

EXALT RESOURCES LIMITED
ABN 17 145 327 617

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors submit herewith the financial report of the company for the half year ended 31 December 2013. 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 (appointed 28 November 2013) |
| Shane Hartwig | Non-Executive Director |
| Peter Dykes | Non-Executive Director |
| William Moss AM | Non-Executive Chairman (resigned 2 September 2013) |
| Robert Whitton | Non-Executive Chairman (appointed 2 September 2013 and resigned as a Director 28 November 2013) |
| Barry Tudor | Managing Director (resigned 17 September 2013) |
| Romy HR Soekarno | Non-Executive Director (not re-elected 28 November 2013) |
| Robert Crossman | Non-Executive Director (appointed 22 July 2013 and resigned 25 November 2013) |
| Edward Lee Kwong Foo | Non-Executive Director (resigned 11 November 2013) |

Review of Operations

During the half year ended 31 December 2013 we continued exploration of NSW projects. With continuing difficulties it has been decided to discontinue Indonesian operations. This resulted in an impairment of mining rights and explorations costs of \$8,370,012. In addition to this it was also decided to cancel Nyngan exploration lease EL 7667 resulting in an impairment of \$61,083. The total impairment in the period as a result of these decisions was \$8,431,095.

Capital Structure

| | |
|-------------------------------------|------------|
| Fully Paid Ordinary Shares on issue | 73,205,294 |
| Options on issue | 29,008,568 |

NSW Projects: Mineral Hill South Project (EL 7947 100%) and Nyngan Project (EL 7667 100%)

In relation to the Company's NSW projects;

DIRECTORS' REPORT

Mineral Hill South EL 7945

Eleven (11) holes were drilled; nine (9) holes returned consistently high iron grades. The new drilling has confirmed that the iron mineralisation extends for at least 140m by 100m and is between 88m and 127m deep; the deposit is open to the east and south.

Nyngan EL 7667

Exalt has decided not to renew the Nyngan Exploration project EL 7667 due to previous exploration results not warranting further work.

Board Re-Structure

During the period the Company announced the appointment of Mr Peter Bennetto as Independent Non-Executive Chairman. This followed the resignation of Mr Robert Whitton on 28 November 2013. Mr Whitton replaced Mr Bill Moss who resigned on 2 September 2013. Other Board changes included the Resignation of Messrs Tudor, Lee, and Crossman. Mr Soekarno was not re-elected at the AGM on 28 November 2013.

Net Tangible Asset Backing

| | 31 Dec 2013 | 31 Dec 2012 |
|---|--------------------|--------------------|
| Per Ordinary Security (cents per share) | 1.85 cents | 8.64 cents |

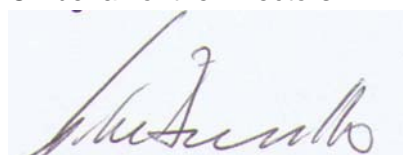
In the half year to 31 December 2013 the Company has incurred a loss of \$10,519,192 (2012:\$1,944,692) and there was a net decrease in cash of \$2,338,168 (2012: increase \$2,423,896) as shown in the statement of profit or loss and other comprehensive income and the statement of cash flows in this financial report.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 5 for the half year ended 31 December 2013.

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

On behalf of the Directors



Peter Bennetto
Director
12 March 2014

EXALT RESOURCES LIMITED
ABN 17 145 327 617
AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF EXALT RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2013 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Nell Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

G Webb

GRAHAM WEBB
Partner

Date: 12 March 2014

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

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

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx: (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 16 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 2013 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

A handwritten signature in dark ink, appearing to read 'Peter Bennetto', is written over a light blue rectangular background.

