



NEMEX

RESOURCES LIMITED

ACN 146 243 843

AND ITS CONTROLLED ENTITIES

**HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2011**

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 2011. 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.

Reginald Gillard	Non-Executive Chairman
Peter Turner	Managing Director
Patrick Flint	Non-Executive Director

Results

The consolidated loss for the half-year after tax was \$991,160.

Review of Operations

Mid West Projects, Western Australia

From late June 2011 to the end of the period Nemex drilled 17 RC drill holes on multiple shallow hematite targets on its Woodley and Ironstone Well iron ore projects near Wiluna, in the emerging Mid West iron ore province of Western Australia.

The drilling intersected significant mineralisation in several holes at Woodley including 11m @ 55.6% Fe from 35m [NWDRC002] and 16m @ 54.8% Fe from 37m [NWDRC006].

Results of 24m @ 25.9% Fe from 39m [NIWRC001] and 10m @ 35.6% Fe from 19m [NIWRC005] at Ironstone Well indicate that wide zones of Banded Iron Formation (BIF) occur rather than significant hematite mineralisation.

As a result of the decision to focus on the Guinean iron project, Nemex is reviewing possible funding options and farm-out arrangements of the Woodley Project, after withdrawing from the Ironstone Well Project in late 2011 and early 2012.

Coastal Project, Guinea

Activities at the Coastal Project in western Guinea during the period included rock chip sampling, field mapping and camp construction in preparation for the planned drilling programme.

Nemex collected 17 surface rock chip samples of a high-grade ironstone unit (generally greater than 60% Fe) from the 244km² Téliélé licence, within the Coastal Project. The ironstone occurs as surface outcrops and is close to rail and port facilities. The ironstone is known to have consistently high iron contents (average value of 60.71% Fe from the 17 samples, see ASX announcement dated 17 August 2011).

Three teams of geologists conducted detailed field mapping of the high-grade iron mineralisation on the Téliélé licence. The mapping has provided additional information on the spatial distribution of the ironstone over sites where it has already been sampled and, importantly, its thickness and continuity.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Construction of a camp was undertaken, and access around the licence areas has been helped by construction of new Government-funded bridges. A D8 bull dozer and a front-end loader were mobilised to the Téliimélé site and worked on preparing access to the drill sites and drill pad construction.

Approximately 300 shallow drill holes, using the Company's own RC/RAB drill rig, are planned to be completed in the first phase of drilling. The drill rig is on site, and drilling is scheduled to commence in late March 2012 when a compressor arrives on site.

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 2011.

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



P Turner
Managing Director
Perth
Dated this 15th day of March 2012

Competent Person's Statement

The information contained in this report which relates to Exploration Results is based on information compiled by Dr Peter Turner, a Member of the Australian Institute of Geosciences (AIG). Dr Turner is the Managing Director and a full-time employee of Nemex Resources Limited. Dr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Turner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Nemex Resources Limited for the half-year ended 31 December 2011, 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 2012



L DI GIALLONARDO
Partner, HLB Mann Judd

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

For the half year ended 31 December 2011

	Note	31 December 2011 \$
REVENUES		
Interest Income		107,342
Foreign exchange gain		15,269
		122,611
EXPENSES		
Administrative expenses		(188,960)
Depreciation expense		(33,353)
Employee benefits expense		(83,586)
Impairment of exploration expenditure		(786,563)
Occupancy expenses		(21,309)
		(991,160)
Loss before income tax expense	2	(991,160)
Income tax expense		-
		(991,160)
Net loss for the period		(991,160)
Other comprehensive income		
Exchange differences on translation of foreign operations		2,581
		2,581
Other comprehensive income for the period, net of tax		2,581
		(988,579)
		(988,579)
Basic loss per share (cents per share)	5	(2.33)

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 2011

	Notes	31 December 2011 \$	30 June 2011 \$
Current Assets			
Cash and cash equivalents		3,564,464	4,840,952
Other receivables		123,081	105,198
Total Current Assets		3,687,545	4,946,150
Non-Current Assets			
Property, plant and equipment	3	414,161	67,540
Exploration and evaluation expenditure	4	1,825,488	1,823,363
Total Non-Current Assets		2,239,649	1,890,903
Total Assets		5,927,194	6,837,053
Current Liabilities			
Trade and other payables		296,857	251,216
Total Liabilities		296,857	251,216
Net Assets		5,630,337	6,585,837
Equity			
Issued capital	6	6,886,301	6,886,301
Equity based compensation reserve	7	350,573	317,494
Foreign currency translation reserve		2,581	-
Accumulated losses		(1,609,118)	(617,958)
Total Equity		5,630,337	6,585,837

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 2011

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Equity Based Compensation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2011	6,886,301	(617,958)	-	317,494	6,585,837
Loss attributable to members of the parent entity	-	(991,160)	-	-	(991,160)
Exchange differences arising on translation of foreign operations	-	-	2,581	-	2,581
Total comprehensive loss for the period	-	(991,160)	2,581	-	(988,579)
Fair value of options issued	-	-	-	33,079	33,079
Balance at 31 December 2011	6,886,301	(1,609,118)	2,581	350,573	5,630,337

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 2011

	31 December 2011 \$
Cash flows from operating activities	
Cash payments in the course of operations	(185,428)
Interest received	75,340
Net cash used in operating activities	<u>(110,088)</u>
Cash flows from investing activities	
Payments for security bond	(30,000)
Payments for exploration and evaluation expenditure	(800,186)
Payments for plant and equipment	(351,484)
Net cash used in investing activities	<u>(1,181,670)</u>
Net decrease in cash and cash equivalents	(1,291,758)
Cash and cash equivalents at the beginning of the reporting period	4,840,952
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	15,270
Cash and cash equivalents at the end of the reporting period	<u><u>3,564,464</u></u>

The accompanying notes form part of these financial statements.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are a general purpose financial report 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 period ended 30 June 2011 and any public announcements made by Nemex Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial period.

