NEMEX RESOURCES LIMITED

ACN 146 243 843

ANNUAL REPORT 2015

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Company Secretary	Paul Jurman	
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Securities trade on the Australian Securities Exchange – NXR

Nemex commenced the 2014/15 financial year with a diversified asset portfolio comprising interests in both the minerals and technology sectors.

Nemex holds a 40% interest in Australian-based biometric technology developer Wavefront Biometric Technologies Pty Ltd (Wavefront), and following significant success in Wavefront's development program Nemex entered into a conditional agreement to move to 100% ownership of Wavefront. Completion of the acquisition will see the Company, subject to shareholder approval, change the principal focus of its activities to the ongoing development and successful commercialisation of biometric technologies.

Nemex also holds interests in a number of resources projects, including the Telimele DSO Iron project in Guinea and the Woodley Iron project in Western Australia. Nemex disposed of its mineral interests in Côte d'Ivoire during the year, and is evaluating its iron projects as the Company works toward the change to focus on biometric technologies.

INVESTMENT IN SECURITY BIOMETRIC TECHNOLOGY

Wavefront's core business is developing innovative biometric solutions for authentication of identity utilising the unique properties of the eye.

Wavefront made significant progress during the year in its efforts to successfully adapt to a mobile platform and commercialise its unique biometric technology. With the Company's funding, Wavefront:

- Completed the "proof of concept" phase by successfully miniaturising and adapting its technology to a mobile platform (Wavefront's prototype unit);
- Expanded its technology base beyond its patented cornea based technology by drawing on the unique properties of the iris to develop a multi modal biometric system based on capturing multiple independent features of the eye;
- Improved the design of the prototype unit and performance of the multi-modal biometric system, including Wavefront and its consultants conducting a series of performance tests under laboratory conditions; and
- Identified new intellectual property related to the multi-biometric system, resulting in the filing of patent applications.

Wavefront's technology aims to deliver high fidelity (reliability and accuracy) performance, whilst also offering competitive advantages including the use of the visible light spectrum (as opposed to near infra-red as used by most iris systems), universal application, fraud resistance and proof of liveness. Wavefront's unique identity authentication solution sees different biometric modalities combine as a single sensor, multi-modal and multi-algorithmic biometric.

Wavefront's ongoing development program is currently focussed on:

- improving usability, speed of acquisition and accuracy in the mobile (self acquisition) market.
- completion of independent testing of technology performance through Purdue University, a world leader in biometric device analysis. This testing, which is expected to be completed in mid to late October 2015, will be a key step in demonstrating to potential commercialisation partners the performance and advantages of the system.
- submission of patent applications in respect of the new intellectual property developed.

Wavefront's objective is to offer a high performance technology that can be effectively integrated into current mobile smart devices without hardware modification or decrease in camera performance.

Marketing and Commercialisation

The market for biometric solutions is expanding at an exponential rate due to the increase in online transactions, which has exposed the cost of identity theft and fraud in relation to these transactions. The rapid evolution of the identity services market has left a void with no clear incumbent biometric technology or dominant leader. Fingerprint recognition is currently leading the identity services market (due to its integration into leading mobile products). Whilst fingerprint recognition is simple to use, there are concerns about lower security levels. Eye based and multi biometric solutions are generally considered to have the potential to deliver the goal of high usability and high security.

Identity security services, combined with rapid adoption of mobile technology, will require the biometrics industry to solve the following key challenges:

- performance – delivering reliability and accuracy at market acceptable security levels.
- remote authentication – determination of sample liveness so as to detect spoofing attempts.
- universal inclusion – increasing the reach of the identity service to as much of the user population as possible while minimising failure-to-enrol rates.
- standardisation – application across a broad range of applications and users.

Wavefront is focussed on delivering a multi-modal biometric technology that addresses these challenges, provides a unique solution to human biometric identification and that has immediate application to a range of identified industry sectors.

Wavefront has developed a strategy (the Go To Market Strategy) that has identified key industry sectors for commercialisation, including:

(i) Mobile device manufacturers

Mobile device manufacturers have shown a strong desire to incorporate biometrics into their devices as both a security measure and as a marketing tool. Wavefront is ideally placed to exploit this market application. Currently fingerprint and more recently, iris recognition has been incorporated into mobile phones.

(ii) Identity as a Service (IaaS) Platforms

Securing online data in the cloud and through enterprise applications is a high priority for all enterprises. These include financial institutions, governments, telecommunication companies, social networks and healthcare providers. Whilst there is a broader requirement for end to end security, Wavefront's solution is purely focused on identity authentication.

It is envisaged that the roll out of the technology could be a software as a service platform. This solution would provide an additional asset for the company that could provide a valuable revenue stream. It would also enable the Company to integrate with other businesses and potential partners, as well as competing technologies, thereby decreasing the competitive risk to Wavefront.

(iii) Specialist hardware providers

The Wavefront technology can be provided as separate hardware to apply to a range of applications, such as border security, physical access, healthcare and critical infrastructure such as for military or data facilities. Wavefront has identified a number of hardware suppliers that it would aim to licence its technology, in the form of software, to access these markets.

Wavefront's management team has completed a number of visits to North America to introduce and demonstrate the technology to potential commercialisation partners. Strong interest has been generated in the technology across multiple sectors including financial services, defence and health and security access, and discussions are continuing. Feedback from these discussions continues to inform and guide Wavefront's development and commercialisation strategy.

Wavefront plans to build strategic partnerships with device manufacturers and software vendors while it builds out a product based portfolio of applications into key targeted markets.

Agreement To Increase Interest In Wavefront To 100%

In June 2015 Nemex signed a binding heads of agreement under which it has a conditional right to acquire 100% of the issued capital in Wavefront that it does not already own. The key terms of the transaction are as follows:

(a) (Consideration): in consideration for the acquisition of the remaining 60% interest in Wavefront, the Company will issue up to 228,018,540 Shares (Consideration Shares).

(b) (Incentive Options): In addition to the issue of the Consideration Shares, the Company will also be required to issue:

  (i) 11,529,412 Options exercisable at $0.10 per Option on or before 30 June 2016; and

  (ii) 30,773,438 Options exercisable at $0.20 per Option on or before the date that is 3 years from the date of issue.

(c) (Condition Precedents): Settlement is subject to satisfaction or waiver of the following conditions precedent on or before 31 October 2015:

  (i) Nemex receiving Shareholder approval in respect of all resolutions required in order to complete the Acquisition;

  (ii) ASX granting the necessary approvals and waivers to admit Nemex to the Official List following completion of the Acquisition and re-compliance with Chapters 1 and 2 of the ASX Listing Rules;

  (iii) the Wavefront vendors and Company Shareholders representing at least 25% of the issued Share capital of Nemex immediately prior to Settlement delivering agreed executed voluntary escrow agreements.

  (iv) Nemex completing a capital raising to raise a minimum of $5 million.

(d) (Board): Upon Settlement occurring, it is intended that the Directors of Nemex will resign and will be replaced by Dr Shanny Dyer, Anthony Bertini, and Steven Ezzes.

(e) (Loan Agreement): Nemex agreed to advance a sum of $600,000 to Wavefront (by way of unsecured loan) to fund Wavefront's ongoing development and commercialisation activities.

Detailed documentation in respect of the transaction, including the notice of meeting, detailed share purchase agreement and prospectus, is nearing completion. The notice of meeting and prospectus will be issued soon after receipt of the results of the independent testing of the technology through Purdue University.

MINERAL INTERESTS

Nemex has an interest in two mineral projects:

- The Télimélé DSO iron project in Guinea, where Nemex has identified significant near-surface, high-grade mineralisation. No field work was undertaken at the project during the year due to the spread of the Ebola virus in Guinea. Despite significant efforts Nemex has been unsuccessful to date in securing a partner to assist develop the project.

- The Woodley iron project in Western Australia. GWR withdrew from the Woodley farm-in agreement during the quarter.

Nemex will review its interests in these projects following the upcoming shareholder meeting to consider a change in the Company's activities to focus on the development and commercialisation of biometric technologies.

In addition, during the year Nemex disposed of its mineral interests in Côte d'Ivoire for cash consideration of A$200,000.

CORPORATE

The Company completed the following share placements during the year:

- 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 raise $300,000.

In addition, during the year 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, 2,000,000 unlisted options exercisable at 5 cents were exercised before the expiry date of 31 October 2014 and 35,987,522 unlisted options exercisable at 5 cents each (expiring 31 December 2015) were exercised, raising a total of $2,098,146.

Your Directors present their report together with the financial statements of Nemex Resources Limited ("Company") and its controlled entities ("the Consolidated Entity" or "Group"), for the year ended 30 June 2015 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

DIRECTORS

The names and details of the Directors in office during or since the end of the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Patrick Flint
CA, B Com, MAICD
Executive Chairman
(Director since 8 September 2010, Chairman since 31 October 2012)

Mr Flint has been involved in the resources sector as a director or company secretary of ASX and Toronto Stock Exchange listed companies with mineral projects in Australia, Africa and Asia for the last 20 years. He is a Chartered Accountant and has significant experience with project acquisitions, joint venture negotiations and management, fundraisings and corporate matters.

Other Current Directorships:

Explaurum Limited	appointed 27 November 2013
AVZ Limited	appointed 12 May 2014

Former Directorships in the last 3 years:

Mount Magnet South NL	appointed 15 April 2011 and resigned 22 December 2014

Peter Turner
PhD (Geol), AIG
Non-Executive Director
(Appointed 1 February 2011, Managing Director to 3 July 2014)

Dr Turner graduated from the University of Plymouth with an Honors Degree in Applied Geology in 1990, and successfully completed a PhD by modelling the formation and deformation of a greenstone belt in northern Côte d'Ivoire in West Africa at the University of Portsmouth (UK) in 1995.