Peter Bennetto
Director
12 March 2014

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 2013**

| | Note | 31 December 2013 \$ | 31 December 2012 \$ |
|---|----------|---------------------------|---------------------------|
| Revenue | | 24,291 | 36,009 |
| Consultancy expenses | 8 | (649,384) | (515,088) |
| Directors fees | | (119,539) | (85,501) |
| Legal and compliance fees | | (103,589) | (430,796) |
| Occupancy Costs | | (75,040) | (26,100) |
| Professional fees | | (19,894) | (13,500) |
| Employee Benefits Expense | 8 | (656,142) | (459,488) |
| Share Based Compensation | | (244,241) | (130,234) |
| Impairment of Odni mining rights and exploration costs | | (8,431,095) | - |
| Interest Expense | | (6,565) | - |
| Other expenses | | (237,994) | (319,994) |
| Loss before income tax | | (10,519,192) | (1,944,692) |
| Income tax expense | | - | - |
| Loss for the period | 2 | (10,519,192) | (1,944,692) |
| | | | |
| Other Comprehensive Income | | | |
| Other Comprehensive income for the period net of tax | | - | - |
| Total Comprehensive loss for the period | | (10,519,192) | (1,944,692) |
| | | | |
| Loss per share | | | |
| Basic and diluted loss per share | | \$14.38 cents | \$1.24 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 2013

| | Note | 31 December 2013 \$ | 30 June 2013 \$ |
|----------------------------------|------|---------------------------|-----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 635,937 | 2,974,105 |
| Trade and other receivables | | 122,377 | 151,145 |
| TOTAL CURRENT ASSETS | | 758,314 | 3,125,250 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 9,974 | 9,670 |
| Other non-current assets | 3 | 576,440 | 8,771,255 |
| TOTAL NON-CURRENT ASSETS | | 586,414 | 8,780,925 |
| TOTAL ASSETS | | 1,344,728 | 11,906,175 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 509,869 | 733,057 |
| Short term provisions | | - | 63,308 |
| TOTAL CURRENT LIABILITIES | | 509,869 | 796,395 |
| TOTAL LIABILITIES | | 509,869 | 796,395 |
| NET ASSETS | | 834,859 | 11,109,810 |
| EQUITY | | | |
| Issued capital | 5 | 11,602,950 | 14,359,616 |
| Reserves | 6 | 638,819 | 1,560,852 |
| Accumulated losses | | (11,406,910) | (4,810,658) |
| TOTAL EQUITY | | 834,859 | 11,109,810 |

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

EXALT RESOURCES LIMITED
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

| | Ordinary Issued Capital | Performance Shares | Accumulated Losses | Reserves | Total |
|---|-------------------------------|-----------------------|-----------------------|------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2012 | 3,820,859 | - | (1,063,641) | 23,340 | 2,780,558 |
| Loss for the period | - | - | (1,944,692) | - | (1,944,692) |
| Total comprehensive loss for the period | - | - | (1,944,692) | - | (1,944,692) |
| Performance Shares granted during the period | - | 2,756,666 | - | - | 2,756,666 |
| Options granted during the period | - | - | - | 1,490,643 | 1,490,643 |
| Ordinary Shares Issued during the period | 8,833,483 | - | - | - | 8,833,483 |
| Costs attributed to shares issued during the period | (1,100,408) | - | - | - | (1,100,408) |
| Balance as at 31 December 2012 | 11,553,934 | 2,756,666 | (3,008,333) | 1,513,883 | 12,816,150 |
| Balance as at 1 July 2013 | 11,602,950 | 2,756,666 | (4,810,658) | 1,560,852 | 11,109,810 |
| Loss for the period | - | - | (10,519,192) | - | (10,519,192) |
| Total comprehensive loss for the period | - | - | (10,519,192) | - | (10,519,192) |
| Performance Shares redeemed | - | (2,756,666) | 2,756,666 | - | - |
| Share based payments | - | - | - | 244,241 | 244,241 |
| Options cancelled during the period | - | - | 1,016,626 | (1,016,626) | - |
| Options redeemed during the period | - | - | 149,648 | (149,648) | - |
| Balance as at 31 December 2013 | 11,602,950 | - | (11,406,910) | 638,819 | 834,859 |

