-
		87,367	1,897
EXPENSES			
Administrative expenses		(344,669)	(153,281)
Depreciation expense		(34,237)	(72,517)
Employee benefits expense		(68,325)	(115,737)
Impairment of exploration expenditure	4	(1,125,000)	-
Occupancy expenses		(16,758)	(24,258)
Share of net losses of associate		(20,971)	-
		(1,522,593)	(363,896)
Loss before income tax expense	2	(1,522,593)	(363,896)
Income tax benefit – R & D tax offset		-	83,905
		(1,522,593)	(279,991)
Net loss for the period			
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		162,064	33,481
		162,064	33,481
Other comprehensive income for the period		162,064	33,481
		(1,360,529)	(246,510)
Total comprehensive loss for the period		(1,360,529)	(246,510)
Basic and diluted loss per share (cents per share)	6	(0.89)	(0.48)

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	31 December 2014 \$	30 June 2014 \$
Current Assets			
Cash and cash equivalents		1,142,153	759,413
Other receivables		15,707	23,899
Total Current Assets		1,157,860	783,312
Non-Current Assets			
Property, plant and equipment	3	93,441	123,117
Deferred exploration and evaluation expenditure	4	1,714,385	2,777,481
Investments	5	1,395,989	791,960
Other assets		10,125	10,125
Total Non-Current Assets		3,213,940	3,702,683
Total Assets		4,371,800	4,485,995
Current Liabilities			
Trade and other payables		84,365	138,827
Total Liabilities		84,365	138,827
Net Assets		4,287,435	4,347,168
Equity			
Issued capital	7	9,974,927	8,811,971
Equity based compensation reserve	8	1,023,151	885,311
Foreign currency translation reserve		252,235	90,171
Accumulated losses		(6,962,878)	(5,440,285)
Total Equity		4,287,435	4,347,168

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half - year ended 31 December 2014

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Equity Based Compensation Reserve	Total Equity
	\$	\$	\$	\$	\$
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 half - 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
Balance at 1 July 2014	8,811,971	(5,440,285)	90,171	885,311	4,347,168
Loss for the period	-	(1,522,593)	-	-	(1,522,593)
Exchange differences arising on translation of foreign subsidiaries	-	-	162,064	-	162,064
Total comprehensive loss for the period	-	(1,522,593)	162,064	-	(1,360,529)
Shares issued during the half - year (net of costs)	1,162,956	-	-	-	1,162,956
Fair value of options issued	-	-	-	137,840	137,840
Balance at 31 December 2014	9,974,927	(6,962,878)	252,235	1,023,151	4,287,435

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half - year ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(227,631)	(301,626)
Interest received	3,645	2,205
Net cash used in operating activities	(223,986)	(299,421)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(98,762)	(266,813)
Payments for investment in Wavefront Technologies Pty Ltd	(625,000)	-
Proceeds from disposal of exploration properties	200,000	-
Net cash used in investing activities	(523,762)	(266,813)
Cash flows from financing activities		
Proceeds from issue of shares and option conversions	1,170,020	545,312
Issue costs - shares and options	(43,064)	(43,541)
Net cash provided by financing activities	1,126,956	501,771
Net increase / (decrease) in cash and cash equivalents	379,208	(64,463)
Cash and cash equivalents at the beginning of the reporting period	759,413	271,557
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	3,532	(1,785)
Cash and cash equivalents at the end of the reporting period	1,142,153	205,309

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

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 2014 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.

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 \$1,522,593 (2013: \$279,991) and experienced net operating and investing cash outflows of \$747,748 (2013: \$566,234). As at 31 December 2014, the Group has net current assets of \$1,073,495 and, as disclosed in Note 10 has raised \$812,376 after period end.

The Directors believe that the Group has sufficient funds on hand to enable it to continue as a going concern for a period of at least twelve months from the date of signing this financial report.

If additional funding is required, the Directors believe that such additional funding is potentially available from a number of sources including:

- the placement of further securities; and
- the sale of assets.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Directors also believe the Group may obtain sufficient funding from one or more of the funding opportunities detailed above to enable it to increase its investment in WBT should it resolve to do so.

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 2014.

