

NEMEX

RESOURCES LIMITED

ACN 146 243 843

AND ITS CONTROLLED ENTITIES

**HALF - YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2015**

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity ("Group") for the half-year ended 31 December 2015. The directors report as follows:

Directors

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

Hui Zhang	Executive Chairman	appointed 21 October 2015
Tao Ding	Non-Executive Director	appointed 16 December 2015
Patrick Flint	Non-Executive Chairman	resigned 16 December 2015
Peter Turner	Non-Executive Director	resigned 21 October 2015
Paul Jurman	Non-Executive Director	resigned 16 December 2015
Jonathan Murray	Non-Executive Director	appointed 15 December 2015, resigned 16 December 2015

Results

The consolidated loss for the half-year after tax was \$644,964 (2014: \$1,522,593).

Review of Operations

Investment in Security Biometric Technology

In April 2015, the Company entered into a conditional agreement to earn up to a 51% interest in Wavefront Biometric Technologies Pty Ltd ("Wavefront") and its unique biometric technology. Wavefront has developed and patented a biometric technology for reliable and secure authentication of a person's identity, based on capturing data associated with the eye. Nemex currently holds a 40% interest in Wavefront.

As part of its technology development programme Wavefront facilitated a review of the technology through the International Centre for Biometric Research at Purdue University ("Purdue ICBR"), a globally recognised leader in biometric technology analysis.

Purdue ICBR completed testing Wavefront's system (comprising its hardware and testing and analysis software) and Wavefront advised NXR that Purdue ICBR was unable to independently validate and report on the Wavefront system performance metrics (such as False Acceptance Rate, False Rejection Rate and Equal Error Rate) without further in-depth analysis of the Wavefront software. Purdue ICBR noted Wavefront's system software does not provide data output to calculate performance metrics in a format typically reviewed by Purdue ICBR.

Wavefront is currently examining alternatives to address the issues identified by Purdue ICBR and intends to re-process data from previous testing with a view to undertaking further independent validation at Purdue ICBR.

In December 2015, representatives of NXR and Wavefront completed presentations of the Wavefront technology to potential customers, development partners and investors in China. NXR and Wavefront are expecting feedback from this visit to be received within the June 2016 quarter.

In January 2016, Wavefront advised NXR that it had lodged its taxation return and an application for a cash refund under the Federal Government's Research and Development (R&D) Tax Incentive Scheme (Scheme) in respect of the year ended 30 June 2015. Under the Scheme, companies are entitled to a cash refund of up to 45 cents per dollar spent on eligible R&D expenditure.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Funds received will in part be used to settle existing creditors, partially repay the Nemex loan and make necessary amendments to the Wavefront technology in relation to the Purdue validation.

Mineral Interests

NXR is reviewing its interests in its mineral projects in conjunction with consideration of a potential change in activities.

Corporate

During the period, Dr Peter Turner, Mr Patrick Flint and Mr Paul Jurman resigned as Directors of the Company.

Mr Hui Zhang was appointed to the Board as a non-executive director on 21 October 2015 and effective from 16 December 2015, became Chairman. Mr Zhang is a nominee of the Company's major shareholder. Mr. Zhang has more than 25 years' experience in corporate management and business and customer development in Asia.

Mr Tao Ding was appointed to the Board as a non-executive director on 16 December 2015. Mr Ding is a Chinese national based in Beijing. Mr Ding has extensive experience in the technology sector and will provide technical input at the Board level, as well as assist with introducing Wavefront to potential technology development partners in China.

Mr Jonathan Murray was appointed to the Nemex Board as an interim director on 15 December 2015 and resigned on 16 December 2015. Mr Murray is a partner at legal firm Steinepreis Paganin.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2015.