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

EXALT RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

| | 31 December 2013 | 31 December 2012 |
|--|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | 24,291 | 36,009 |
| Payments to suppliers and employees | <u>(2,192,396)</u> | <u>(1,878,053)</u> |
| Net cash used in operating activities | <u>(2,168,105)</u> | <u>(1,842,044)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase Plant and equipment | (2,502) | - |
| Exploration and evaluation expenditure | <u>(167,561)</u> | <u>(594,002)</u> |
| Net cash outflow from investing activities | <u>(170,063)</u> | <u>(594,002)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issues of shares | - | 5,500,000 |
| Payments relating to capital raising | <u>-</u> | <u>(640,058)</u> |
| Net cash inflow from financing activities | <u>-</u> | <u>4,859,942</u> |
| Net (decrease)/ increase in cash and cash equivalents | (2,338,168) | 2,423,896 |
| Cash and cash equivalents at the beginning of the half year | <u>2,974,105</u> | <u>2,555,950</u> |
| Cash and cash equivalents at the end of the half-year | <u>635,937</u> | <u>4,979,846</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 2013

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 2013 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 2013, 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 we have applied in the most recent annual financial statements except for the policy on Consolidation principles as follows.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Exalt Resources Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2013 Annual Report other than as follows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

- The directors have resolved to discontinue operations in Indonesia due to the uncertainty surrounding operating in Indonesia and the inability of the Group to attract acquisitions/development finance to fund early stage, small scale coal projects. As a result of this decision the Group has made an impairment of mining rights and exploration costs of \$8,370,012.
- The directors have resolved to cancel the Nyngan Exploration Lease EL 7667 due to previous exploration results not warranting further work. The Group has made an impairment of NSW exploration costs of \$61,083.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2013, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group.

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: Consolidated Financial Statements;
- AASB 127: Separate Financial Statements (August 2011);
- AASB 11: Joint Arrangements;
- AASB 128: Investments in Associates and Joint Ventures (August 2011);
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and
- AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the specific transition requirements in AASB 10 and AASB 11.

There was no impact to the interim consolidated financial statement following the implementation of new and revised standards.

In the half year ended 31 December 2013 management re-assessed its estimates in respect of:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 Group has incurred an operating loss during the period of \$10,519,192 (2012:\$1,944,692). The Directors are managing the Group's cash flows carefully to meet its operational commitments. The Directors consider that the going concern basis is appropriate for the following reasons:

- \$635,937 in cash and cash equivalents at the end of the period:
- Group has reduced its commitments for the next 12 months. 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.
- Directors are reviewing the Group's capital raising options and have plans to raise sufficient additional funds to meet ongoing working capital requirements.

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 | 30 June |
|---|--------------------|------------------|
| | 2013 | 2013 |
| Non-current: | \$ | \$ |
| Exploration Expenditure: | | |
| Balance at beginning of period | 8,771,255 | 671,869 |
| Exploration Expenditure during the period | 236,280 | 1,232,393 |
| Acquisition of Odni Mining Rights | - | 6,989,958 |
| Impairment of NSW exploration costs | (61,083) | - |
| Impairment of mining rights and exploration costs- ODNI | (8,370,012) | (122,965) |
| Balance as at end of period | 576,441 | 8,771,255 |

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 2013

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 two geographic segments being Australia and Indonesia.

