

LITHEX RESOURCES LIMITED

ABN 97 140 316 463

Interim Financial Report for the Half-Year Ended 31 December 2015

The information contained in this report is to be read in conjunction with Lithex Resources Limited's 2015 Annual Report and any announcements to the market by Lithex Resources Limited during the half-year period ended 31 December 2015.

Directors' report

Your Directors submit the financial report for the company for the half-year ended 31 December 2015.

Directors

The names of the directors who held office during or since the end of the half-year:

Ms Paula Cowan - Non Executive Director

Mr Joe Graziano - Non Executive Director

Mr David Wheeler - Non Executive Director (appointed 1 December 2015)

Mr Jason Peterson - Non Executive Director (resigned 1 December 2015)

Review of Operations

RESULTS OF OPERATIONS

The loss after tax for the half-year ended 31 December 2015 was \$177,911 (31 December 2014: \$321,418).

HALF YEAR REPORT TO DECEMBER 2015

During the half year, the appointed Board held preliminary discussions with a number of parties regarding future investment opportunities aimed at improving shareholder value. These matters are discussed in more detail below:

On 21 April 2015, the Company requested a trading halt pending the announcement regarding a potential acquisition and capital raising. On 24 April 2015, the Company was placed in to voluntary suspension as it had not had time to finalise matters in relation to the proposed acquisition and capital raising.

As announced on 14 July 2015, the Company advised the proposed acquisition did not pass the Company's due diligence requirements, and as a result, any agreement to acquire the proposed asset was terminated. On 14 July 2015, the suspension of trading of the Company's securities was lifted by ASX.

On 1 December 2015, the Company announced changes to the Board of Directors with the resignation of Mr Jason Peterson and the appointment of Mr David Wheeler.

Subsequent to the end of the period, the Company lodged a prospectus with ASIC on 8 February 2016 (Prospectus) for the offer of up to 33,908,108 shares at an issue price of \$0.024 to raise up to \$813,795 before expenses (Offer). On 15 February 2015, the Company announced it had closed the Offer having successfully received applications and funds in the amount of \$813,795 under the Offer and issued 33,908,108 shares to investors in respect of those applications received.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read 'Paula Cowan', written over a horizontal line.

Paula Cowan
Director

Dated this 29th day of February 2016

Consolidated statement of comprehensive income

for the half-year ended 31 December 2015

	Note	Half-Year ended 31 December 2015 \$	Half-Year ended 31 December 2014 \$
Revenue		1,889	9,289
General and administrative expenses		(33,483)	(33,276)
Corporate expenses	6	(69,044)	(213,358)
Director fees		(60,000)	(60,000)
Insurance expenses		(7,761)	(7,150)
Employment expenses		-	(3,786)
Exploration expenses		(9,512)	(11,843)
Other expenses		-	(1,294)
Loss before income tax		(177,911)	(321,418)
Income tax expense		-	-
Loss after tax		(177,911)	(321,418)
Other comprehensive income/(expense)		-	-
For the period, net of tax		-	-
Total comprehensive loss for the period		(177,911)	(321,418)
Total comprehensive loss attributable to members of Lithex Resources Limited		(177,911)	(321,418)
Loss per share (cents per share)		(0.001)	(0.003)
Diluted loss per share (cents per share)		(0.001)	(0.003)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2015

	As at 31 December 2015 \$	As at 30 June 2015 \$
ASSETS		
Current Assets		
Cash and cash equivalents	1,354,418	1,550,575
Receivables and prepayments	15,862	20,812
Other financial assets	9,028	-
Total Current Assets	1,379,308	1,571,387
Non-Current Assets		
Property, plant and equipment	1,592	2,138
Total Non-Current Assets	1,592	2,138
TOTAL ASSETS	1,380,900	1,573,525
LIABILITIES		
Current Liabilities		
Trade and other payables	11,849	11,230
Other creditors	18,000	33,333
TOTAL CURRENT LIABILITIES	29,849	44,563
TOTAL LIABILITIES	29,849	44,563
NET ASSETS	1,351,051	1,528,962
EQUITY		
Issued capital	7	9,385,816
Other reserves	85,015	85,015
Accumulated losses	(8,119,780)	(7,941,869)
TOTAL EQUITY	1,351,051	1,528,962

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

for the half-year ended 31 December 2015

	Note	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total \$
Balance as at 1 July 2014		8,655,606	(7,487,625)	85,015	1,252,996
Loss attributable to members of the entity for the half year ended 31 December 2014		-	(321,418)	-	(321,418)
Total comprehensive loss for the half year		-	(321,418)	-	(321,418)
Transactions with owners in their capacity as owners					
Issue of share capital		825,588	-	-	825,588
Transaction costs		(95,378)	-	-	(95,378)
Balance as at 31 December 2014		9,385,816	(7,809,043)	85,015	1,661,788
Balance as at 1 July 2015		9,385,816	(7,941,869)	85,015	1,528,962
Loss attributable to members of entity for the half year ended 31 December 2015		-	(177,911)	-	(177,911)
Total comprehensive loss for the year		-	(177,911)	-	(177,911)
Transactions with owners in their capacity as owners					
Issue of share capital		-	-	-	-
Transaction costs		-	-	-	-
As at 31 December 2015		9,385,816	(8,119,780)	85,015	1,351,051

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the half-year ended 31 December 2015