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial period ended 30 June 2011.

As this is the first half-year financial report of the Company, no comparatives are applicable for the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity or the condensed consolidated statement of cash flows.

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 30 June 2011.

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its 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 half-year ended 31 December 2011. 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 its business and, therefore, no change necessary to Group accounting policies.

2. LOSS BEFORE INCOME TAX EXPENSE

	31 December 2011
	\$
The expense items are relevant in explaining the financial performance for the half-year:	
Depreciation expense	33,353
Exploration expenditure impaired	786,563
Equity compensation expense	33,079

3. PROPERTY, PLANT AND EQUIPMENT

	31 December 2011	30 June 2011
	\$	\$
Movement in carrying amounts		
Balance at the beginning of the period	67,540	-
Additions	379,309	24,599
Additions through acquisition of Nemex Ventures Pty Ltd	-	59,950
Depreciation expense	(33,353)	(17,009)
Foreign exchange effects	665	-
Balance at the end of the period	<u>414,161</u>	<u>67,540</u>

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2011	30 June 2011
	\$	\$
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	1,823,363	-
Acquisition costs incurred	-	1,128,135
Acquisition costs incurred and exploration carried forward through acquisition of Nemex Ventures Pty Ltd	-	614,612
Expenditure incurred	787,066	297,585
Exploration expenditure impaired	(786,563)	(216,969)
Foreign exchange effects	1,622	-
Balance at end of the period	<u>1,825,488</u>	<u>1,823,363</u>

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

5. LOSS PER SHARE

	31 December 2011
	cents
Basic loss per share	<u>(2.33)</u>

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

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

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

6. ISSUED CAPITAL

Consolidated

	31 December 2011		30 June 2011	
	Number	\$	Number	\$
(a) Ordinary shares, fully paid	42,625,001	6,886,301	42,625,001	6,886,301

Movements in Ordinary Shares:

Balance at the beginning of the period	42,625,001	6,886,301	-	-
Subscriber Share issued on 8 September 2010	-	-	1	-
Promoter Shares issued on 22 October 2010	-	-	2,100,000	2,100
Shares issued as seed capital between 3 December and 10 December 2010	-	-	5,625,000	450,000
Shares issued for acquisition of Woodley Tenements on 19 April 2011	-	-	3,300,000	660,000
Shares issued for acquisition of Nemex Ventures Pty Ltd on 19 April 2011	-	-	1,600,000	320,000
Shares issued 19 April 2011 pursuant to initial public offer	-	-	30,000,000	6,000,000
Transaction costs arising from initial public offer	-	-	-	(545,799)
Balance at the end of the period	42,625,001	6,886,301	42,625,001	6,886,301

(b) Share Options

Exercise Period	Exercise Price	Opening Balance	Options Issued	Options Exercised/Expired	Closing Balance 31 December 2011
		1 July 2011 Number	Number	Number	Number
On or before 31 March 2014	\$0.20	22,812,500	-	-	22,812,500
On or before 31 March 2014	\$0.20	1,166,667	-	-	1,166,667
On or before 31 March 2014	\$0.25	666,667	-	-	666,667
On or before 31 March 2014	\$0.30	666,666	-	-	666,666
On or before 31 March 2013	\$0.30	2,000,000	-	-	2,000,000
Total		27,312,500	-	-	27,312,500

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2011

7. EQUITY BASED COMPENSATION RESERVE

	31 December 2011	30 June 2011
	\$	\$
Equity Based Compensation Reserve	<u>350,573</u>	<u>317,494</u>
<i>Movements during the period:</i>		
Balance at beginning of period	317,494	-
Fair value of options issued as part of remuneration package	33,079	62,154
Fair value of options issued to consultants (valued at the fair value of services received)	-	13,000
Fair value of options issued to vendors of Nemex Ventures Pty Ltd	-	79,131
Fair value of options issued as partial consideration for the purchase of the Woodley Tenements	<u>-</u>	<u>163,209</u>
Balance at end of period	<u>350,573</u>	<u>317,494</u>

8. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2011.

9. EVENTS OCCURRING SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since 31 December 2011 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 FINANCIAL STATEMENTS

For the half year ended 31 December 2011

10. SEGMENT REPORTING

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

	Australia 31 December 2011 \$	West Africa 31 December 2011 \$	Total 31 December 2011 \$
Revenue			
Unallocated revenue	122,611	-	122,611
Total revenue	122,611	-	122,611
Results			
Operating loss before income tax	(917,865)	(73,295)	(991,160)
Unallocated profit/(loss)	-	-	-
Income tax expense	-	-	-
Net loss	(917,865)	(73,295)	(991,160)
Non-Cash Expenses			
Depreciation	12,156	21,197	33,353
Assets			
Reportable segment assets	4,882,713	1,044,481	5,927,194
Non-current assets acquired	413,039	753,336	1,166,375
Liabilities			
Reportable segment liabilities	255,609	41,248	296,857

NEMEX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2011

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 consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



P Turner
Managing Director

Dated at Perth this 15th day of March 2012

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 statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 consolidated entity 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 controls 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

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 consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



L DI GIALLONARDO
Partner

Perth, Western Australia
15 March 2012