Dr Turner has more than 20 years' experience working on mineral deposits in Africa, Australia and Asia. Dr Turner's focus has predominantly been on gold and base metals projects in West Africa, including Ghana, Côte d'Ivoire, Mali, Burkina Faso, Guinea and Tanzania with various companies including Golden Star Resources, Placer Dome, Azumah Resources and Goldbelt Resources Ltd. Dr Turner's early experiences were field-based roles (sampling and drilling programs) in challenging environments. Dr Turner also spent two years as a Resource Geologist, modelling gold deposits and estimating their resources and working closely with mining engineers in the completion of feasibility studies. In recent years Dr Turner has been involved in business and project development at a senior level.

Dr Turner holds no other listed company directorships and has held no other listed company directorships in the last 3 years.

Paul Jurman
CPA, B Com
Non-Executive Director /
Company Secretary
(Appointed Director 31 October 2012)

Mr Jurman is a CPA with more than 10 years' experience and has been involved in a diverse range of Australian public listed companies in company secretarial and financial roles.

Former Directorships in the last 3 years:

Explaurum Limited	appointed 21 September 2012 and resigned 21 September 2015

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was maintenance of its tenements in West Africa and continuing the diversification of its activities through its investment in Wavefront Biometric Technologies Pty Ltd (WBT), an emerging security biometric technology company.

RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 30 June 2015 was $4,547,912 (2014: $2,974,396). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

EARNINGS PER SHARE

Basic loss per share for the year was 2.34 cents (2014: 3.98 cents).

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW

The Group is engaged in exploration for iron ore and other minerals in West Africa and Australia and has diversified its activities through its investment in WBT. A review of the Group's operations, including information on exploration activity results and the investment in WBT, financial position, strategies and projects of the Consolidated Entity during the year ended 30 June 2015 is provided in this Financial Report and, in particular, in the "Review of Operations" section immediately preceding this Directors' Report. The Group's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

As an exploration and investment entity, the Group has no operating revenue or earnings and consequently the Group's performance cannot be gauged by reference to those measures. Instead, the Directors consider the Group's performance based on the success of exploration and investment activity, acquisition of additional prospective mineral interests and investments and, in general, the value added to the Group's asset and investment portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Group and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

In June 2015, following significant success in WBT's development program, the Company entered into a conditional agreement to move to 100% ownership of WBT. The Group's business strategy for the financial year ahead and in the foreseeable future is to complete the acquisition (which is subject to shareholder approval) and focus on the ongoing development and successful commercialisation of biometric technologies.

Due to the inherent risky nature of the Group's activities, the Directors are unable to comment on the likely results or success of these strategies. The Group's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Group, generic to the technology industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Group and its future performance include but are not limited to:

- Risk associated with competition and the identification of new technologies;
- Development and commercialisation risk associated with WBT's technology;
- Protection of intellectual property rights;
- Retention of key staff, particularly with respect to the WBT technology development team;
- Sovereign risk, change in government policy, change in mining and fiscal legislation;
- force majeure events;
- change in market conditions; and
- capital requirement and lack of future funding.

This is not an exhaustive list of risks faced by the Group or an investment in it. There are other risks generic to the stock market and the world economy as whole and other risks generic to the technology industry, all of which can impact on the Group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Company and its controlled entities during the financial year, other than as noted in this financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

In July 2015, a total of 4,162,500 unlisted options exercisable at 5 cents were exercised raising $208,125 for additional working capital.

In August 2015, Nemex advanced WBT a further $350,000 in loan funds. The loan funds are unsecured, interest free and repayable by 31 October 2015.

There were no other matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's objective is to maximise shareholder value through the completion of the agreement to move to 100% ownership of WBT and the successful development and commercialisation by WBT of its technology. WBT plans to build strategic partnerships with device manufacturers and software vendors while it builds out a product based portfolio of applications into key targeted markets.

The Directors are unable to comment on the likely results from the Company's planned activities due to the speculative nature of such activities.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

	Full meetings of directors	
	Held	**Attended**
P J Flint	3	3
P Turner	3	3
P M Jurman	3	3

DIRECTORS' INTERESTS

The interests of each Director in the shares and options of Nemex Resources Limited at the date of this report are as follows:

Director	Fully Paid Ordinary Shares
P J Flint	8,000,000
P Turner	1,750,000
P M Jurman	6,000,000

SHARE OPTIONS

As at the date of this report, there were 24,412,500 options on issue.

	Number	Exercise Price	Expiry Date
Unlisted Options	12,412,500	5 cents	31 December 2015
Unlisted Options	12,000,000	10 cents	30 June 2016

Options issued during the year were as follows:

- In September 2014, the Company completed a capital raising 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) raising $211,250.
- In October 2014, the Company completed a capital raising 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) raising $360,000.
- In November 2014, the Company issued 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") raising $300,000. The Company also issued 5,000,000 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.
- In May 2015, the Company issued 12,000,000 options exercisable at 10 cents on or before 30 June 2016 to a group of Asian based professional investors who are assisting with promotion of NXR and introduction of WBT's biometric technology to professional investors and technology companies in mainland China.

No options have been issued after 30 June 2015 and up to the date of this report.

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there was no amount unpaid on the shares issued):

Number of Shares	Amount paid on each share
46,125,421	$0.05

SHARES UNDER PERFORMANCE RIGHTS

No Performance Rights are on issue as at the date of this report and no Performance Rights were issued during the year.

The Company issued 8 million ordinary shares to directors, Mr Flint and Mr 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.

REMUNERATION REPORT (audited)

This report outlines the remuneration arrangements in place for the Key Management Personnel (considered to be the Directors) of Nemex Resources Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Remuneration philosophy

The Board reviews the remuneration packages applicable to Directors on an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages is obtained, where necessary.

Remuneration is not linked to past company performance but rather towards generating future shareholder wealth through share price performance. As an exploration and investment Company, the Company does not yet generate operating revenues or earnings and company performance, at this stage, can only be judged by exploration and investment success and ultimately shareholder value. Market capitalisation is one measure of shareholder value but this is subject to many external factors over which the Company has no control. Presently, total fixed remuneration for senior executives is determined by reference to market conditions and incentives for out-performance are provided by way of performance rights and options over unissued shares. The Directors believe that this best aligns the interests of the shareholders with those of the senior executives.

Remuneration committee

The Board is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodical basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and management team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Director's remuneration is separate and distinct.

Non-Executive Directors' remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The present limit of approved aggregate remuneration is $500,000 per year.

The Board reviews the remuneration packages applicable to the Non-Executive Directors on an annual basis. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. Non-Executive Directors may receive performance rights (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves.

REMUNERATION REPORT (audited) (continued)

Non-Executive Directors' remuneration (continued)

Non-Executive Directors may also be remunerated for additional specialised services performed at the request of the Board. The remuneration of the Non-Executive Directors for the year ended 30 June 2015 is detailed in Table 1 of this report.

Executive Directors' remuneration

Objective

The Company aims to reward the Executive Directors with a level of remuneration commensurate with the position and responsibility within the Company and so as to:

- align the interests of the Executive Directors with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of company-wide and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practice. The Board has access to external, independent advice where necessary.

In July 2014 Dr Peter Turner resigned from the position of the Company's Managing Director and remained as a Non-Executive Director. Subsequently the Board as a whole undertook the specific responsibilities of the Managing Director, including from January 2015, Mr Flint taking on additional responsibilities as an Executive Chairman.

Variable remuneration – Long Term Incentive ('LTI')

Objective

The objective of the LTI plan is to reward executives and senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. The LTI is provided in the form of performance rights and options over ordinary shares in the Company.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance.

Structure

LTI grants to executives are delivered in the form of performance rights and options. The issue of performance rights and options as part of the remuneration packages of executive and non-executive directors is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the relevant directors.

REMUNERATION REPORT (audited) (continued)

Remuneration is not linked to past group performance but rather towards generating future shareholder wealth through share price performance. The company has recorded a loss to date as it carries out exploration activities on its tenements and other investment activities. No dividends have been paid.

Performance Rights Plan (PRP)

Shareholders approved the Company's PRP at the Annual General Meeting held on 29 November 2012. The PRP is designed to provide a framework for competitive and appropriate remuneration so as to retain and motivate skilled and qualified personnel whose personal rewards are aligned with the achievement of the Company's growth and strategic objectives.

Table 1: Key Management Personnel remuneration for the years ended 30 June 2015 and 30 June 2014

	Short-term employee benefits		Equity Compensation		Post-employment benefits		
	Salary and Fees	Bonus and Non Cash Benefits	Value of Incentive Options / Shares	Value of Performance Rights	Superannuation Contributions / Termination payments	TOTAL	Performance Related
	$	$	$	$	$	$	%
Directors							
Patrick Flint							
2015	100,000	-	-	-	2,850	102,850	-
2014	28,000	-	-	94,120	2,590	124,710	75.47
Peter Turner							
2015	21,667	-	-	-	2,058	23,725	-
2014	162,500	-	13,000	-	75,031	250,531	-
Paul Jurman							
2015	20,000	-	-	-	1,900	21,900	-
2014	11,000	-	-	94,120	1,018	106,138	88.68
Total							
2015	141,667	-	-	-	6,808	148,475	
2014	201,500	-	13,000	188,240	78,639	481,379	

Details of performance rights provided as remuneration to key management personnel are set out below. Each performance right is convertible into one ordinary share upon achievement of the performance hurdles. No performance right will vest if the conditions are not satisfied, hence the minimum value of the performance rights set to vest is nil. The assessed fair value at grant date of performance rights granted is expensed according to the performance or market based conditions attached to the performance hurdle. Performance based hurdles are expensed to each reporting period evenly over the period from grant date to vesting date. Market based hurdles are expensed on the grant date. The relevant amount is included in the remuneration table (Table 1) above. Fair values at grant date were determined using the share price at grant date. For details on the valuation of performance rights, including assumptions used, refer to Table 3.

REMUNERATION REPORT (audited) (continued)

There were no share-based payments granted as compensation to key management personnel during the year ended 30 June 2015.