	Note	Half-Year ended 31 December 2015 \$	Half-Year ended 31 December 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(188,534)	(422,646)
Interest received		1,161	6,526
Exploration expenditure		(9,512)	(10,315)
Other receipts		728	2,763
Net cash utilised in operating activities		(196,157)	(423,672)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of exploration and evaluation assets		-	115,000
Loan made to Livelynk Group Pty Ltd		-	(1,200,000)
Net cash utilised in investing activities		-	(1,085,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	825,588
Payment of share issue costs		-	(141,225)
Net cash generated from by financing activities		-	684,363
Net decrease in cash held		(196,157)	(824,309)
Cash at beginning of financial period		1,550,575	1,163,874
Cash at end of financial half period		1,354,418	339,565

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2015

Note 1: Statement of significant accounting policies

This condensed interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Lithex Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, the Company has 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 2015.

It has been determined by the Company 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 Company accounting policies.

The financial report was authorised for issue by the Directors on 29 February 2016.

The financial report is presented in the Australian currency.

a. Going concern basis of accounting

Going forward, the Company may make acquisitions of, or significant investments in, other projects or businesses in line with its business model. Notwithstanding the loss for the period, negative cash flow from operations and historical financial performance, the financial report has been prepared on a going concern basis. This assessment is based on cash at bank at balance date of \$1,354,418 cash (30 June 2015: \$1,550,575).

Note 2: Segment reporting

The Company consists of one segment operating predominately in Australia and investing in mineral exploration and identification of potential assets for acquisition and development.

Note 3: Subsequent events

Subsequent to the end of the period, the Company lodged a prospectus with ASIC on 8 February 2016 (Prospectus) for the offer of up to 33,908,108 shares at an issue price of \$0.024 to raise up to \$813,795 before expenses (Offer). On 15 February 2015, the Company announced it had closed the Offer having successfully received applications and funds in the amount of \$813,795 under the Offer and issued 33,908,108 shares to investors in respect of those applications received.

Other than the matters disclosed above, there has not been in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that has not been disclosed elsewhere in this report, in the opinion of the directors of the company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Note 4: Contingent Liabilities & Commitments

There has been no change in commitments, contingent liabilities or contingent assets since the last annual reporting date.

Note 5: Dividends

No dividends have been paid or provided for during the half-year.

Note 6: Corporate Expenses

	Consolidated	
	Half-Year ended	Half-Year ended
	31 December 2015	31 December 2014
	\$	\$
Stock exchange fees	14,679	13,073
Company secretarial cost	24,000	24,000
Legal fees	3,446	57,528
Consultants	6,000	88,501
Other corporate expenses	20,919	30,256
	69,044	213,358

Corporate expenses reflect a decrease overall due to the decreased costs associated with proposed transactions.

Note 7: Issued capital

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
135,632,437 (2015: 135,632,437) fully paid ordinary shares	9,385,816	9,385,816

Note 7: Issued capital (continued)

Movement in Issued Capital

	31 December 2015 No.	31 December 2015 \$.	30 June 2015 No.	30 June 2015 \$.
a. Ordinary shares				
At the beginning of reporting period	135,632,437	9,385,816	94,353,015	8,655,606
Shares issued during the year				
- Placement to Sophisticated Investors at \$0.02	-	-	14,152,950	283,059
- Issued as per Rights Issue @ \$0.02	-	-	9,826,426	196,528
- Issued as per Rights Issue Shortfall @ \$0.02	-	-	17,300,046	346,001
Less Cost of capital	-	-	-	(141,225)
Add Cost of reimbursement	-	-	-	45,847
At reporting date	135,632,437	9,385,816	135,632,437	9,385,816

Terms and Conditions of Issued Capital

Ordinary Shares

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Group, 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 the holder to one vote either in person or by proxy at a meeting of the Company.

Note 8: Related parties transactions

Key management personnel

Further to the Related Parties disclosed in the Annual Financial Statements for the year ended 30 June 2015, CPS Capital Pty Ltd, a related party of Mr Jason Peterson, a Director who retired during the period, provided Broker services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the broker mandate was \$5,000 (30 June 2015: 32,552), \$5,000 of which was outstanding at 31 December 2015 (30 June 2015: nil).

Automatic Registry Services Pty Ltd, a related party of Mr Jason Peterson, a Director who retired during the period, provided share registry services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the agreement was \$3,446 (30 June 2015: 15,163), \$493 of which was outstanding at 31 December 2015 (30 June 2015: nil).

Palisade Business Consulting Pty Ltd, a related party of Ms Paula Cowan, a Director, provided financial and associated services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the agreement was \$24,207 (30 June 2015: \$88,279), nil of which was outstanding at 31 December 2015 (30 June 2015: \$4,400).

Directors' declaration

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards AASB 134 : Interim Financial Reporting; and
 - b. give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half year ended on that date;
2. in the directors' opinion, 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 made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Paula Cowan

Director

Dated this 29th day of February 2016

Auditor's Independence Declaration to the Directors of Lithex Resources Limited

As lead auditor for the review of Lithex Resources Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithex Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young



G Lotter
Partner
29 February 2016

To the members of Lithex Resources Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Lithex Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 internal controls as the directors determine are 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 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 Lithex Resources Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' 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 Lithex 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 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*.

Ernst & Young

Ernst & Young



G Lotter
Partner
Perth
29 February 2016