

EXALT RESOURCES LIMITED

ABN 17 145 327 617

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

CONTENTS

Directors' Report.....	3
Auditor's Independence Declaration.....	5
Directors' Declaration.....	6
Statement of Profit or Loss and other Comprehensive Income.....	7
Statement of Financial Position.....	8
Statement of Changes in Equity.....	9
Statement of Cash Flows.....	10
Notes to the Financial Statements	11-15
Independent Auditor's Review Report	16-17

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors submit herewith the financial report of the company for the half year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

The names of the directors of the company during and since the end of the half year are:

Peter Bennetto	Non-Executive Chairman
Shane Hartwig	Non-Executive Director
Peter Dykes	Non-Executive Director

Review of Operations

During the half year ended 31 December 2014 we continued exploration of NSW projects. In the period ended 31 December 2014 the company ceased the operations of its 100% subsidiary Odni Holdings (Pte.) Ltd. Details are set out in Note 10 to the financial statements.

Capital Structure

Fully Paid Ordinary Shares on issue	85,250,406
Options on issue	16,008,568

NSW Projects: Mineral Hill South Project (EL 7945 100%)

In relation to the Company's NSW project;

Mineral Hill South EL 7945

The Company finalized some rehabilitation work from previous exploration at its Brooklyn Iron Project located at Mineral Hill South EL 7945. The Company has applied for renewal of this License for a further three years and is continuing to actively seek potential Joint Venture partners for this project and review other projects of interest.

Net Tangible Asset Backing

	31 Dec 2014	31 Dec 2013
Per Ordinary Security (cents per share)	4.35 cents	1.85 cents

In the half year to 31 December 2014 the Company has incurred a loss of \$189,222 (2013:\$10,519,192) and there was a net decrease in cash of \$159,355 as shown in the consolidated statement of financial position and the statement of cash flows in this financial report.

DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 6 for the half year ended 31 December 2014.

Signed in accordance with a resolution of the board of directors.

On behalf of the Directors



Director
13 March 2015

EXALT RESOURCES LIMITED
ABN 17 4532 7617

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
EXALT RESOURCES LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2014 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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.

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



Graham Webb
Partner
Date: 13 March 2015

A member of AGN
International Ltd, a
worldwide association
of separate and
independent
accounting
and consulting firms

www.hallchadwick.com.au

SYDNEY • NEWCASTLE • PARRAMATTA • PENRITH • MELBOURNE • PERTH • BRISBANE • GOLD COAST • DARWIN

Liability limited by a scheme approved Under Professional Standards Legislation.

EXALT RESOURCES LIMITED
ABN 17 145 327 617

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
 - (b) giving a true and fair view of the entity's financial position as at 31 December 2014 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.

Signed in accordance with a resolution of the board of directors.

On behalf of the Directors



Director
13 March 2015

EXALT RESOURCES LIMITED
ABN 17 145 327 617

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Revenue		2,275	24,291
Consultancy expenses		(40,073)	(649,384)
Directors fees		(54,000)	(119,539)
Legal and compliance fees		(38,151)	(103,589)
Occupancy Costs		-	(75,040)
Professional fees		(14,000)	(19,894)
Employee Benefits Expense		-	(656,142)
Share Based Compensation		-	(244,241)
Exploration Costs		(27,499)	-
Impairment of Odni		(10,352)	(8,431,095)
Interest Expense		(2,001)	(6,565)
Other expenses		(5,421)	(237,994)
Loss before income tax		(189,222)	(10,519,192)
Income tax expense		-	-
Loss for the period	2	(189,222)	(10,519,192)

Other Comprehensive Income

Other Comprehensive income for the period
net of tax

Total Comprehensive loss for the period

-	-
(189,222)	(10,519,192)

Loss per share

Basic and diluted loss per share

2.4 cents \$14.38 cents

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EXALT RESOURCES LIMITED
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		148,667	308,023
Trade and other receivables		8,695	85,884
TOTAL CURRENT ASSETS		157,362	393,907
NON-CURRENT ASSETS			
Plant and equipment		1,435	2,073
Other non-current assets	3	324,307	309,517
TOTAL NON-CURRENT ASSETS		325,742	311,590
TOTAL ASSETS		483,104	705,497
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		112,243	394,514
TOTAL CURRENT LIABILITIES		112,243	394,514
TOTAL LIABILITIES		112,243	394,514
NET ASSETS		370,861	310,983
EQUITY			
Issued capital	5	11,940,409	11,703,950
Reserves	6	178,468	638,818
Accumulated losses		(11,748,016)	(12,031,785)
TOTAL EQUITY		370,861	310,983