Table 2: Share-based payments granted as compensation to key management personnel for the year ended 30 June 2014

Key Management Personnel	Grant date	Number granted	Number vested at year end	% of grant vested	% of grant forfeited	Percentage compensation for the year consisting of shares
Peter Turner	15 May 2014	500,000	500,000	100%	-	5.19%

The 500,000 ordinary shares were issued to Dr Turner in May 2014 as an incentive for future services and as a reward for past services.

There were no performance rights granted as compensation to key management personnel during the year ended 30 June 2015.

The Company issued 8 million ordinary shares to Mr Flint and Mr 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.

Table 3: Performance rights granted as part of remuneration for the year ended 30 June 2014

Key Management Personnel	Grant date	Number granted	Number vested at year end	Average fair value per performance right at grant date	Maximum total value of grant yet to vest	Expiry date
Patrick Flint	15 May 2014	4,000,000	-	$0.023	-	15 May 2017
Paul Jurman	15 May 2014	4,000,000	-	$0.023	-	15 May 2017

There are no senior managers other than the directors.

Options granted as part of Remuneration

No incentive options affecting remuneration were granted to Key Management Personnel in the years ended 30 June 2015 and 30 June 2014.

REMUNERATION REPORT (audited) (continued)

Table 4: Shareholdings of key management personnel – Year ended 30 June 2015

	Balance at 1 July 2014	Received as Remuneration	Options Exercised / performance rights vested (i)	Other Movements / Disposals	Balance at 30 June 2015
Parent entity directors					
P J Flint	3,854,236	-	5,145,764	(1,000,000)	8,000,000
P Turner	2,825,000	-	-	(1,075,000)	1,750,000
P Jurman	2,350,865	-	4,849,135	(1,200,000)	6,000,000

(i) 4,000,000 Performance Rights granted as compensation to each of Mr Flint and Mr Jurman were converted to shares during the year ended 30 June 2015. Mr Flint exercised 1,145,764 options exercisable at 5 cents each expiring on 31 December 2014 and Mr Jurman exercised 849,135 options exercisable at 5 cents each expiring on 31 December 2014.

Table 5: Option holdings of key management personnel – Year ended 30 June 2015

	Balance at 1 July 2014	Received as Remuneration	Options Expired (i)	Other Movements (ii)	Balance at 30 June 2015	Vested and Exercisable at 30 June 2015	Unvested At 30 June 2015
Parent entity directors							
P J Flint	1,615,868	-	(470,104)	(1,145,764)	-	-	-
P Turner	375,000	-	(375,000)	-	-	-	-
P M Jurman	962,933	-	(113,798)	(849,135)	-	-	-

(i) The options expired unexercised on 31 December 2015.
(ii) Refer to Table 4 (i) above.

Table 6: Performance rights holdings of key management personnel – Year ended 30 June 2015

	Balance at 1 July 2014	Received as Remuneration	Performance rights converted (i)	Other Movements (ii)	Balance at 30 June 2015	Vested and Exercisable at 30 June 2015	Unvested At 30 June 2015
Parent entity directors							
P J Flint	4,000,000	-	(4,000,000)	-	-	-	-
P Turner	1,000,000	-	-	(1,000,000)	-	-	-
P M Jurman	4,000,000	-	(4,000,000)	-	-	-	-

(i) Refer to Table 4 (i) above.
(ii) 1,000,000 Performance Rights were forfeited during the year ended 30 June 2015.

REMUNERATION REPORT (audited) (continued)

Other transactions with key management personnel

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

	2015 $	2014 $
Accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Flint and Mr Jurman are directors and have beneficial interests.	**143,000**	97,387
Rent and variable outgoings for the sub-lease of furnished office space paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Flint and Mr Jurman are directors and have beneficial interests.	**34,636**	33,243
Balances due to Directors and Director Related Entities at year end		
- included in trade creditors and accruals	**34,449**	9,209

Corporate Consultants Pty Ltd also holds a rental security deposit of $10,125 (2014: 10,125) - (Note 13).

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company's Constitution requires it to indemnify Directors and officers of any entity within the Consolidated Entity against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Company's auditors under the terms of their engagement. Directors and officers of the Consolidated Entity have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, amounting to $7,266 relates to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

ENVIRONMENTAL REGULATIONS

The Consolidated Entity's exploration activities in Guinea, Côte d'Ivoire and Australia during the year were subject to environmental laws, regulations and permit conditions in these jurisdictions. There have been no known breaches of environmental laws or permit conditions while conducting operations in Guinea, Côte d'Ivoire and Australia during the year.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2014 to 30 June 2015 the Directors have assessed that there are no current reporting requirements.

NON - AUDIT SERVICES

The Board of Directors are satisfied that no non-audit services were performed during the year by the Consolidated Entity's auditors.

AUDITORS' INDEPENDENCE DECLARATION

The auditor, HLB Mann Judd, has provided the Board of Directors with an Independence Declaration in accordance with section 307C of the Corporations Act 2001.

The Independence Declaration is located on the next page.

Signed in accordance with a resolution of Directors.

P Flint
Chairman
Perth, 29 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Nemex Resources Limited for the year ended 30 June 2015, 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 audit; and

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

Perth, Western Australia
29 September 2015

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

	Notes	CONSOLIDATED 2015 $	2014 $
Revenue from continuing operations	2	**103,825**	4,150
		103,825	4,150
Employee benefits expense		**(148,475)**	(296,460)
Depreciation expense	3	**(60,128)**	(138,554)
Impairment of exploration expenditure	3	**(2,878,806)**	(2,250,000)
Occupancy expenses		**(34,636)**	(51,106)
Other expenses		**(394,722)**	(297,195)
Share / option based payments expense		**(639,440)**	(21,239)
Share of net losses of associate	12	**(495,530)**	(8,040)
Loss before related income tax		**(4,547,912)**	(3,058,444)
Income tax benefit – R & D tax incentive	5	**-**	84,048
Loss for the year		**(4,547,912)**	(2,974,396)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange gain / (loss) arising on translation of foreign operations		**143,144**	(36,332)
Total comprehensive loss attributable to members of Nemex Resources Limited		**(4,404,768)**	(3,010,728)
Basic and diluted (loss) per share (cents)	6	**(2.34)**	(3.98)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	CONSOLIDATED 2015 $	2014 $
Current Assets			
Cash and cash equivalents	8	**1,013,802**	759,413
Other receivables	9	**619,756**	23,899
Total Current Assets		**1,633,558**	783,312
Non-Current Assets			
Property, plant and equipment	10	**69,255**	123,117
Deferred exploration and evaluation expenditure	11	**-**	2,777,481
Investments	12	**1,921,430**	791,960
Other assets	13	**10,125**	10,125
Total Non-Current Assets		**2,000,810**	3,702,683
Total Assets		**3,634,368**	4,485,995
Current Liabilities			
Trade and other payables	14	**126,196**	138,827
Total Liabilities		**126,196**	138,827
Net Assets		**3,508,172**	4,347,168
Equity			
Issued capital	15	**11,774,303**	8,811,971
Reserves	16	**1,722,066**	975,482
Accumulated losses		**(9,988,197)**	(5,440,285)
Total Equity		**3,508,172**	4,347,168

The above statement of financial position should be read in conjunction with the accompanying notes.

2014	**CONSOLIDATED**			
	Issued Capital	**Accumulated Losses**	**Reserves**	**Total Equity**
	$	**$**	**$**	**$**
Balance at 1 July 2013	6,886,301	(2,465,889)	561,439	4,981,851
Loss attributable to members of the parent entity	-	(2,974,396)	-	(2,974,396)
Exchange loss on translation of foreign operations	-	-	(36,332)	(36,332)
Total comprehensive loss for the year	-	(2,974,396)	(36,332)	(3,010,728)
Securities issued during the year (net of costs)	1,925,670	-	-	1,925,670
Fair value of performance rights and options issued	-	-	450,375	450,375
Balance at 30 June 2014	8,811,971	(5,440,285)	975,482	4,347,168

2015	**CONSOLIDATED**			
	Issued Capital	**Accumulated Losses**	**Reserves**	**Total Equity**
	$	**$**	**$**	**$**
Balance at 1 July 2014	**8,811,971**	**(5,440,285)**	**975,482**	**4,347,168**
Loss attributable to members of the parent entity	**-**	**(4,547,912)**	**-**	**(4,547,912)**
Exchange gain on translation of foreign operations	**-**	**-**	**143,144**	**143,144**
Total comprehensive loss for the year	**-**	**(4,547,912)**	**143,144**	**(4,404,768)**
Securities issued during the year (net of costs)	**2,962,332**	**-**	**-**	**2,962,332**
Fair value of options issued	**-**	**-**	**603,440**	**603,440**
Balance at 30 June 2015	**11,774,303**	**(9,988,197)**	**1,722,066**	**3,508,172**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	CONSOLIDATED 2015 $	2014 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(570,713)**	**(421,981)**
Research and development tax incentive		**-**	**84,048**
Other revenue		**5,219**	**-**
Interest received		**8,942**	**4,591**
Net Cash outflows from Operating Activities	20	**(556,552)**	**(333,342)**
Cash Flows from Investing Activities			
Loans to Wavefront Biometric Technologies Pty Ltd		**(600,000)**	**-**
Payments for exploration and evaluation expenditure		**(94,160)**	**(584,499)**
Payments for investment in Wavefront Biometric Technologies Pty Ltd		**(1,625,000)**	**(800,000)**
Proceeds from disposal of exploration properties		**200,000**	**-**
Credit card security deposit returned		**-**	**30,000**
Net Cash outflows from Investing Activities		**(2,119,160)**	**(1,354,499)**
Cash Flows from Financing Activities			
Proceeds from share and option issues		**2,969,396**	**2,345,312**
Share issue expenses		**(43,064)**	**(169,947)**
Net Cash inflows from Financing Activities		**2,926,332**	**2,175,365**
Net increase in Cash and Cash Equivalents		**250,620**	**487,524**
Cash and cash equivalents at the beginning of the period		**759,413**	**271,557**
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**3,769**	**332**
Cash and Cash Equivalents at 30 June	8	**1,013,802**	**759,413**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Nemex Resources Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available for-sale financial assets that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia and Guinea. The entity's principal activities are mineral exploration and an investment in WBT, an emerging security biometric technology company.