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



H Zhang
Chairman
Sydney

Dated this 15th day of March 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Nemex Resources Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2016



M R W Ohm
Partner

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

For the half - year ended 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
REVENUES			
Interest income		41,080	3,645
Foreign currency exchange gains		-	3,532
Other income		6,000	-
Profit on disposal of plant and equipment		77,278	18,419
Profit on disposal of Ivory Coast exploration tenements		-	61,771
		124,358	87,367
EXPENSES			
Administrative expenses		(380,334)	(344,669)
Depreciation expense		(4,779)	(34,237)
Employee benefits expense		(90,113)	(68,325)
Foreign currency exchange losses		(5,144)	-
Impairment of exploration expenditure	5	(39,869)	(1,125,000)
Occupancy expenses		(15,954)	(16,758)
Share of net losses of associate		(233,129)	(20,971)
		(644,964)	(1,522,593)
Loss before income tax expense	2	(644,964)	(1,522,593)
Income tax benefit		-	-
		(644,964)	(1,522,593)
Net loss for the period		(644,964)	(1,522,593)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		1,555	162,064
		-	162,064
Other comprehensive income for the period		-	162,064
		(643,409)	(1,360,529)
Total comprehensive loss for the period		(643,409)	(1,360,529)
Basic and diluted loss per share (cents per share)	7	(0.27)	(0.89)

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
Current Assets			
Cash and cash equivalents		448,353	1,013,802
Other receivables	3	1,017,804	619,756
Total Current Assets		1,466,157	1,633,558
Non-Current Assets			
Property, plant and equipment	4	-	69,255
Deferred exploration and evaluation expenditure	5	-	-
Investment in associate	6	1,688,301	1,921,430
Other assets		10,125	10,125
Total Non-Current Assets		1,698,426	2,000,810
Total Assets		3,164,583	3,634,368
Current Liabilities			
Trade and other payables		91,695	126,196
Total Liabilities		91,695	126,196
Net Assets		3,072,888	3,508,172
Equity			
Issued capital	8	11,982,428	11,774,303
Equity based compensation reserve	9	1,488,751	1,488,751
Foreign currency translation reserve		234,870	233,315
Accumulated losses		(10,633,161)	(9,988,197)
Total Equity		3,072,888	3,508,172

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half - year ended 31 December 2015

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Equity Based Compensation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2014	8,811,971	(5,440,285)	90,171	885,311	4,347,168
Loss for the period	-	(1,522,593)	-	-	(1,522,593)
Exchange differences arising on translation of foreign subsidiaries	-	-	162,064	-	162,064
Total comprehensive loss for the period	-	(1,522,593)	162,064	-	(1,360,529)
Shares issued during the half - year (net of costs)	1,162,956	-	-	-	1,162,956
Fair value of options issued	-	-	-	137,840	137,840
Balance at 31 December 2014	9,974,927	(6,962,878)	252,235	1,023,151	4,287,435
	\$	\$	\$	\$	\$
Balance at 1 July 2015	11,774,303	(9,988,197)	233,315	1,488,751	3,508,172
Loss for the period	-	(644,964)	-	-	(644,964)
Exchange differences arising on translation of foreign subsidiaries	-	-	1,555	-	1,555
Total comprehensive loss for the period	-	(644,964)	1,555	-	(643,409)
Shares issued during the half - year (net of costs)	208,125	-	-	-	208,125
Balance at 31 December 2015	11,982,428	(10,633,161)	234,870	1,488,751	3,072,888

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half - year ended 31 December 2015

	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(521,509)	(227,631)
Other revenue	4,000	-
Interest received	2,520	3,645
Net cash used in operating activities	(514,989)	(223,986)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(46,751)	(98,762)
Loans to Wavefront Biometric Technologies Pty Ltd	(350,000)	-
Payments for investment in Wavefront Biometric Technologies Pty Ltd	-	(625,000)
Proceeds from disposal of plant and equipment	143,310	-
Proceeds from disposal of exploration properties	-	200,000
Net cash used in investing activities	(253,441)	(523,762)
Cash flows from financing activities		
Proceeds from issue of shares and option conversions	208,125	1,170,020
Issue costs - shares and options	-	(43,064)
Net cash provided by financing activities	208,125	1,126,956
Net (decrease) / increase in cash and cash equivalents	(560,305)	379,208
Cash and cash equivalents at the beginning of the reporting period	1,013,802	759,413
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(5,144)	3,532
Cash and cash equivalents at the end of the reporting period	448,353	1,142,153

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Nemex Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

Going Concern

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

The Group has incurred a loss for the period after tax of \$644,964 (2014: \$1,522,593) and experienced net operating and investing cash outflows of \$768,430 (2014: \$747,748). As at 31 December 2015, the Group has net current assets of \$1,374,462.

The Directors believe that additional funding may be required to enable the Group to continue as a going concern for a period of at least twelve months from the date of signing this financial report.

