

EXALT RESOURCES LIMITED
ABN 17 145 327 617

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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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 2012. 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:

William Moss AM	Non-Executive Chairman (appointed 22 October 2012)
Barry Tudor	Managing Director
Shane Hartwig	Non-Executive Director
Romy HR Soekarno	Non-Executive Director (appointed 30 November 2012)
Edward Lee Kwong Foo	Non-Executive Director (appointed 30 November 2012)
Robert Whitton	Non-Executive Director (appointed 30 November 2012)
Peter Dykes	Non-Executive Director (appointed 30 November 2012)
Emmanuel Correia	Non-Executive Chairman (resigned 30 November 2012)
Jim Malone	Non-Executive Director (resigned 30 November 2012)

Review of Operations

During the half year ended 31 December 2012 a number of important milestones were achieved including:

- Completion of the Odni Transaction;
- Successful Capital Raising ; and
- Continued review and assessment of the Indonesian and NSW Projects.

Completion of the ODNI Transaction and Capital Raising

The acquisition of the Indonesian assets through the acquisition of Odni, and the associated capital raising, was completed in November 2012.

Exalt now holds rights to earn interests in a number of highly prospective coal mining concessions in Kalimantan. Exploration of all three concessions is underway, with a JORC exploration target of 20-30 million tonnes already established on the BIG concession.

In addition to these concessions, the Company is also actively pursuing an interest in a number of near term production assets. This pipeline of production assets will be a key component in establishing near term cash flow and shareholder value.

Exalt issued a total of 25 million Ordinary Shares at an issue price of \$0.20 per share to raise a total of \$5M. In addition, the Company raised a further \$500,000 through the issue of 2,500,000 Fully Paid Ordinary Shares at an issue price of \$0.20 per share via placement to Non-

DIRECTORS' REPORT

Executive Chairman, Mr William Moss AM.

The Company considers the completion of the Capital Raising was a significant achievement given the state of the equity markets in the last quarter of 2012.

The proceeds of these raisings are being applied towards funding the Company's planned exploration program on its Indonesian Projects, reviewing additional Indonesian Projects of interest, Costs of the Offer, due diligence costs associated with the ODNI transaction and general working capital.

As a result of the ODNI Transaction completing and the associated capital raisings the Capital Structure of the Company is as follows:

Capital Structure

Fully Paid Ordinary Shares on issue	73,041,670
Options on issue	61,008,568
Performance Shares on issue	84,000,000

NSW Projects: Mineral Hill South Project (EL 7667 100%) and Nyngan Project (EL 7664 100%)

In relation to the Company's NSW projects, a renewal was lodged on 10 December 2012 for EL 7667 (Mineral Hill South Project) for a further two years with an approximate 50% reduction. The company believes that this renewal is likely to be granted. The Company is assessing its options in relation to the further development of the NSW projects.

Board Re-Structure

On 22 October 2012, the Company announced the appointment of Mr William Moss AM as Independent Non-Executive Chairman.

With the completion of the ODNI transaction, the Board undertook a re-structure which included the formal appointment of the Company's Singapore and Indonesian based Directors Mr Edward Lee and Mr Romy Soekarno, the appointment of Mr Robert Whitton and Mr Peter Dykes and the resignation of founding Non-Executive Directors Mr Emmanuel Correia and Mr James Malone.

DIRECTORS' REPORT

Net Tangible Asset Backing

	31 Dec 2012	31 Dec 2011
Per Ordinary Security (cents per share)	8.64 cents	11.97 cents

In the half year to 31 December 2012, whilst the Company has incurred a loss of \$1,944,692 (2011:\$132,420) there was a net increase in cash of \$2,423,896 (2011: decrease \$587,535) as shown in the statement of profit or loss and other comprehensive income and the statement of cash flows in this financial report. These results are consistent with the company's strategic objectives and budget estimates.

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 2012.

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

On behalf of the Directors



Barry Tudor
Director

14 March 2013

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 2012 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.

Nell Chadwick

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001

Graham Webb

Graham Webb
Partner
Date: 14 March 2013

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 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 2012 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