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 year after tax of $4,547,912 (2014: $2,974,396) and experienced net operating and investing cash outflows of $2,675,712 (2014: $1,687,841). As at 30 June 2015, the Group has net current assets of $1,507,362 and, as disclosed in Note 22, has raised $208,125 after year end and advanced further loan funds of $350,000 to WBT.

The Board recognises that additional funding is required to ensure that the Group can continue to fund its operations (including increasing its investment in WBT) 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:

- further capital raisings; and
- the sale of assets.

The Company has an option to increase its shareholding in WBT to 51% through the payment of $1,750,000. However, as announced on 10 June 2015, the Company has reached agreement whereby it has a conditional right to acquire 100% of the issued capital in WBT that it does not already own. The Company also announced that it plans to conduct a capital raising of a minimum of $5 million in order to fund the planned increased commercialisation activities in relation to WBT.

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 the future equity raisings and/or the other initiatives mentioned above not be completed to the extent required, 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 investment in and, and loans to WBT) and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of new and revised standards

In the year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

Statement of compliance

These financial statements were authorised for issue on 29 September 2015.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Nemex Resources Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Nemex Resources Limited and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Parent Entity Financial Information

The financial information for the parent entity, Nemex Resources Ltd, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue is capable of being reliably measured.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash.

Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance account (provision for impairment) is used when collection of the full amount is no longer probable. Bad debts are written off when identified.

Taxes

Income tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

At the reporting date, the Directors have not made a decision to elect to be taxed as a single entity. In accordance with Australian Accounting Interpretations, “Substantive Enactment of Major Tax Bills in Australia”, the financial effect of the legislation has therefore not been brought to account in the financial statements for the year ended 30 June 2015, except to the extent that the adoption of the tax consolidation would impair the carrying value of any deferred tax assets.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Taxes - continued

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables

During the year, the Consolidated Entity has held loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised on the consolidated statement of financial position and adjusted thereafter to recognised the Groups' share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture, the Group discontinues to recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of ASSB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or joint venture. When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investment in associates and joint ventures - continued

The Group discontinues the use of the equity method from the date when the investment ceased to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassified to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Plant and Equipment

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy - impairment testing).

Plant and equipment

Plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use, as follows:

- Plant and equipment – 2 - 5 years

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. The estimated useful lives used in the calculation of depreciation for plant and equipment for the current and corresponding period are between one and ten years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses / retained earnings, through other comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Mineral interest acquisition, exploration and evaluation expenditure

Mineral interest acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and either the costs are expected to be recouped through the successful development and commercial exploitation of the area of interest or where exploration activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy), as set out in AASB 6 Exploration for and Evaluation of Mineral Resources.

Impairment testing

The carrying amount of the Consolidated Entity's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per Share

Basic earnings per share is determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

Share based payments

The Group provides compensation benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Share based payments - continued

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the Board of Directors.

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas that may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation expenditure

The Directors have assessed exploration and evaluation assets for impairment, and in light of present conditions that exist in financial markets, the outbreak of the Ebola disease in Guinea and the current intention of the Board to divest its Téliméle DSO Iron Project and Woodley Project and focus on the development and implementation of the biometric technology owned by Wavefront, have decided to impair the value of this expenditure to Nil (see Note 11).

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model, using the assumptions detailed in Note 17.

	CONSOLIDATED 2015 $	2014 $
2. REVENUE		
Other revenue		
Interest - other parties	**8,942**	4,150
Profit on disposal of plant and equipment	**19,634**	-
Profit on disposal of exploration tenements	**64,062**	-
Consulting fee revenue	**7,418**	-
Foreign currency exchange gains	**3,769**	-
Total revenue from ordinary activities	**103,825**	4,150

3. EXPENSES

Loss includes the following specific expenses:

	2015 $	2014 $
Depreciation expense	**60,128**	138,554
Exploration expenditure impaired	**2,878,806**	2,250,000
Superannuation	**6,808**	18,639

4. AUDITOR'S REMUNERATION

	2015 $	2014 $
Amounts paid or payable to auditors of the Company – HLB Mann Judd for:		
- audit or review of the financial statements	**30,250**	25,000
- other services	**-**	-
	30,250	25,000

5. INCOME TAX EXPENSE

(a) The prima facie tax benefit at 30% on loss for the period is reconciled to the income tax provided in the financial statements as follows:

	2015 $	2014 $
Loss	**(4,547,912)**	(3,058,444)
Prima facie income tax benefit @ 30%	**1,364,374**	917,533
Tax effect of permanent differences:		
Due diligence / capital raising costs	**(18,098)**	(11,659)
Impairment expense	**(904,106)**	(675,000)
Share of net losses of associates	**(148,659)**	(2,412)
Tax effect of capitalised share issue costs	**70,987**	63,528
Exploration expenses	**29,009**	172,410
Employee option expense / share based payments	**(191,832)**	(53,832)
Other non-deductible items	**(13,573)**	(13,788)
Income tax benefit adjusted for non deductible / (taxable) items	**188,102**	396,780
Deferred tax asset not brought to account	**(188,102)**	(396,780)
Research & Development incentive received in relation to prior year	**-**	84,048
Income tax benefit	**-**	84,048

5. INCOME TAX EXPENSE (continued)

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
(b) **Deferred tax assets:**		
The potential deferred tax asset arising from tax losses and temporary differences has not been recognised as an asset because recovery of tax losses is not yet considered probable.		
- Carry forward revenue losses	**2,124,908**	1,916,953
- Capital raising costs	**120,102**	153,797
	2,245,010	2,070,750

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Group in utilising benefits.

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
(c) **Deferred tax liabilities:**		
- Deferred exploration and evaluation expenditure	**-**	576,920

The potential deferred tax liability arising from capitalised exploration expenditure has not been recognised as a liability. This would reduce the potential deferred tax asset noted at (b) above.

6. EARNINGS PER SHARE

	CONSOLIDATED 2015	CONSOLIDATED 2014
	Cents	Cents
Basic and diluted loss per share	**(2.34)**	(3.98)
	$	$
Loss used to calculate basic and diluted loss per share	**(4,547,912)**	(2,974,396)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	**194,320,481**	74,774,518

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

7. SEGMENT INFORMATION

Management has determined that the Group has three reportable segments, being mineral exploration in West Africa and mineral exploration and investment activities in Australia and its investment in WBT. 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.

The segment information is prepared in conformity with the accounting policies described in Note 1.

	CONSOLIDATED			
2015	**Investment in WBT**	**Mineral Exploration and Investment in Australia**	**Mineral Exploration in West Africa**	**Total**
	2015	**2015**	**2015**	**2015**
	$	**$**	**$**	**$**
Revenue				
Reportable segment	**-**	**-**	**91,115**	**91,115**
Unallocated revenue	**-**	**-**	**-**	**12,710**
Total revenue	**-**	**-**	**91,115**	**103,825**
Results				
Operating loss before income tax	**(495,530)**	**(1,820,870)**	**(2,244,222)**	**(4,560,622)**
Unallocated profit/(loss)				**12,710**
Income tax benefit				**-**
Net loss				**(4,547,912)**
Non-Cash Expenses				
Depreciation	**-**	**6,314**	**53,814**	**60,128**
Impairment of exploration expenditure	**-**	**598,178**	**2,280,628**	**2,878,806**
Assets				
Reportable segment assets	**2,521,430**	**1,045,160**	**67,778**	**3,634,368**
Non-current assets acquired	**1,625,000**	**1,569**	**95,127**	**1,721,696**
Liabilities				
Reportable segment liabilities	**-**	**126,196**	**-**	**126,196**

2014				
	2014	**2014**	**2014**	**2014**
	$	**$**	**$**	**$**
Revenue				
Reportable segment	-	-		-
Unallocated revenue	-	-	4,150	4,150
Total revenue	-	-	4,150	4,150
Results				
Operating loss before income tax	(8,040)	(1,283,311)	(1,771,243)	(3,062,594)
Unallocated profit/(loss)				4,150
Income tax benefit				84,048
Net loss				(2,974,396)
Non-Cash Expenses				
Depreciation	-	24,684	113,870	138,554
Impairment of exploration expenditure	-	650,000	1,600,000	2,250,000
Assets				
Reportable segment assets	791,960	1,395,966	2,298,069	4,485,995
Non-current assets acquired	800,000	1,575	573,124	1,374,699
Liabilities				
Reportable segment liabilities	-	113,966	24,861	126,196

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand (i)	**1,013,802**	759,413

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates. Refer note 18 (a) (iii).

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
9. OTHER RECEIVABLES		
Current		
Prepayments and advances	**19,756**	**23,899**
Other receivables (i)	**600,000**	**-**
	619,756	**23,899**

(i) The loans of $600,000 were provided to WBT to fund ongoing development and commercialisation activities. The loans are on an interest free basis until 31 August 2015 after which interest on the loans will accrue at a rate of 10% per annum.

Repayment Date means the earlier to occur of:

a) 5 Business Days after the date that WBT raises funds (by debt, equity or a combination of both) from a third party;
b) 30 September 2015; and
c) 5 Business Days after the date on which WBT receives a notice from Nemex if it has breached any material obligations.

The Company has an option to increase its shareholding in WBT to 51% through the conversion of the loans to equity and the payment of a further $1,150,000 as at 30 June 2015. However, as announced on 10 June 2015, the Company has reached agreement whereby it has a conditional right to acquire 100% of the issued capital in WBT that it does not already own. The key terms of the transaction are the Company will be required to issue up to 228,018,540 Shares and 11,529,412 Options exercisable at $0.10 per Option on or before 30 June 2016 and 30,773,438 Options exercisable at $0.20 per Option on or before the date that is 3 years from the date of issue.

