



NEMEX

RESOURCES LIMITED

ACN 146 243 843



30 October 2015

Fast Facts

Capital Structure

Shares on issue	241.3M
Options	24.4M
ASX Code	NXR

Directors & Senior Management

Patrick Flint

Chairman

Paul Jurman

Non-Exec Director &
Company Secretary

Hui Zhang

Non-Exec Director

Project Highlights

WBT investment

- *Biometric technology*
- *Potential global market*

Guinea (Iron)

- *High-grade iron discovery*
- *Large resource potential*

W Australia (Iron)

- *Woodley DSO Project*

Contacts

Mr Patrick Flint

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www.nemexres.com.au

Quarterly Activities Report - September 2015

Nemex Resources Limited (ASX: NXR) is pleased to report on its activities for the September 2015 Quarter.

Investment in Security Biometric Technology

- Nemex to secure 51% interest in Wavefront. Nemex also plans to explore additional global biometric opportunities simultaneously given the rapidly expanding nature of the market opportunity.

- Cicero mandated to manage a priority placement of A\$5 million to shareholders.

- Wavefront investing in further miniaturisation and software development during 1H 2016 to accelerate commercialisation. Ongoing dialogue with customers and partners globally.

- Nemex to appoint an experienced team to assist Wavefront in developing and commercialising its biometric technology whilst also exploring wider market opportunities at a group level.

- Independent testing of technology in progress at Purdue University, a globally recognised leader in biometric technology analysis. This validation work is expected to be completed in mid-November.



INVESTMENT IN SECURITY BIOMETRIC TECHNOLOGY

Nemex currently holds a 40% interest in Wavefront Biometric Technologies Pty Ltd (Wavefront). Under existing contractual arrangements, Nemex has the right to subscribe for a further 11% interest in Wavefront (to increase its holding to 51%) by investing a further \$1.75 million cash in Wavefront, which is expected to be satisfied through a payment of A\$0.8 million cash and converting existing loans to Wavefront totalling A\$0.95 million.

Nemex intends to exercise this right to increase its interest in Wavefront to 51% (Investment) subject to the following conditions:

- Completion of the independent validation of Wavefront's internal performance testing of its technology and Nemex being satisfied with the results of that testing.
- Shareholder approval in respect of all resolutions required in order to complete the increased Investment.
- ASX has advised that since the Investment will result in a significant change to the nature and scale of Nemex's activities, the Investment will require shareholder approval under ASX Listing Rule 11.1.2 and will also require that Nemex re-complies with Chapters 1 and 2 of the ASX Listing Rules.
- Nemex completing a fundraising for a minimum of A\$1.5 million (refer Capital Raising Plans below).

As detailed in the Company's news release dated 22 October 2015, the proposed acquisition of 100% of the issued capital in Wavefront that the Company does not already own (Acquisition) will automatically terminate on 31 October 2015.

Capital Raising Plans

Nemex has mandated Cicero Advisory Services Pty Ltd (Cicero) to exclusively manage a priority placement to shareholders to raise up to A\$5 million (Capital Raising). It is proposed that the Capital Raising will be partially underwritten by Cicero to an amount of A\$1.5 million.



Technology Development and Commercialisation Plans

Activities relating to development of Wavefront's technology were limited during the quarter and included arranging the validation testing through Purdue University, a globally recognised leader in biometric technology analysis. Wavefront has advised this validation work is expected to be completed in mid-November.

Wavefront has also been planning further research and development work targeted at significant miniaturisation of the prototype and performance and usability improvements through enhanced software and algorithm development. Wavefront is targeting completion of the next phase of this work in 1H 2016.

In July 2015, Wavefront completed a second successful roadshow to North America. Wavefront advanced discussions with existing potential commercial partners and introduced the technology to new parties in the banking/finance and other sectors. Wavefront is continuing dialogue with potential customers and global partners. The next round of formal engagements, which will include demonstrations of the updated technology, is targeted for 1H 2016.

MINERAL INTERESTS

NXR has an interest in two mineral projects:

- The Télimélé DSO iron project in Guinea.
- The Woodley iron project in Western Australia.

NXR will review its interests in these projects following the upcoming shareholder meeting to consider a change in the Company's activities to focus on the Wavefront technology.

CORPORATE

Board and Management Changes

Nemex plans to appoint a new management team to assist Wavefront in developing and commercialising its biometric technology whilst also exploring wider market opportunities at a group level. It is proposed that Nemex's new management team will be lead by Mr Darren Patterson, who is currently working with Nemex in a consulting role. Details of Mr Patterson's experience are included in the Company's news release dated 22 October 2015.