Such additional funding is potentially available from a number of sources including:

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

However, due to the existence of the above financial conditions, there exists a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

Significant accounting judgements and key estimates

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

Except as described below, in preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

Investment in Wavefront Biometric Technologies Pty Ltd ('Wavefront') and associated loan

The Group has a 40% investment in Wavefront which is recorded at its equity accounted carrying value of \$1,688,301 together with a loan receivable of \$988,560. In accordance with relevant accounting standards, the Directors have considered the existence of any indicators of impairment in relation to both the investment and the loan.

On 24 November 2015, the Group announced that Purdue ICBR had completed testing Wavefront's system and was unable to independently validate and report on the performance metrics without further in-depth analysis of the Wavefront software. Wavefront has advised Nemex that it intends to review and amend the system software to ensure it provides data output in a typical format and will then reprocess data from its previous internal and the recent external testing with a view to undertaking further independent validation at Purdue ICBR.

In January 2016, Wavefront advised NXR that it had lodged its taxation return and an application for a cash refund under the Federal Government's Research and Development (R&D) Tax Incentive Scheme (Scheme) in respect of the year ended 30 June 2015 which will in part be used to settle existing creditors, partially repay the Nemex loan and make necessary amendments to the Wavefront technology in relation to the Purdue validation.

The Directors will continue to monitor progress on the independent Wavefront validation and will continually assess the existence of any indications of impairment. The Directors advise that if the reprocessing of data and generation of data output in a typical format and completion of further independent testing is not successful, it is likely that the investment and the loan will be significantly impaired.

Accounting policies and methods of computation

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

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 31 December 2015. As a result of this review, the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

2. LOSS BEFORE INCOME TAX EXPENSE

	31 December 2015	31 December 2014
	\$	\$
These expense items are relevant in explaining the financial performance for the half-year:		
Depreciation expense	4,779	34,237
Exploration expenditure impaired	39,869	1,125,000

3. OTHER RECEIVABLES

	Half –year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
Current:		
Prepayments and advances	29,244	19,756
Other receivables (i)	988,560	600,000
Balance at the end of the period	<u>1,017,804</u>	<u>619,756</u>

- (i) The loan of \$950,000 plus accrued interest of \$38,560 was provided to WBT to fund ongoing development and commercialisation activities. The loans are accruing interest at a rate of at a rate of 20% per annum.

The Company has an option to increase its shareholding in WBT to 51% pursuant to the subscription agreement through the conversion of the loans to equity and the payment of a further \$761,440 as at 31 December 2015.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT

	Half –year ended 31 December 2015 \$	Year ended 30 June 2015 \$
Movement in carrying amounts		
Balance at the beginning of the period	69,255	123,117
Disposals	(66,031)	(5,802)
Depreciation expense	(4,779)	(60,128)
Translation differences movement	1,555	12,068
Balance at the end of the period	<u>-</u>	<u>69,255</u>

5. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half –year ended 31 December 2015 \$	Year ended 30 June 2015 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at the beginning of the period	-	2,777,481
Expenditure incurred	39,869	96,696
Exploration expenditure impaired	(39,869)	(2,878,806)
Exploration tenements disposed	-	(134,880)
Translation differences movement	-	139,509
Balance at end of the period	<u>-</u>	<u>-</u>

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

During the previous financial year ended 30 June 2015, the Directors considered the carrying value of all carried forward exploration and evaluation expenditure in light of present conditions that existed in financial markets, the spread of the Ebola virus in Guinea and the fall in the iron ore price and decided that it was appropriate for a write down of exploration expenditure of \$2,878,806 to be charged to the statement of comprehensive income. This has been the same with the exploration and evaluation expenditure incurred during the period ended 31 December 2015.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

6. INVESTMENTS

	Half –year ended 31 December 2015 \$	Year ended 30 June 2015 \$
Investment in associate – Wavefront Biometric Technologies Pty Ltd (WBT)	1,688,301	1,921,430

The Company has a 40% shareholding in WBT. WBT is an unlisted private Australian emerging security biometric technology company. The recoupment of costs carried forward in relation to the investment in WBT is dependent on the successful development and commercialisation of the WBT technology. The Directors will continue to monitor progress on the independent Wavefront validation and will continually assess the existence of any indications of impairment.