Settlement is subject to satisfaction or waiver of key conditions precedent as detailed in the Review of Operations.

If the acquisition is completed, the loans will eliminate on consolidation. The recoverability of these loans is dependent on either the acquisition being completed, Nemex exercising its option to increase its shareholding in WBT to 51% or WBT generating sufficient funds in its own right to repay the loans.

Refer notes 18 (b) and 18 (c) for information about the Group's exposure to credit and liquidity risk.

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
10. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**467,741**	542,564
Less accumulated depreciation	**(398,486)**	(419,447)
	69,255	123,117

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial period.

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Balance at the beginning of the period	**123,117**	262,761
Additions	**-**	-
Disposals	**(5,802)**	-
Depreciation expense	**(60,128)**	(138,554)
Translation differences movement	**12,068**	(1,090)
Carrying amount at the end of the period	**69,255**	123,117

11. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Exploration and evaluation costs carried forward in respect of the Exploration and evaluation phase		
Balance at the beginning of the period	**2,777,481**	4,488,411
Expenditure incurred during the period	**96,696**	574,699
Exploration expenditure impaired during the period (i)	**(2,878,806)**	(2,250,000)
Exploration tenements disposed (ii)	**(134,880)**	-
Translation differences movement	**139,509**	(35,629)
Carrying amount at the end of the period	**-**	2,777,481

The expenditure above relates to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(i) The Directors have considered the carrying value of all carried forward exploration and evaluation expenditure in light of present conditions that exist in financial markets, the spread of the Ebola virus in Guinea and the current intention of the Board to, subject to shareholder approval, consider divesting the Téliméle DSO Iron Project and Woodley Project and focus on the development and implementation of the biometric technology owned by Wavefront and have decided that it is appropriate for a write down of exploration expenditure of $2,878,806 to be charged to the statement of comprehensive income.

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Investment in associate	**1,921,430**	791,960

		Ownership Interest		
Name of associated entity	**Type of Equity**	**2015**	**2014**	**Balance Date**
Wavefront Biometric Technologies Pty Ltd (WBT)	Ordinary shares	**40%**	20%	30 June 2015

(a) Principal activities of associated company

WBT is an unlisted private Australian emerging security biometric technology company.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

		CONSOLIDATED	
		2015	**2014**
		$	**$**
(b)	*Carrying amount of investment in associate - WBT*		
	Balance at the beginning of the financial year	**791,960**	-
	Acquisition of shares in WBT	**1,625,000**	800,000
	Share of associate's net loss for the relevant period	**(495,530)**	(8,040)
	Carrying amount of investment in associate	**1,921,430**	791,960
(c)	*Associate's summarised statement of comprehensive income - WBT*		
	Revenue	**-**	-
	Loss from continuing operations	**(1,461,581)**	(40,200)
	Other comprehensive income for the year	**-**	-
	Total comprehensive loss for the year	**(1,461,581)**	(40,200)
(d)	*Associate's summarised assets and liabilities - WBT*		
	Current assets	**311,808**	282,650
	Non-current assets	**5,272,418**	3,750,460
	Current liabilities	**(780,651)**	(73,310)
	Net assets	**4,803,575**	3,959,800
(e)	*Reconciliation of the above summarised financial information to the carrying amount of the interest in WBT recognised in the consolidated financial statements*		
	Net assets of the associate	**4,803,575**	3,959,800
	Proportion of the Group's ownership interest in WBT	**40%**	20%
	Carrying amount of the Group's ownership interest in WBT	**1,921,430**	791,960

13. OTHER NON-CURRENT ASSETS

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Non-current		
Rental security deposit	**10,125**	10,125
	10,125	10,125

14. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Current		
Trade and other payables	**126,196**	70,152
Employee benefits	**-**	68,675
	126,196	138,827

Terms and conditions relating to the above financial instruments:

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.

Risk exposure:

Information about the group's risk exposure to foreign exchange risk is provided in note 18.

15. ISSUED CAPITAL

	CONSOLIDATED			
	2015		2014	
	Number	$	Number	$
(a) Issued and paid-up share capital				
Ordinary shares, fully paid	**237,162,921**	**11,774,303**	157,437,478	8,811,971
Movements in Ordinary Shares:				
Opening balance	**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 5 cents each in November 2014	**6,000,000**	**300,000**	-	-
Shares issued as part of remuneration of consultant	**1,200,000**	**36,000**	-	-
Performance rights vested and converted to ordinary shares at nil consideration	**8,000,000**	**-**	500,000	-
Exercise of options	**41,962,921**	**2,098,146**	-	-
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 2014	**-**	**-**	10,000,000	200,000
Placement issue at an issue price of 2 cents each in May 2014	**-**	**-**	80,000,000	1,600,000
Shares issued as introduction fee for the Wavefront acquisition	**-**	**-**	1,500,000	10,000
Shares issued as part of remuneration of director, Dr P Turner	**-**	**-**	500,000	13,000
Transaction costs arising from issue of securities	**-**	**(43,064)**	-	(442,642)
Closing balance	**237,162,921**	**11,774,303**	157,437,478	8,811,971

(b) Share Options

Options to subscribe for ordinary shares in the Company have been granted as follows:

2015	Exercise price	Expiry date	Opening balance *Number*	Options issued *Number*	Options exercised/ expired *Number*	Balance at end of year *Number*
Listed options(i)	$0.05	31-Dec-14	**59,906,241**	-	**(59,906,241)**	-
Unlisted options (ii)	$0.05	1-Nov 14	**2,000,000**		**(2,000,000)**	-
Unlisted options (iii)	$0.05	31-Dec 15	**25,000,000**	**27,562,522**	**(35,987,522)**	**16,575,000**
Unlisted options (iv)	$0.10	30-Jun 16	-	**12,000,000**	-	**12,000,000**
			86,906,241	**39,562,522**	**(97,893,763)**	**28,575,000**

(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.

15. ISSUED CAPITAL (continued)

(b) Share Options – continued

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.

35,987,522 options were exercised raising $1,799,376.10.

(iv) In May 2015, the Company issued 12,000,000 options exercisable at a price of $0.10 per option and expiring on 30 June 2016 to a group of Asian based professional investors who are assisting with promotion of NXR and introduction of WBT's biometric technology to professional investors and technology companies in mainland China.

2014	Exercise price	Expiry date	Opening balance *Number*	Options issued *Number*	Options exercised/ expired *Number*	Balance at end of year *Number*
Listed options	$0.20	31-Mar-14	**22,812,500**	**-**	**(22,812,500)**	**-**
Listed options	$0.05	31-Dec-14	**-**	**59,906,241**	**-**	**59,906,241**
Unlisted options	$0.20	31-Mar-14	**1,166,667**	**-**	**(1,166,667)**	**-**
Unlisted options	$0.25	31-Mar-14	**666,667**	**-**	**(666,667)**	**-**
Unlisted options	$0.30	31-Mar-14	**666,666**	**-**	**(666,666)**	**-**
Unlisted options	$0.05	1-Nov 14	**-**	**2,000,000**	**-**	**2,000,000**
Unlisted options	$0.05	31-Dec 15	**-**	**25,000,000**	**-**	**25,000,000**
			25,312,500	**86,906,241**	**(25,312,500)**	**86,906,241**

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.

In April and May 2014, the Company completed a capital raising of 90,000,000 shares and 45,000,000 options exercisable at a price of $0.05 per option and expiring on 31 December 2014 to raise $1,800,000.

In May 2014, the Company granted 25,000,000 options exercisable at a price of $0.05 per option and expiring on 31 December 2015 as part consideration for managing the capital raising undertaken in April and May 2014.

25,312,500 listed and unlisted options expired unexercised during the financial year ended 30 June 2014.

None of the options have any voting rights, any entitlement to dividends or any entitlement to the proceeds of liquidation in the event of a winding up.

15. ISSUED CAPITAL (continued)

(c) Performance rights

Performance rights in the Company granted during the year ended 30 June 2015:

Exercise price	Expiry date	Opening balance *Number*	Granted during the year *Number*	Vested and converted into shares during the year *Number*	Forfeited during the year *Number*	Balance at end of year *Number*	Vested and exercisable at end of the year *Number*
Nil	29-Nov 15	1,000,000	-	-	(1,000,000)	-	-
Nil	15-May 17	8,000,000	-	(8,000,000)	-	-	-
		9,000,000	-	(8,000,000)	(1,000,000)	-	-

Performance rights in the Company granted during the year ended 30 June 2014:

Exercise price	Expiry date	Opening balance *Number*	Granted during the year *Number*	Vested and converted into shares during the year *Number*	Forfeited during the year *Number*	Balance at end of year *Number*	Vested and exercisable at end of the year *Number*
Nil	29-Nov 15	2,000,000	-	(500,000)	(500,000)	1,000,000	-
Nil	15-May 17	-	8,000,000	-	-	8,000,000	-
		2,000,000	8,000,000	(500,000)	(500,000)	9,000,000	-

(d) Terms and conditions of contributed equity

Ordinary Shares:
Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

16. RESERVES

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
Equity based compensation reserve (a)	**1,488,751**	885,311
Foreign currency translation reserve (b)	**233,315**	90,171
	1,722,066	975,482
(a) Equity based compensation reserve		
Balance at beginning of year	**885,311**	434,936
Fair value of options issued to consultants	**603,440**	11,239
Fair value of options issued for lead manager and underwriting services	**-**	272,696
Fair value of performance rights issued as part of remuneration packages	**-**	188,240
Reversal of value of performance rights due to reassessment of rights that will vest	**-**	(21,800)
Balance at end of year	**1,488,751**	885,311
(b) Foreign currency translation reserve		
Balance at beginning of year	**90,171**	126,503
Currency translation differences arising during the year	**143,144**	(36,332)
Balance at end of year	**233,315**	90,171

16. RESERVES – continued

(c) Nature and purpose of reserves

Equity based compensation reserve*:*
The equity based compensation reserve is used to record the fair value of options issued but not exercised, the fair value of performance rights issued, and the fair value of shares issued, in relation to share based payments transactions.