| | Indonesia Operations | Australia Operations | Corporate | Total |
|-------------------------|-------------------------|-------------------------|-----------|--------------|
| 2013 | | | | |
| Revenue | - | 24,291 | | 24,291 |
| Net loss before tax | (9,310,052) | (1,089,601) | (119,539) | (10,519,192) |
| i) Segment Assets | | | | |
| Total Assets | - | 708,792 | 635,936 | 1,344,728 |
| ii) Segment Liabilities | | | | |
| Total Liabilities | - | (509,869) | - | (509,869) |
| 2012 | | | | |
| Revenue | - | 36,009 | - | 36,009 |
| Net loss before tax | (1,127,384) | (817,308) | | (1,944,692) |
| iii) Segment Assets | | | | |
| Total Assets | 8,235,865 | 315,878 | 4,979,845 | 13,531,588 |
| iv) Segment Liabilities | | | | |
| Total Liabilities | (500,806) | (214,632) | | (715,438) |

NOTE 5: ISSUED CAPITAL

| | 31 December 2013 \$ | 30 June 2013 \$ |
|--|---------------------------|-----------------------|
| a) Ordinary shares | | |
| Balance as at beginning of the period | 11,602,950 | 3,820,859 |
| 25,000,000 Shares issued to Public (net of Issue Costs) | - | 3,916,033 |
| 2,500,000 Shares issued to William Moss | - | 500,000 |
| 16,666,667 Shares issued to Odni | - | 3,333,333 |
| 163,625 Shares issued | - | 32,725 |
| Balance as at end of period | 11,602,950 | 11,602,950 |
| 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) | 116,666 |
| 66,000,000 Performance Shares issued to Odni redeemed | (2,640,000) | 2,640,000 |
| Balance as at end of period | - | 2,756,666 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

| | 31 December 2013 | 30 June 2013 |
|--|-----------------------------|-------------------------|
| NOTE 6: RESERVES | | |
| Balance as at beginning of the period | 1,560,852 | 23,340 |
| Options Expensed during the period to Directors | 244,241 | 60,536 |
| Options Cancelled during the period to Director | (149,648) | - |
| Options Issued to Peloton | - | 460,350 |
| Options (Cancelled)\Issued during the period to Odni | (1,016,626) | 1,016,626 |
| Balance as at end of period | 638,819 | 1,560,852 |

NOTE 7: RECONCILIATION OF OPTIONS ISSUED

| | 31 December 2013 | 30 June 2013 |
|--|-----------------------------|-------------------------|
| | No. on Issue | No. on Issue |
| Balance as at beginning of the period | 61,008,568 | 16,008,568 |
| 30,000,000 Options (redeemed)/issued to Odni | (30,000,000) | 30,000,000 |
| 3,000,000 Options issued to Barry Tudor | - | 3,000,000 |
| 2,000,000 Options (redeemed)/issued to William Moss | (2,000,000) | 2,000,000 |
| 10,000,000 Options issued to Peloton Capital Pty Limited | - | 10,000,000 |
| Balance as at end of period | 29,008,568 | 61,008,568 |

NOTE 8: RELATED PARTY TRANSACTIONS

During the period the following expenses were incurred in relation to settlement of directors' contracts. These following amounts have been recorded in the Consolidated Statement of Profit and Loss and Other Comprehensive Income:-

- Employee Benefit Expense of \$583,000 in relation to Salary and termination benefits to Mr Barry Tudor and;
- Consulting Fees Expense include \$325,000 in relation to Corpac Partners Pty Ltd ("Corpac"). Mr Robert Crossman is the Managing Director of Corpac.

Other than accrued directors fees of \$23,500 and the above payments there are no other significant related party transactions.

NOTE 9: CONTINGENT LIABILITIES

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

**EXALT RESOURCES LIMITED
ABN 17 145 327 617
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
EXALT RESOURCES LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Exalt Resources Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the 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.

Directors' Responsibility for the Half-year 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 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 Exalt Resources Limited's financial position as at 31 December 2013 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*.

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

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

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx: (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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EXALT RESOURCES LIMITED
ABN 17 145 327 617
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:

- (i) giving a true and fair view of Exalt Resources Limited's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) 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 \$10,519,192 during the half year ended 31 December 2013. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that 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.

Nell Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

G Webb

GRAHAM WEBB

Partner

Date: 12 March 2014