Barry Tudor
Director

14 March 2013

EXALT RESOURCES LIMITED
ABN 17 145 327 617

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012 \$	31 December 2011 \$
Revenue		36,009	67,533
Consultancy expenses		(515,088)	(74,246)
Directors fees		(85,501)	(52,500)
Legal and compliance fees		(430,796)	(26,360)
Occupancy Costs		(26,100)	(27,000)
Professional fees		(13,500)	(16,063)
Employee Benefits Expense		(459,488)	-
Share Based Compensation		(130,234)	-
Other expenses		(319,994)	(3,784)
Loss before income tax		(1,944,692)	(132,420)
Income tax expense		-	-
Loss for the period	2	(1,944,692)	(132,420)
 Other Comprehensive Income			
Other Comprehensive income for the period net of tax		-	-
Total Comprehensive loss for the period		(1,944,692)	(132,420)
 Loss per share			
Basic and diluted loss per share		\$0.54cents	\$0.53 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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31 December 2012 \$	30 June 2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,979,846	2,555,950
Trade and other receivables		172,828	58,026
TOTAL CURRENT ASSETS		5,152,674	2,613,976
NON-CURRENT ASSETS			
Plant and equipment		2,087	2,539
Other non-current assets	3	8,376,827	671,869
TOTAL NON-CURRENT ASSETS		8,378,914	674,408
TOTAL ASSETS		13,531,588	3,288,384
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		676,666	497,135
Short term provisions		38,772	10,691
TOTAL CURRENT LIABILITIES		715,438	507,826
TOTAL LIABILITIES		715,438	507,826
NET ASSETS		12,816,150	2,780,558
EQUITY			
Issued capital	6	14,310,600	3,820,859
Reserves	7	1,513,883	23,340
Accumulated losses		(3,008,333)	(1,063,641)
TOTAL EQUITY		12,816,150	2,780,558

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

EXALT RESOURCES LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Ordinary Issued Capital	Performance Shares	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2011	3,186,359	-	(70,229)	23,340	3,139,470
Loss for the period	-	-	(132,420)	-	(132,420)
Total comprehensive loss for the period	-	-	(202,649)	-	(132,420)
Balance as at 31 December 2011	3,186,359	-	(202,649)	23,340	3,007,050
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

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

EXALT RESOURCES LIMITED
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STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31 December 2012	31 December 2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	36,009	67,533
Payments to suppliers and employees	(1,878,053)	(214,540)
Net cash used in operating activities	(1,842,044)	(147,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(594,002)	(336,278)
Net cash outflow from investing activities	(594,002)	(336,278)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	5,500,000	-
Payments relating to capital raising	(640,058)	(104,250)
Net cash inflow from financing activities	4,859,942	(104,250)
Net increase/(decrease) in cash and cash equivalents	2,423,896	(587,535)
Cash and cash equivalents at the beginning of the half year	2,555,950	3,238,786
Cash and cash equivalents at the end of the half-year	4,979,846	2,651,251

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 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2012 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 Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2012, 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, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2012 Annual Report.

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

For the half-year reporting period to 31 December 2012, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Company. A discussion of these new and revised requirements that are relevant to the Company is provided below:

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

Presentation of Items of Other Comprehensive Income

The Group adopted AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011–9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.

AASB 2011–9 amends the presentation requirements of other comprehensive income. It requires items of other comprehensive income to be grouped between:

- items that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific circumstances occur.

It also requires, when items of other comprehensive income are presented before the related tax effects with a single amount shown for the aggregate amount of income tax relating to those items, the amount of tax effect to be allocated between:

- items that will not be reclassified subsequently to profit or loss; and
- those that might be reclassified subsequently to profit or loss.

AASB 2011–9 also amends AASB 101 to change the title “income statement” to “statement of profit or loss” under the two-statement approach. Although other titles are also permitted, the Group has decided to use the title “statement of profit or loss”.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The adoption of AASB 2011–9 only changed the presentation of the Group's financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Group's financial statements.

In the half year ended 31 December 2012 management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The company 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 company'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 has incurred an operating loss during the period of \$1,944,692 (2011:\$132,420). The Directors are managing the Company's cash flows carefully to meet its operational commitments. The Company has \$4,979,846 in cash and cash equivalents at the end of the period. The Directors consider that the going concern basis is appropriate for the following reasons:

By actively managing its cash flows, controlling costs and revising development plans as necessary the company believes it has sufficient cash reserves to continue as a going concern through the next 12 months.

If the Company undertakes an acquisition of additional project(s) then it may have to raise additional capital to fund the development of these, however no allowance for such circumstances has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Valuation Methodology

Options

The Company has valued the Options using the Black Scholes Model. The Black Scholes Model uses the following variables to determine the option price for each class of option:

- i) a share price of \$0.18
- ii) an exercise price of \$0.20 per share (Class W and Y options);
- iii) an exercise price of \$0.50 per share (Class X and Z options);
- iv) volatility of the Company's share price of 70%
- v) time to maturity for each class of options; and
- vi) the risk free interest rate of 3.0 %
- vi) a discount rate of 20% due to the illiquid nature of the options

Performance Shares

Performance Shares: Barry Tudor

18,000,000 Performance Shares have been issued to Barry Tudor in equal tranches.

Based on the appropriate accounting treatment required under AASB 2: Share Based Payment, a value for the Tudor Performance Shares has been recognised in the financial statements of the Company reflecting the portion of the service component attaching to the vesting conditions which has expired. As at 31 December 2012 this amounted to \$116,667 being recognised as a share based payment in the 31 December half year accounts.

Performance Shares: Odni

66,000,000 Performance Shares have been issued to Odni, in equal tranches. Based on the appropriate accounting treatment under AASB 3: Business Combinations these have been valued at \$2,640,000.