Foreign currency translation reserve:
The foreign currency translation reserve is used to record exchange differences from the translation of the financial statements of foreign operations.

17. SHARE BASED PAYMENTS

Non plan based payments

The Company makes share based payments to Directors (subject to shareholder approval), consultants and / or service providers from time to time, not under any specific plan. The expense recognised in relation to share-based payments in the statement of comprehensive income is $639,440 (2014: $200,679).

The following table illustrates the number and weighted average exercise prices of and movements in share options issued as share based payments for the financial year.

	2015 No. of options	**2015 Weighted average exercise price**	**2014 No. of options**	**2014 Weighted average exercise price**
Outstanding at the beginning of the period	**2,000,000**	**$0.05**	4,000,000	$0.22
Granted during the period	**17,000,000**	**$0.085**	2,000,000	$0.05
Forfeited / exercised / expired during the period	**(2,000,000)**	**$0.05**	(4,000,000)	$0.22
Outstanding at the end of the period	**17,000,000**	**$.085**	2,000,000	$0.05
Exercisable at the end of the period	**17,000,000**		2,000,000	

Share based payments, not under any plans, are as follows (with additional information provided in Note 15 and 16 above):

	2015 $	**2014 $**
Shares to Dr Turner for services(i)	**-**	13,000
Options to consultant (ii)	**-**	11,239
Shares for introduction fee (iii)	**-**	10,000
Options to consultant (iv)	**137,840**	-
Options to consultant (v)	**465,600**	-
Shares to consultant (vi)	**36,000**	-

(i) 500,000 shares were issued to Dr Turner in May 2014 as an incentive for future services and as a reward for past services.
(ii) 2,000,000 options exercisable at a price of $0.05 per option and expiring on 1 November 2014 were issued as part consideration for investor relation services.
(iii) 1,500,000 shares were issued as an introduction fee for the Wavefront acquisition.
(iv) 5,000,000 options exercisable at a price of $0.05 per option and expiring on 31 December 2015 were issued as consideration for investor relation services.
(v) 12,000,000 options exercisable at a price of $0.10 per option and expiring on 30 June 2016 were issued as consideration for investor relation services.
(vi) 1,200,000 shares were issued to an external consultant as remuneration for services provided.

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. The fair value of shares and options issued is calculated by reference to the market value of the shares trading on the Australian Securities Exchange (ASX) on or around the date of grant.

The following table lists the inputs to the model used for the financial year ended 30 June 2015 and the prior financial period ended 30 June 2014:

17. SHARE BASED PAYMENTS EXPENSE (continued)

	2015	2014
Volatility	100% - 148%	148%
Risk-free interest rate – range	1.91% - 2.70%	2.70%
Expected life of option	1 - 2 years	1 year
Exercise price	$0.05 - $0.10	$0.05
Weighted average share price at grant date	$0.082	$0.018

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Performance Rights Plan (PRP)

Shareholders approved the Nemex Resources Limited PRP at the Annual General Meeting held on 29 November 2012. The PRP is designed to more closely align rewards for performance with the achievement of the Company's growth and strategic objectives. The plan provides for the issue of performance rights which, upon determination by the Board that the performance conditions attached thereto have been met and subject to the terms of the plan, convert into fully paid ordinary shares. Where the participant is a director of the Company, specific shareholder approval will have to be sought under the ASX Listing Rules prior to the grant of performance rights to such an individual. Please refer to note 15 (c) for the summary of performance rights granted under the PRP.

Fair value of performance rights granted

The fair values at grant date are independently determined using the closing share price at the grant date.

No performance rights were granted during the year ended 30 June 2015 and the following table lists the inputs to the model used for the performance rights granted during the year ended 30 June 2014:

	2014
Number of Rights	8,000,000
Exercise price	Nil
Grant date	15 May 2014
Expiry date	13 May 2017
Share price at grant date	2.7 cents

During the year ended 30 June 2015, a total of 8,000,000 Performance Rights were converted to shares, and a further 1,000,000 Performance Rights were forfeited. During the year ended 30 June 2014, a total of 500,000 Performance Rights were converted to shares, and a further 500,000 Performance Rights were forfeited.

	CONSOLIDATED	
	2015	2014
	$	$
Expenses arising from share-based payment transactions		
Performance rights issued to directors	-	166,440
Shares issued as introduction fee for the Wavefront acquisition	-	10,000
Shares issued as part of remuneration of director	-	13,000
Shares and options issued to consultants	**639,440**	11,239
	639,440	200,679

18. FINANCIAL INSTRUMENTS

Overview

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk. Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and to a lesser extent other currencies.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis as appropriate. The Australian dollar is the reporting currency for the Group and the functional currency for the parent company.

(ii) Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2015		30 June 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$	**$**	**$**	**$**
United States Dollar	**9,141**	**-**	107,068	17,379
Guinea Franc	**-**	**-**	1,562	-

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Note	**Floating interest rate $**	**Fixed interest rate $**	**Non-interest bearing $**	**Total $**	**Weighted average interest rate %**
2015						
Financial assets						
Cash and cash equivalents	8	**1,009,102**	**-**	**4,700**	**1,013,802**	**0.99**
Trade and other receivables	9	**-**	**-**	**619,756**	**619,756**	
		1,009,102	**-**	**624,456**	**1,633,558**	
Financial liabilities						
Trade and other payables	14	**-**	**-**	**126,196**	**126,196**	
2014						
Financial assets						
Cash and cash equivalents	8	753,053	-	6,360	759,413	1.17
Trade and other receivables	9	-	-	23,899	23,899	
		753,053	-	30,259	783,312	
Financial liabilities						
Trade and other payables	14	-	-	138,827	138,827	

18. FINANCIAL INSTRUMENTS (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant.

CONSOLIDATED	Profit or (Loss)		Equity	
	100bp increase $	**100bp decrease $**	**100bp increase $**	**100bp decrease $**
30 June 2015				
Variable rate instruments	**8,996**	**(8,996)**	**8,996**	**(8,996)**
Cash flow sensitivity (net)	**8,996**	**(8,996)**	**8,996**	**(8,996)**
30 June 2014				
Variable rate instruments	3,560	(3,560)	3,560	(3,560)
Cash flow sensitivity (net)	3,560	(3,560)	3,560	(3,560)

Financial assets

Trade receivables from other entities are carried at nominal amounts less any allowance for doubtful debts. Other receivables are carried at nominal amounts due. Interest is recorded as income on an accruals basis.

Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

(iv) **Commodity price risk**

As Nemex has explored for iron ore and gold, it will be exposed to the risks of fluctuation in prices for those minerals. The market for iron ore and gold has a history of volatility, moving with the standard forces of supply and demand. Prices fluctuate widely in response to changing levels of supply and demand but, in the long run, prices are related to the marginal cost of supply.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group does not have significant exposure to any single counterparty or any group of counterparties having similar characteristics, other than its investment in, and loans to, WBT. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

(i) Trade Receivables

As the Group operates in the mineral exploration and investment sectors rather than trading, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. At the reporting date there were no significant concentrations of credit risk in respect of trade receivables.

18. FINANCIAL INSTRUMENTS (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Company does not have any material risk exposure to any single debtor or group of debtors, other than its investment in, and loans to, WBT.

(c) Liquidity and Capital Risk

The Group's total capital is defined as the shareholders' net equity plus any net debt. The objectives when managing the Company's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group does not have a target debt / equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Due to the nature of the Group's activities and the present lack of operating revenue, the Company has to raise additional capital from time to time in order to fund its exploration and investment activities. The decision on how and when the Company will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table details the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date on which the Group can be required to pay.

CONSOLIDATED	**Less than 6 months $**	**6 – 12 months $**	**Over 1 year $**	**Total $**
Group at 30 June 2015				
Financial Liabilities:				
Current:				
Trade and other payables	**126,196**	**-**	**-**	**126,196**
Total Financial Liabilities	**126,196**	**-**	**-**	**126,196**
Group at 30 June 2014				
Financial Liabilities:				
Current:				
Trade and other payables	138,827	-	-	138,827
Total Financial Liabilities	138,827	**-**	-	138,827

19. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

There were no capital commitments, not provided for in the financial statements as at 30 June 2015.

(b) Lease commitments: non-cancellable operating lease

Nemex Resources Limited entered into a lease agreement with Corporate Consultants Pty Ltd, a company in which Mr Flint and Mr Jurman have a beneficial interest, for the use of furnished office space on 7 June 2012. The agreement is effective from 7 June 2012 to its expiry date of 30 September 2015.

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**5,982**	23,922
One year to five years	**-**	5,982
Total	**5,982**	29,904

(c) Contingencies

There were no contingent liabilities of the Consolidated Entity not provided for in the financial statements at 30 June 2015 (2014: Nil).

20. STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss after income tax	**(4,547,912)**	(2,974,396)
Add back non-cash items:		
Depreciation	**60,128**	138,554
Profit on disposal of exploration tenements	**(64,062)**	-
Exploration expenditure impaired	**2,878,806**	2,250,000
Share of net losses of associates	**495,530**	8,040
Share based payments expense	**639,440**	200,679
Net exchange differences	**(6,398)**	3,332
Change in assets and liabilities:		
Decrease / (Increase) in receivables	**4,143**	(7,018)
Increase / (Decrease) in operating payables	**(16,227)**	47,467
Net cash outflow from operating activities	**(556,552)**	(333,342)

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Dr Turner, Mr Flint and Mr Jurman were key management personnel of the Consolidated Entity at any time during the year:

Other than the Directors of the Company disclosed above, there were no other executives who have direct responsibility for the strategic direction and operational management of the Consolidated Entity.

The key management personnel compensation is as follows:

	2015	2014
	$	**$**
Short-term employee benefits	**141,667**	201,500
Post-employment benefits	**6,808**	78,639
Share-based payments	**-**	201,240
	148,475	481,379

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Loans to key management personnel and their related parties

There were no loans outstanding at the reporting date to key management personnel and their related parties.