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

EXALT RESOURCES LTIMITED
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

**For the year ended 31
December 2014**

	Issued Capital	Performance Shares	Share-based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	11,703,950	-	638,818	(12,031,785)	310,983
Total comprehensive loss for the period				(189,222)	(189,222)
Ordinary Shares issued during the period	135,000	-	-	-	135,000
Ordinary shares issued in lieu of director fees	109,409	-	-	-	109,409
Options redeemed during the period	-	-	(460,350)	460,350	-
Derecognition of subsidiary	-	-	-	12,641	12,641
Capital raising Costs	(7,950)	-	-	-	(7,950)
Balance at 31 December 2014	11,940,409	-	178,468	(11,748,016)	370,861

	Issued Capital	Performance Shares	Share-based Payments Reserve	Accumulated Losses	Total
	\$		\$	\$	\$
For the year ended 31 December 2013					
Balance at 1 July 2013	11,602,950	2,756,666	1,560,852	(4,810,658)	11,109,810
Total comprehensive loss for the period	-	-	-	(10,519,192)	(10,519,192)
Performance Shares redeemed		(2,756,666)	-	2,756,666	-
Share based payments	-	-	244,240	-	244,240
Options redeemed during the period	-	-	(149,648)	149,648	-
Options cancelled during the period	-	-	(1,016,626)	1,016,626	-
Balance at 31 December 2013	11,602,950	-	638,818	(11,406,910)	834,859

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

EXALT RESOURCES LIMITED
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	2,275	24,291
Payments to suppliers and employees	(273,890)	(2,192,396)
Net cash used in operating activities	<u>(271,615)</u>	<u>(2,168,105)</u>
CASH FLOWS OF INVESTING ACTIVITIES		
Purchase of plant and equipment	-	(2,502)
Exploration and evaluation expenditure	(14,790)	(167,561)
Net cash outflow from investing activities	<u>(14,790)</u>	<u>(170,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	135,000	-
Payments relating to capital raising	(7,950)	-
Net cash inflow from financing activities	<u>127,050</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	(159,355)	(2,338,168)
Cash and cash equivalents at the beginning of the half year	308,023	2,974,105
Cash and cash equivalents at the end of the half-year	<u>148,667</u>	<u>635,937</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim consolidated financial statements for half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purpose under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Exalt Resources Limited (referred to as the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2014 Annual Report.

Carrying value of exploration expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to profit or loss. In reviewing the application of the Group's accounting policy relating to exploration expenditure, management is required to make certain estimates and assumptions about future events or circumstances in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. Following a review of existing exploration expenditure management believes a continuation of the existing accounting policy relating to exploration expenditure should be maintained.

Going Concern

The financial statements have been prepared on a going concern basis. The Company incurred a loss of \$189,222 (2013:\$10,519,192) and had a deficiency of cash flows from operations of \$271,615, during the period ended 31 December 2014. The Directors managed the Group's cash flows carefully to meet its operational commitments and consider the going concern basis to be appropriate for the following reasons:

- The Company has reduced its commitments over the last 12 months and will continue to do so. 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; and
- The Group has successfully raised \$135,000 during the period ended 31 December 2014. The directors are reviewing the Group's capital raising options and have plans to raise sufficient additional funds to meet ongoing working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 2: LOSS FOR THE PERIOD

All revenue and expense items that are relevant in explaining the financial performance for the interim report have been included in the statement of profit or loss and other comprehensive income.

NOTE 3: OTHER NON-CURRENT ASSETS

	31 December 2014	30 June 2014
	\$	\$
Non-current:		
Exploration Expenditure:		
Balance at beginning of period	309,517	8,771,255
Exploration and evaluation expenditure - Australia	14,790	269,507
Impairment of mining rights and exploration costs -ODNI	-	(8,370,162)
Impairment of NSW exploration costs	-	(361,083)
Balance as at end of period	<u>324,307</u>	<u>309,517</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and commercial exploitation of the tenements. The carrying value of exploration at balance date relates to the Mineral Hill South project only.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 4: OPERATING SEGMENTS

The Group has identified its operating segments based on the location of its exploration assets. The Group operates in one business segment being minerals and energy exploration and in one geographic segments being Australia. In the prior period, the company operated in 2 geographic segments being Australia and Indonesia.