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 2014	31 December 2013
	\$	\$
These expense items are relevant in explaining the financial performance for the half-year:		
Depreciation expense	34,237	72,517
Exploration expenditure impaired	1,125,000	-

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

3. PROPERTY, PLANT AND EQUIPMENT

	Half –year ended 31 December 2014 \$	Year ended 30 June 2014 \$
Movement in carrying amounts		
Balance at the beginning of the period	123,117	262,761
Depreciation expense	(34,237)	(138,554)
Translation differences movement	4,561	(1,090)
Balance at the end of the period	<u>93,441</u>	<u>123,117</u>

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half –year ended 31 December 2014 \$	Year ended 30 June 2014 \$
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	2,777,481	4,488,411
Expenditure incurred	37,913	574,699
Exploration expenditure impaired	(1,125,000)	(2,250,000)
Exploration tenements disposed	(134,424)	-
Translation differences movement	158,415	(35,629)
Balance at end of the period	<u>1,714,385</u>	<u>2,777,481</u>

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.

During the period ended 31 December 2014, the Directors considered the carrying value of all carried forward exploration and evaluation expenditure in light of present conditions that existed in financial markets, the spread of the Ebola virus in Guinea and the fall in the iron ore price and decided that it was appropriate for a write down of exploration expenditure of \$1,125,000 to be charged to the statement of comprehensive income.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

5. INVESTMENTS

	Half –year ended 31 December 2014 \$	Year ended 30 June 2014 \$
Investment in associate – Wavefront Biometric Technologies Pty Ltd (WBT)	1,395,989	791,960

During the half – year, the Company increased its shareholding in WBT from 20% at June 30 2014 to 30% at 31 December 2014. The Company has the option to increase its shareholding to 40% through the payment of \$1,000,000. The funds which have been loaned to WBT in January 2015 (see note 10) will be offset against this payment. The Company will then have the option to increase its shareholding to 51% through the payment of \$1,750,000.

6. LOSS PER SHARE

	Half –year ended 31 December 2014 cents	Half –year ended 31 December 2013 cents
Basic loss per share	(0.89)	(0.48)

	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	170,291,805	58,590,576

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 as at 31 December 2014.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

7. ISSUED CAPITAL

	CONSOLIDATED			
	Six Months to 31 December 2014		Year to 30 June 2014	
	Number	\$	Number	\$
Ordinary shares, issued and fully paid	190,475,500	9,839,932	157,437,478	8,811,971
Ordinary shares, unissued and fully paid	2,699,899	134,995	-	-
	<u>193,175,399</u>	<u>9,974,927</u>	<u>-</u>	<u>-</u>
(a) Movements in Issued Ordinary Shares:				
Balance at the beginning of the period	157,437,478	8,811,971	43,125,001	6,886,301
Placement issue at an issue price of 2 cents each in September 2014	10,562,522	211,250	-	-
Placement issue at an issue price of 3 cents each in October 2014	12,000,000	360,000	-	-
Placement issue at an issue price of 3 cents each in November 2014	6,000,000	300,000	-	-
Shares issued as part of remuneration of consultant	1,200,000	36,000	-	-
Conversion of options	3,275,500	163,775	-	-
Performance rights vested and converted to ordinary shares at nil consideration	-	-	500,000	-
Non renounceable entitlement issue at an issue price of 2.5 cents each in August 2013	-	-	21,812,477	545,312
Placement issue at an issue price of 2 cents each in April and May 2014	-	-	90,000,000	1,800,000
Shares issued as introduction fee for the Wavefront acquisition	-	-	1,500,000	10,000
Shares issued as part of remuneration to Dr P Turner	-	-	500,000	13,000
Transaction costs arising from issue of securities	-	(43,064)	-	(442,642)
Balance at the end of the period	<u>190,475,500</u>	<u>9,839,932</u>	<u>157,437,478</u>	<u>8,811,971</u>
(b) Movements in Unissued Ordinary Shares:				
Balance at the beginning of the period	-	-	-	-
Conversion of options (unissued)	2,699,899	134,995	-	-
Balance at the end of the period	<u>2,699,899</u>	<u>134,995</u>	<u>-</u>	<u>-</u>

The funds for the exercise of these options were received prior to 31 December 2014, however the shares were issued on 5 January 2015.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