Other transactions with key management personnel

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

	2015	2014
	$	**$**
Accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Flint and Mr Jurman are directors and have beneficial interests.	**143,000**	97,387
Rent and variable outgoings for the sub-lease of furnished office space paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Flint and Mr Jurman are directors and have beneficial interests.	**34,636**	33,243
Balances due to Directors and Director Related Entities at year end		
- included in trade creditors and accruals	**34,449**	9,209

Corporate Consultants Pty Ltd also holds a rental security deposit of $10,125 (2014: 10,125) - (Note 13).

22. EVENTS OCCURRING AFTER THE REPORTING DATE

In July 2015, a total of 4,162,500 unlisted options exercisable at 5 cents were exercised raising $208,125 for additional working capital.

In August 2015 Nemex advanced WBT a further $350,000 in loan funds. The loans are unsecured, interest free and repayable by 31 October 2015.

There are no other matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years.

23. PARENT ENTITY DISCLOSURES

Financial position

	2015 $	2014 $
Assets		
Current assets	**1,033,592**	**781,020**
Non-current assets	**2,532,998**	**3,682,287**
Total assets	**3,566,590**	**4,463,307**
Liabilities		
Current liabilities	**126,196**	**116,140**
Non-current liabilities	**-**	**-**
Total liabilities	**126,196**	**116,140**
Equity		
Issued capital	**11,774,303**	**8,811,971**
Accumulated losses	**(9,822,660)**	**(5,350,115)**
Share-based payments reserve	**1,488,751**	**885,311**
Total equity	**3,440,394**	**4,347,167**
Financial performance		
Net loss for the period	**(4,472,545)**	(3,010,729)
Other comprehensive income / (loss)	**-**	-
Total comprehensive loss	**(4,472,545)**	(3,010,729)

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015.

Commitments for the acquisition of property, plant and equipment by the parent entity

For details on commitments, see Note 19.

24. SUBSIDIARIES

(a) Particulars in relation to subsidiaries

	Place of Incorporation	Group's Interest 2015	Group's Interest 2014	Class of Shares
Parent Entity		**%**	**%**	
Nemex Resources Ltd	Australia			
Subsidiaries				
Nemex Ventures Pty Ltd	Australia	**100**	100	Ord
Nemex Guinea Pty Ltd	Australia	**100**	100	Ord
Nemex Resources CI SARL	Ivory Coast	**-**	100	Ord
Barclay Resources SARL	Ivory Coast	**-**	100	Ord
(i) Subsidiary of Nemex Guinea Pty Ltd				
Nemex Guinea SARL (a)	Guinea	**100**	100	Ord

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

(b) Terms and conditions of loans to related parties

Loan advances have been made to subsidiaries noted in the table above. The loans are interest free, unsecured and repayable only when the borrower's cash flow permits. The recoverability of these loans is dependent upon the successful development and exploitation of the areas of interest currently being explored by the parent's subsidiary entities.

(c) Risk exposure

Refer to Note 18 for information on the Group's and parent entity's exposure to credit, foreign exchange and interest rate risk.

In the opinion of the Directors:

a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

   (i) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) Complying with Accounting Standards (including Australian Accounting Standards) and Corporations Regulations 2001; and

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

c) The financial statements and notes thereto include an explicit and unreserved statement of compliance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors made pursuant to s 295(5) of the Corporations Act 2001.

On behalf of the Board

P Flint
Chairman

Dated at Perth on the 29th day of September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Nemex Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Nemex Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Nemex Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without qualifying our opinion, 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 raise sufficient additional funding, 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 investment in, and loans to, Wavefront Biometric Technologies Pty Ltd) and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Nemex Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
29 September 2015

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices and departures from the Recommendations as at the date of this Prospectus are outlined below and further details on the Company's corporate governance procedures, policies and practices can be obtained from the Company website at www.nemexres.com.au/.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:
Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

The Board of Directors is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders.

The specific responsibilities of the Board include:

- Determining the vision and objectives of the Company;
- Overseeing and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Identifying all areas where written board policy is required, detailing the policies, and overseeing the implementation and monitoring of compliance;
- Formulating short term and long term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Approving and monitoring the progress of major expenditure and acquisitions and divestments;
- Approving the annual budgets, and ensuring these are aligned with the Company's strategic objectives;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman;
- Ratifying the appointment, and where appropriate, the removal of the Executive Directors and the Company Secretary;
- Evaluating the performance of the senior management team and determining their remuneration;
- Delegating appropriate powers to senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters; and

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy.

The responsibility for the day-to-day operation and administration of the Company was delegated by the Board to the Managing Director. The Board ensures that the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the directors.

The Managing Director is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board.

The Managing Director's specific responsibilities include:

- Responsibility for the achievement of corporate goals and objectives;
- Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advise the Board regarding the most effective organisational structure and oversee its implementation;
- Assessment of business opportunities of potential benefit to the Company;
- Establish and maintain effective and positive relationships with Board members, shareholders, the investment community and other government and business liaisons;
- Undertake the role of key company spokesperson;
- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- Ensure appropriate risk management practices and policies are in place;
- Select and appoint staff.

In July 2014 Dr Peter Turner resigned from the position of the Company's Managing Director and remained as a Non-Executive Director. Subsequently the Board as a whole undertook the specific responsibilities of the Managing Director, including from January 2015, Mr Flint taking on additional responsibilities as an Executive Chairman.

It is proposed that, subject to shareholder approval, upon completion of the acquisition for the Company to move to 100% ownership of Wavefront, the Company will appoint a new Managing Director.

Recommendation 1.2:
Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

Recommendation 1.3:
Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

The directors have letters of appointment including a director's interest agreement with respect to disclosure of security interests.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Recommendation 1.4:
The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:
The Company should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Company has not yet formalised this policy into a written document. It is the Board's intention to formalise the policy at a time when the size of the Company and its activities warrants such a structure.

The Company currently has three staff (comprising the three directors), none of which is a woman. There are no women in senior executive positions or on the board.

Recommendation 1.6:
The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman has conducted informal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director were discussed. The Board considers that at this stage of the Company's development an informal process is appropriate.

Recommendation 1.7:
The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The Chairman conducts an informal review process whereby he discusses with senior executives their performance and approach toward meeting the short and long term objectives of the Company. The board considers that at this stage of the Company's development an informal process is appropriate.

Principle 2: Structure the board to add value

Recommendation 2.1:
The Board should establish a Nomination Committee which the majority should be independent directors (including the Chair).

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. The categories considered necessary for this purpose are a blend of leadership, governance, strategy, financial acumen, health and safety, technical and industry skills. Casual appointments must stand for election at the next annual general meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

Recommendation 2.2:
The Company should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The following table sets out the key skills and experience of the Directors.

	Existing Board
Total Directors	*3 Directors*
Leadership	2 Directors
Strategy / Risk	2 Directors
Communication	2 Directors
Technology	Nil Directors
Marketing	Nil Directors
Mining	3 Directors
Fundraising	2 Directors
Governance	2 Directors
Health and safety	1 Director
Financial acumen	3 Directors

It is proposed that, subject to shareholder approval, upon completion of the acquisition for the Company to move to 100% ownership of Wavefront, the Company will appoint additional directors with skills and experience relevant to the Wavefront business.

Recommendations 2.3, 2.4 and 2.5:
The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

A majority of the Board of the Company should be independent directors.

The Chair of the Board should be an independent director, and should not be the CEO of the Company.

The names, experience and responsibilities of current Directors and Proposed Directors of the Company are set out in Section 10. Details of the length of service of each director are included in the Company's annual report each year.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the Board to be relevant. Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that currently none of the Company's three current Directors are independent and therefore the Company does currently not have a majority of independent directors. In July 2014 Dr Peter Turner resigned from the position of the Company's Managing Director and remained on the Board as a Non-Executive Director. As Dr Turner was previously employed in an executive capacity he is not considered independent. Mr Jurman has been Company Secretary since incorporation of the Company and has been actively involved in the management of the Company and therefore is not considered independent. From January 2015 (and following the resignation of Dr Turner as Managing Director) Mr Flint took on additional executive responsibilities and therefore is not considered independent.

It is noted that upon completion of the Acquisition it is proposed that the Board will be restructured such that the three current directors will resign and the new Directors will be appointed. It is expected that a majority of the new directors will be independent directors

It is the Board's intention to review its composition on a continual basis as the Company's expands its activities and greater demands and skills amongst Directors become necessary.

Recommendation 2.6:
The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board Charter provides for induction and professional development for the Board.

Principle 3: Act ethically and responsibly

Recommendation 3.1:
Companies should have a Code of Conduct for its directors, senior executives and employees.

The Company has developed a Code of Conduct (the Code) which has been endorsed by the Board and applies to all employees, Directors and officers. The Code may be amended from time to time as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices.

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that written notification to the Chairman (or in the case of the Chairman, the Managing Director) must be satisfied prior to trading.

Principle 4: Safeguard Integrity in Financial reporting

Recommendation 4.1
The Board should have an Audit Committee.

The Company does not have an audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is HLB Mann Judd's policy to rotate audit engagement partners on listed companies at least every 5 years.

Recommendation 4.2
The Board of the Company should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board ensures it receives the required declarations in writing to the Board that the Company's financial statements present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is prior to the Director's approval of the release of the annual and half yearly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

Recommendation 4.3
The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

The Company invites the auditor or representative of the auditor to the AGM.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:
Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has developed an ASX Listing Rules Disclosure Strategy which has been endorsed by the Board. The ASX Listing Rules Disclosure Strategy ensures compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at a senior executive level for that compliance. All ASX announcements are to be posted to the Company's website as soon as possible after confirmation of receipt is received from ASX, including all financial reports.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:
Companies should provide information about itself and its governance to investors via its website.