7. LOSS PER SHARE

	Half –year ended 31 December 2015 cents	Half –year ended 31 December 2014 cents
Basic loss per share	(0.27)	(0.89)

	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	240,663,467	170,291,805

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decreased loss per share as at 31 December 2015.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

8. ISSUED CAPITAL

	CONSOLIDATED			
	Six Months to 31 December 2015		Year to 30 June 2015	
	Number	\$	Number	\$
Ordinary shares, issued and fully paid	241,325,421	11,982,428	237,162,921	11,774,303
(a) Movements in Issued Ordinary Shares:				
Balance at the beginning of the period	237,162,921	11,774,303	157,437,478	8,811,971
Placement issue at an issue price of 2 cents each in September 2014	-	-	10,562,522	211,250
Placement issue at an issue price of 3 cents each in October 2014	-	-	12,000,000	360,000
Placement issue at an issue price of 3 cents each in November 2014	-	-	6,000,000	300,000
Shares issued as part of remuneration of consultant	-	-	1,200,000	36,000
Performance rights vested and converted to ordinary shares at nil consideration	-	-	8,000,000	-
Conversion of options	4,162,500	208,125	41,962,921	2,098,146
Transaction costs arising from issue of securities	-	-	-	(43,064)
Balance at the end of the period	241,325,421	11,982,428	237,162,921	11,774,303

(b) Share Options

Exercise Period	Exercise Price	Opening Balance	Options Issued	Options Exercised/ Expired	Closing Balance 31 December 2015
		1 July 2015			
		Number	Number	Number	Number
On or before 31 December 2015 ⁱ	\$0.05	16,575,000	-	(16,575,000)	-
On or before 30 June 2016	\$0.10	12,000,000	-	-	12,000,000
Total		28,575,000	-	(16,575,000)	12,000,000

i. 4,162,500 options were exercised raising \$208,125. The balance of 12,412,500 options expired unexercised on 31 December 2015.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

9. EQUITY BASED COMPENSATION RESERVE

	Half –year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
Equity Based Compensation Reserve	<u>1,488,751</u>	<u>1,488,751</u>
<i>Movements during the period:</i>		
Balance at beginning of period	1,488,751	885,311
Fair value of options issued to consultants	<u>-</u>	<u>603,440</u>
Balance at end of period	<u>1,488,751</u>	<u>1,488,751</u>

10. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2015.

11. EVENTS OCCURRING SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen since 31 December 2015 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half - year ended 31 December 2015

12. SEGMENT REPORTING

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.

31 December 2015	Investment in WBT	Mineral Exploration and Investment in Australia	Mineral Exploration in West Africa	Total
	\$	\$	\$	\$
Revenue				
Reportable segment	44,560	-	77,278	121,838
Unallocated revenue	-	-	-	2,520
Total revenue	44,560	-	77,278	124,358
Results				
Operating profit / (loss) before income tax	(188,569)	(492,988)	34,073	(647,484)
Unallocated profit/(loss)	-	-	-	2,520
Net loss				(644,964)
Non-Cash Expenses				
Depreciation	-	1,443	3,336	4,779
Impairment of exploration expenditure	-	-	39,869	39,869
31 December 2014	Investment in WBT	Mineral Exploration and Investment in Australia	Mineral Exploration in West Africa	Total
	\$	\$	\$	\$
Revenue				
Reportable segment	-	-	80,190	80,190
Unallocated revenue	-	-	-	7,177
Total revenue	-	-	80,190	87,367
Results				
Operating profit / (loss) before income tax	(20,971)	(432,233)	(1,076,566)	(1,529,770)
Unallocated profit/(loss)	-	-	-	7,177
Net loss				(1,522,593)
Non-Cash Expenses				
Depreciation	-	2,964	31,273	34,237
Impairment of exploration expenditure	-	-	1,125,000	1,125,000

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

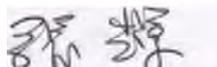
DIRECTORS' DECLARATION

31 December 2015

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

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



H Zhang
Chairman

Dated at Sydney this 15th day of March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nemex Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nemex Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the Group has incurred a loss for the period after tax of \$644,964 (2014: \$1,522,593) and experienced net operating and investing cash outflows of \$768,430 (2014: \$747,748). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R W Ohm
Partner

Perth, Western Australia
15 March 2016