7. ISSUED CAPITAL - continued

(b) Share Options

Exercise Period	Exercise Price	Opening Balance	Options Issued	Options Exercised/ Expired	Closing Balance
		1 July 2014 Number	Number	Number	31 December 2014 Number
On or before 31 December 2014 ⁱ	\$0.05	59,906,241	-	(59,906,241)	-
On or before 1 November 2014 ⁱⁱ	\$0.05	2,000,000	-	(2,000,000)	-
On or before 31 December 2015 ⁱⁱⁱ	\$0.05	25,000,000	27,562,522	-	52,562,522
Total		86,906,241	27,562,522	(61,906,241)	52,562,522

- i. 3,975,399 options were exercised raising \$198,769.95. The balance of 55,930,842 options expired unexercised on 31 December 2014.
- ii. 2,000,000 options were exercised raising \$100,000.
- iii. In September 2014, the Company completed a placement issue of 10,562,522 shares at an issue price of 2 cents per share to raise \$211,250 together with 10,562,522 free attaching options exercisable at a price of \$0.05 per option and expiring on 31 December 2015.

In October 2014, the Company completed a placement issue of 12,000,000 shares at an issue price of 3 cents per share to raise \$360,000 together with 6,000,000 free attaching options exercisable at a price of \$0.05 per option and expiring on 31 December 2015.

In December 2014, the Company completed a placement issue of 6,000,000 shares at an issue price of 5 cents per share to raise \$300,000 together with 6,000,000 free attaching options exercisable at a price of \$0.05 per option and expiring on 31 December 2015.

In December 2014, the Company granted 5,000,000 options exercisable at a price of \$0.05 per option and expiring on 31 December 2015 as 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	1,000,000	-	-	(500,000)	500,000	-
Nil	15-May 17	8,000,000	-	-	-	8,000,000	-

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

8. EQUITY BASED COMPENSATION RESERVE

	Half –year ended 31 December 2014	Year ended 30 June 2014
	\$	\$
Equity Based Compensation Reserve	1,023,151	885,311
<i>Movements during the period:</i>		
Balance at beginning of period	885,311	434,936
Fair value of options issued as part of remuneration packages	-	11,239
Fair value of options issued to consultants	137,840	272,696
Fair value of performance rights issued as part of remuneration package	-	188,240
Reversal of value of performance rights due to reassessment of rights that will vest	-	(21,800)
Balance at end of period	1,023,151	885,311

9. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2014.

10. EVENTS OCCURRING SUBSEQUENT TO BALANCE DATE

In January 2015, the Company agreed to lend WBT \$450,000 (as an advance on the next tranche of funding due on completion of the current development phase) to ensure WBT has sufficient funding to continue its development program on schedule.

In January 2015, the Company issued 8 million ordinary shares to Mr Patrick Flint and Mr Paul Jurman arising from the conversion of 8 million performance rights, which vested upon the completion of the Company's Shares having traded at a volume weighted average price of at least \$0.06 for a consecutive period of at least 10 business days. The performance rights were approved by shareholders at a general meeting held on 13 May 2014.

In January and February 2015, a total of 16,247,522 unlisted options exercisable at 5 cents were exercised raising \$812,376 for additional working capital.

Other than identified above, no other matters or circumstances have arisen since 31 December 2014 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2014

11. SEGMENT REPORTING

Management has determined that the Group has two reportable segments, being mineral exploration in West Africa and mineral exploration and investment activities in Australia. The Board monitors the exploration activities based on actual versus budgeted 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	West Africa	Total
	31 December 2014	31 December 2014	31 December 2014
	\$	\$	\$
Revenue			
Reportable segment	-	80,190	80,190
Unallocated revenue	-	-	7,177
Total revenue	-	80,190	87,367
Results			
Operating loss before income tax	(453,204)	(1,076,566)	(1,529,770)
Unallocated profit/(loss)	-	-	7,177
Net loss			(1,522,593)
Non-Cash Expenses			
Depreciation	2,964	31,273	34,237
	Australia	West Africa	Total
	31 December 2013	31 December 2013	31 December 2013
	\$	\$	\$
Revenue			
Unallocated revenue	-	-	1,897
Total revenue	-	-	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

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2014

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 2014 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 Flint
Chairman

Dated at Perth this 3rd day of March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nemex Resources Limited

Report on the 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 2014, 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 2014 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*.

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 2014 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*.

HLB Mann Judd

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Chartered Accountants

L Di Giallonardo

L Di Giallonardo
Partner

Perth, Western Australia
3 March 2015