It is proposed Mr Patterson will be appointed as Chief Executive Officer and a Director of Nemex at completion of the Capital Raising. Further appointments of directors with the appropriate skills and qualifications necessary to govern an ASX-listed biometric technology company are also planned in conjunction with completion of the Capital Raising and Investment.

Mr Hui Zhang was appointed to the Nemex Board as a non-executive director on 21 October 2015. Mr Zhang is a nominee of the Company's major shareholder. Mr. Zhang has more than 25 years' experience in corporate management and business and customer development in Asia. Dr Peter Turner resigned as a director of the Company on 21 October 2015.

Exercise of Options

During the quarter, a total of 4,162,500 unlisted options (exercisable at 5 cents each and expiring 31 December 2015) were converted to shares, raising \$208,000 for additional working capital.

Annual General Meeting

As noted above, Shareholder approval will be necessary in respect of all resolutions required in order to complete the increased Investment and change to the nature and scale of Nemex's activities. The Company plans to seek such shareholder approval at the upcoming Annual General Meeting (AGM). Under the Corporations Act the Company's AGM must be held by 30 November 2015. However, in order to incorporate all necessary information into the notice of meeting and obtain the necessary approvals from ASX, the Company has sought and received approval from ASIC to hold its AGM no later than 18 December 2015. The Company will provide a revised timetable for completion of the Investment in the near future.



For further information about Nemex contact:

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Chairman

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Darren Patterson

Proposed CEO

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About Nemex Resources

NXR boasts a diversified asset portfolio comprising interests in both the minerals and technology sectors.

NXR has acquired a 40% interest in Australian-based biometric technology developer Wavefront, and has the right to increase this to a 51% interest.

Wavefront's core business is developing innovative biometric solutions for authentication of identity utilising the unique properties of the eye. Wavefront's vision is to become the identity authentication platform provider for all mobile devices and transactions requiring end-user verification, across government and military; enterprise; and consumer markets.

NXR also holds interests in two prospective resources projects, the Telimele DSO Iron project in Guinea and the Woodley Iron project in Western Australia.



Addendum to September 2015 Quarterly Report

NXR provides the following addendum to the September 2015 Quarterly Activities Report lodged with the ASX on 30 October 2015 in relation to additional information required by Listing Rule 5.3.3.

Mining Tenements held at the end of the quarter and their location

Western Australia	
Woodley	
E57/632	Granted
E57/634	Granted

Mining Tenements acquired during the quarter and their location

None.

Mining Tenements disposed of during the quarter and their location

None.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Farm-in Agreements

NXR has a 70% interest in licence number No A2010/578/PR/MMEH/SGG in Guinea, West Africa under the Coastal Iron Project Joint Venture Agreement signed December 15, 2010 with Africaine de Developpement Minier Sarl (ADEM). This interest did not change during the quarter. NXR is earning up to 85% interest in this licence.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

None.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

NEMEX RESOURCES LIMITED

ABN

44 146 243 843

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from sales	-	-
1.2 Payments for		
(a) exploration and evaluation	(29)	(29)
(b) development	-	-
(c) production	-	-
(d) administration	(202)	(202)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other revenues –	4	4
Net Operating Cash Flows	(225)	(225)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	143	143
1.10 Loans to other entities - Wavefront	(350)	(350)
1.11 Loans repaid by other entities	-	-
1.12 Other –	-	-
Net investing cash flows	(207)	(207)
1.13 Total operating and investing cash flows (carried forward)	(432)	(432)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(432)	(432)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	208	208
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	-
	Net financing cash flows	208	208
	Net increase (decrease) in cash held	(224)	(224)
1.20	Cash at beginning of quarter/year to date	1,014	1,014
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	790	790

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	92
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Relates to fees and salaries for directors and payments made for company secretarial services and occupancy expenses.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	30
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	230

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	790	1,014
5.2 Deposits at call	-	-
5.3 Bank overdraft		
5.4 Other –		
Total: cash at end of quarter (item 1.22)	790	1,014

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	241,325,421	241,325,421		
7.4 Changes during quarter				
Conversion of options	4,162,500	4,162,500	5 cents	-
7.5 +Convertible debt securities <i>(description)</i>		-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options and Performance Rights <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted Options	12,412,500	-	5 cents	31/12/2015
Unlisted Options	12,000,000	-	10 cents	30/06/2016
7.8 Issued during quarter				
	-	-	-	-
7.9 Exercised during quarter				
Unlisted Options	(4,162,500)	-	5 cents	31/12/2015
7.10 Cancelled/Expired during quarter				
	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 30 October 2015

Print name: Paul Jurman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.