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by the ASX, the following are posted to the Company's website:

- relevant announcements made to the market via the ASX;
- notices of meetings;

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

- investment updates;
- company presentations and media releases;
- copies of press releases and announcements for (at least) the preceding three years; and
- copies of annual, half-yearly and quarterly reports including financial statements for (at least) the preceding three years.

Recommendations 6.2 and 6.3:
Companies should design and implement an investor relations program to facilitate two-way communication with investors.

Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Executive Directors make themselves available to meet shareholders and regularly respond to enquiries made via telephone or email. Periodic investor presentations to facilitate engagement with investors and other financial market participants are also undertaken.

The Board encourages full participation of shareholders at the Annual General Meeting. In preparing for general meetings of the Company, the Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The Company allows shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting. The external auditor of the Company is asked to attend each annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of Directors.

Recommendation 6.4:
Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Information about the Company is regularly emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website. Shareholders can receive communications from, and send communications to, the Company's security registry electronically.

Principle 7 – Recognise and manage risk

Recommendation 7.1:
The Board should have a committee or committees to oversee risk.

The Company is not currently of a size to require the formation of committees to oversee risk. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

To date the Board has been responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Recommendation 7.2:
The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

The Board considers risks and discusses risk management at each Board meeting. Review of the risk management framework is an on-going process rather than an annual formal review.

Recommendation 7.3:
The Company should disclose if it has an internal audit function.

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole regularly evaluates and improves the effectiveness of its risk management (refer above) and internal control processes.

Recommendation 7.4:
The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. The Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:
The Board should have a Remuneration Committee.

The Company does not have a remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

Recommendation 8.2:
Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current amount has been set at an amount not to exceed $500,000 per annum.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

The Company provides disclosure of its policies and practices regarding the remuneration and all Directors and executives remuneration in its annual report.

Recommendation 8.3:
A Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

The Company does not have an equity based remuneration scheme which is affected by this recommendation. Recipients of equity-based remuneration (eg. incentives options) are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The shareholder information set out below was applicable as at 21 September 2015.

Substantial shareholders

An extract of the Company’s register of substantial shareholders is set out below:

Shareholder	**Number of Shares**
Robert Liu	30,618,756
Zhaoqing Dai	13,756,580
Huang Menglong	13,203,893

Distribution of equity security holders

Size of Holding	**Ordinary Shares NXR**
1 to 1,000	26
1,001 to 5,000	36
5,001 to 10,000	126
10,001 to 100,000	532
100,001 and over	254
	974

The number of shareholdings comprising less than a marketable parcel was 129.

	Twenty Largest Shareholders as at 21 September 2015	**Number of Shares**	**% Held**
1	PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	21,485,639	8.903
2	ROBERT LIU	18,142,760	7.518
3	ZHAOQING DAI	15,741,629	6.523
4	JIANWEI WU	9,735,512	4.034
5	ABN AMRO CLEARING SYDNEYVNOMINEES PTY LTD <CUSTODIAN A/C>	7,155,220	2.965
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,000,000	2.486
7	ANGELA JURMAN <THE PJAG INVESTMENT A/C>	5,000,000	2.072
8	FLEUBAIX PTY LTD <SUPERANNUATION FUND A/C>	5,000,000	2.072
9	BIGFORD PTY LTD <BIG LIU SUPER FUND A/C>	4,891,191	2.027
10	PATRICK JOHN FLINT	4,150,000	1.720
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,566,000	1.478
12	LEGEND MINING LIMITED	3,300,000	1.367
13	YUHUA CAO	3,255,940	1.349
14	COMSEC NOMINEES PTY LIMITED	2,744,351	1.137
15	VANSONY PTY LTD <THE VANSONY SUPER FUND A/C>	2,584,060	1.071
16	GEORGE POLITES	2,300,000	0.953
17	JILLAINE WILLS	2,300,000	0.953
18	ROBIN MING HOCK TAN	2,085,000	0.864
19	DELLFIELD HOLDINGS PTY LTD	2,066,250	0.856
20	MR JONATHAN MARK WILD & MRS JUSTYNA WILD <THE WILD FAMILY A/C>	2,000,000	0.829
	TOTAL	**123,503,552**	**51.177**

On-market buy-back

There is no current on-market buy-back.

Unquoted equity securities

Unquoted equity securities on issue at 21 September 2015 were as follows:

Refer Note	Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
1	12,412,500	5 cents	On or before 31 December 2015	3
2	12,000,000	10 cents	On or before 30 June 2016	3

The names of the holders of 20% or more options in these unquoted securities are listed below:

Note	Name	Number of Options Held
1	Gold Resources Ltd	11,000,000
2	Anqi Liu	4,000,000
2	Wenmu Huan	4,000,000
2	Zhaoqing Dai	4,000,000

Mineral Interests held at 21 September 2015 are as follows:-

Location	*Concession name and type*	*Registered Holder*	*File Number*	*Nemex's current equity interest*	*Maximum equity interest capable of being earned*	*Notes*
Guinea	Coastal Project Exploration Permit	Africaine Development Minier SARL ("Adem")	A2010/018/DIGM/CPDM	70%	85%	1
	Telimele West Project Exploration Licence Applications	Sylati Feralu Mining sarlu ("SFM")	A 2011/355/MMG/DNM A 2011/357/MMG/DNM A 2011/358/MMG/DNM	-	85%	2
Australia	Woodley Project Exploration Licences	Nemex Resources Limited	E57/632 and E57/634	100%	100%	

Notes:

1) Under the terms of the Coastal Agreement, Nemex can earn an interest of 85% (prior to any Government interest under the Guinea Mining Code) in the Coastal property in the Republic of Guinea, West Africa by completing the following payments:

- upon the earlier of:
  - (i) a decision to proceed to mining;
  - (ii) Nemex's sale of its rights under the agreement; or
  - (iii) 6 years from completion of the due diligence period, being 13 April 2017

  Nemex must make a cash payment of US$2,000,000 to increase Nemex's interest in the Coastal Project from 70% to 76.5%, with the Government of Guinea's interest to be adjusted against each party's interest on a pro-rata basis;
- at any time after the payment above has been made and within 60 days after a decision to mine, Nemex may acquire an additional 8.5% of Adem's interest by making a cash payment of US$12,000,000 in which event Nemex's interest in the Coastal Project will be 85%, with the Government of Guinea's interest to be adjusted against each party's interest on a pro-rata basis.

Nemex can withdraw from the agreement at any time without any penalty or obligation to make further payments (but in such circumstances would forfeit its interest).

2) Under the terms of the Telimele West Agreement, Nemex can earn an interest of 85% (prior to any Government interest under the Guinea Mining Code) in the Telimele West properties in the Republic of Guinea, West Africa by completing the following payments:

- on completion of exploration expenditure of US$1,000,000 Nemex is entitled to a 70% interest in the Telimele West Project with the Government of Guinea's interest to be adjusted against each party's interest on a pro-rata basis;
- upon the earlier of:
  - (i) a decision to proceed to mining;
  - (ii) Nemex's sale of its rights under the agreement; or
  - (iii) 6 years from completion of the due diligence period, being 13 April 2017

  Nemex must make a cash payment of US$1,000,000 to increase Nemex's interest in the Telimele West Project from 70% to 76.5%, with the Government of Guinea's interest to be adjusted against each party's interest on a pro-rata basis;
- at any time after the payment above has been made and within 60 days after a decision to mine, Nemex may acquire an additional 8.5% of SFM's's interest by making a cash payment of US$4,500,000 in which event Nemex's interest in the Telimele West Project will be 85%, with the Government of Guinea's interest to be adjusted against each party's interest on a pro-rata basis.

Nemex can withdraw from the agreement at any time without any penalty or obligation to make further payments (but in such circumstances would forfeit its interest).

Annual Mineral Resource Statement

The Company has reported mineral resources at one of its projects, the Télimélé project. The mineral tenements comprising the Télimélé project are located in west Guinea, 110km from the Guinea coast. There has been no change to mineral resources at the Télimélé project during the year ended 30 June 2015.

The Company's Mineral Resources estimate at the Télimélé project is as follows:

Cut-off Fe %	Tonnes '000 t	Fe %	Al_2O_3 %	SiO_2 %	P %	S %	LOI1000 %	Mineralisation Domain
0.0	381,518	32.76	22.77	13.69	0.23	0.06	13.76	T1, T2, T3
30.0	**257,665**	**37.29**	**21.09**	**9.22**	**0.26**	**0.05**	**13.71**	**T1, T2, T3**
35.0	143,374	41.19	19.16	6.18	0.28	0.05	13.35	T1, T2, T3
40.0	63,835	46.57	15.48	3.65	0.33	0.05	12.04	T1, T2
45.0	34,451	50.86	11.88	3.06	0.39	0.04	10.00	T1, T2
50.0	**16,756**	**55.12**	**9.05**	**2.35**	**0.38**	**0.03**	**7.38**	**T1**
55.0	9,204	57.71	7.24	2.16	0.37	0.02	5.68	T1
56.0	8,501	57.89	7.07	2.19	0.38	0.02	5.54	T1
57.0	6,773	58.23	6.80	2.21	0.39	0.02	5.26	T1
58.0	3,590	58.87	6.51	2.02	0.39	0.02	4.90	T1

Table 1. 'Inferred' Mineral Resource Estimate for the Boulere Prospect

The information reported above 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.

Governance and internal controls

The Company's procedures for the sample techniques and sample preparation for the resource estimate were audited by independent experts. Assays were conducted by independent internationally accredited laboratories with a QAQC program showing acceptable levels of accuracy and precision.

The mineral resource estimate was undertaken independently by CSA Global.

Competent Person's Statement

The information in this Annual Mineral Resources Statement is based on information compiled by Mr Dmitry Pertel, a Member of the Australian Institute of Geosciences (AIG). Mr Pertel is an employee of CSA Global that consults to Nemex Resources Ltd. Mr Pertel has sufficient experience which is relevant to the style of mineralization 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'. Mr Pertel consents to the inclusion in this Annual Mineral Resources Statement of the matters based on his information in the form and context in which it appear