	Indonesia Operations	Australian Operations	Corporate	Total \$
2014				
Revenue	-		2,275	2,275
Net loss before tax	-	(14,790)	(174,432)	(189,222)
i) Segment Assets	-	324,307	164,793	483,104
Total Assets	-	324,307	164,793	483,104
ii) Segment Liabilities	-		(112,243)	(112,243)
Total Liabilities	-		(112,243)	(112,243)
2013				
Revenue	-	24,291		24,291
Net loss before tax	(9,310,052)	(1,089,601)	(119,539)	(10,519,192)
iii) Segment Assets				
Total Assets	-	708,792	635,936	1,344,728
iv) Segment Liabilities				
Total Liabilities	-	(509,869)	-	(509,869)

NOTE 5: ISSUED CAPITAL

	31 December 2014 \$	30 June 2014 \$
a) Ordinary shares		
Balance as at beginning of the period	11,703,950	11,602,950
3,366,667 Shares issued	-	101,000
4,500,000 Shares issued	135,000	-
4,178,447 Shares issued in lieu of director fees	109,409	-
Capital raising Costs	(7,950)	-
Closing Balance	11,940,409	11,703,750
b) Performance Shares		
Balance as at beginning of the period	-	2,756,666
18,000,000 Performance Shares issued to Barry Tudor redeemed	-	(116,666)
66,000,000 Performance Shares issued to Odni redeemed	-	(2,640,000)
Balance as at end of period	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 6: RESERVES	31 December 2014 \$	30 June 2014 \$
Balance as at beginning of the period	638,819	1,560,852
Options Expensed During the Period to Directors	-	244,241
Options Redeemed During the Period to Directors	-	(149,648)
Options Redeemed During the Period to ODNI	-	(1,016,626)
Balance as at end of period	<u>638,819</u>	<u>638,819</u>

NOTE 7: RECONCILIATION OF OPTIONS ISSUED

	31 December 2014 No. on Issue	30 June 2014 No. on Issue
Balance as at beginning of the period	26,008,568	61,008,568
30,000,000 Options (redeemed): Odn	-	(30,000,000)
3,000,000 Options (redeemed): Barry Tudor	-	(3,000,000)
2,000,000 Options (redeemed): William Moss	-	(2,000,000)
10,000,000 Options (redeemed): Peloton Capital	(10,000,000)	
Balance as at end of period	<u>16,008,568</u>	<u>26,008,568</u>

NOTE 8: RELATED PARTY TRANSACTIONS

During the period the Group issued 4,178,447 ordinary shares in lieu of director fees as approved by shareholders at the company's AGM.

Other than the above there were no significant changes in the nature of related party transactions from 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 9: CONTINGENT LIABILITIES

There have been no changes to contingent liabilities or contingent assets since the last annual reporting date.

NOTE 10: WINDING UP OF SUBSIDIARY

During the period, the group ceased the operations of Odni Holdings (Pte.) Ltd which was a 100% subsidiary of the Group on 31 October 2014. This follows the Group's decision to write off the entire capitalised exploration and evaluation in December 2013.

As at 31 October 2014, the company had no assets and liabilities.

No income or expenses were recognised in the profit or loss and other comprehensive income in the period.

EXALT RESOURCES LIMITED
ABN 17 4532 7617

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
EXALT RESOURCES LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Exalt Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the 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 notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Exalt Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 gives a true and fair view and 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 Standards on Review Engagements ASRE 2410: Review of an Interim and other Financial Reports 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 Exalt Resources Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Exalt Resources Limited, 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 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*.

A member of AGN
International Ltd, a
worldwide association
of separate and
independent
accounting
and consulting firms

www.hallchadwick.com.au

SYDNEY • NEWCASTLE • PARRAMATTA • PENRITH • MELBOURNE • PERTH • BRISBANE • GOLD COAST • DARWIN

Liability limited by a scheme approved under Professional Standards Legislation.

EXALT RESOURCES LIMITED
ABN 17 4532 7617

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
EXALT RESOURCES LIMITED

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 Exalt Resources Limited is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of Exalt Resources Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b. complying with 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 company incurred a net loss of \$189,222 and incurred net cash outflows from operations of \$271,615 during the period ended 31 December 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



Graham Webb
Partner
Date: 13 March 2015