The Company has assigned probabilities of occurrence to each performance criteria in order to value the performance shares being granted to Odni. The value of Tranche 1 of the Odni Performance Shares has been discounted by 90%. The value of Tranches 2 and 3 have been discounted by 70% and 80% respectively. The value of Tranche 1 of the Odni Performance Shares has been discounted by 90%. The value of Tranches 2 and 3 have been discounted by 70% and 80% respectively. The Company believes the probabilities assigned best reflect the likelihood of the performance based criteria being met based on information currently available for all the proposed Indonesian Projects.

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

EXALT RESOURCES LIMITED
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 3: OTHER NON-CURRENT ASSETS

	31 December	30 June
	2012	2012
Non-current:	\$	\$
Exploration Expenditure:		
Balance at beginning of period	671,869	140,962
Exploration Expenditure during the period	715,000	247,023
Acquisition of Odni Mining Rights	6,989,958	283,884
Carrying amount at end of period	8,376,827	671,869

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and commercial exploitation of the tenements.

NOTE 4: BUSINESS COMBINATIONS

On 27 November 2012 the Group acquired 100% of the issued capital of Odni Pty Limited, a Singaporean based company which has rights to secure interests in a number of Indonesian based mining projects. The purchase was satisfied through the issue of 16,666,667 ordinary shares in Exalt, 66,000,000 Performance Shares and 30,000,000 Options. The acquisition is part of the Group's overall strategy to expand its operations into the Indonesian coal markets.

Through acquiring 100% of the issued capital of Odni Pty Limited, the Group has obtained control of the company. The assets of Odni are the rights to secure interests in a number of Indonesian based mining projects. Odni had no other assets or liabilities. There was no cash out flow as a result of the acquisition.

Purchase Consideration represented by:	Fair Value
	(\$)
Equity issued (16,666,666 @ \$0.20)	3,333,333
30,000,000 Options issued	1,016,625
66,000,000 Performance Shares issued	2,640,000
Fair Value of Indonesian Mining Project Rights	6,989,958
Represented by : Mining Rights	6,989,958

NOTE 5: OPERATING SEGMENTS

The Company has identified its operating segments based on the location of its exploration assets. The company operates in one business segment being minerals and energy exploration and in two geographic segments being Australia and Indonesia.

EXALT RESOURCES LIMITED
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

i) Segment performance	Australian Operations	Indonesian Operations	Total
Revenue	36,009	-	36,009
Net loss before tax	(817,308)	(1,127,384)	(1,944,692)
ii) Segment Assets			
Total Assets	5,295,723	8,235,865	13,531,588
iii) Segment Liabilities			
Total Liabilities	(214,632)	(500,806)	(715,438)

NOTE 6: ISSUED CAPITAL

	31 December 2012 \$	30 June 2012 \$
a) Ordinary shares		
Opening Balance	3,820,859	3,186,359
25,000,000 Shares issued to Public (net of Issue Costs)	3,899,742	634,500
2,500,000 Shares issued to William Moss	500,000	-
16,666,667 Shares issued to Odni	3,333,333	-
Balance as at 31 December 2012	11,553,934	3,820,859
b) Performance Shares		
18,000,000 Performance Shares issued to Barry Tudor	116,666	-
66,000,000 Performance Shares issued to Odni	2,640,000	-
Balance as at 31 December 2012	2,756,666	-
 Total Issued Capital	 14,310,600	 3,820,959

EXALT RESOURCES LIMITED
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 7: RESERVES

	31 December 2012	30 June 2012
	\$	\$
Opening Balance – Share Based Payment Reserve	23,340	23,340
Options Issued during the period to Directors	13,568	-
Options Issued during the period to Peloton	460,350	-
Options Issued during the period to Odni	1,016,625	-
Balance as at 31 December 2012	<u>1,513,883</u>	<u>23,340</u>

NOTE 8: RECONCILIATION OF OPTIONS ISSUED

	31 December 2012	30 June 2012
	No. on Issue	No. on Issue
Opening Balance	16,008,568	16,008,568
30,000,000 Options issued to Odni	30,000,000	-
3,000,000 Options issued to Barry Tudor	3,000,000	-
2,000,000 Options issued to William Moss	2,000,000	-
10,000,000 Options issued to Peloton Capital Pty Limited	10,000,000	-
Balance as at 31 December 2012	<u>61,008,568</u>	<u>16,008,568</u>

NOTE 9: RELATED PARTY TRANSACTIONS

During the period a sum of \$18,000 has been accrued to SWEL Consulting Pty Ltd, for the provision of company secretarial services (2011:\$36,000). Shane Hartwig is a director of SWEL Consulting Pty Ltd. Additionally, payments were made to Peloton Capital Pty Ltd of \$481,242 (excl GST) (2011: \$114,675). This amount represented Capital Raising Fees of \$306,977, Transaction Advisory and Executive Services provided during the period \$150,000, and reimbursement of out of pocket expenses \$24,265 relating mainly to the costs associated with road showing Exalt as part of the Capital Raising, and to Peloton Administration Pty Ltd of \$26,100 (excl GST) (2011:\$27,000) for premises rental.

Other than the above there are no other material related party transactions.

NOTE 10: CONTINGENT LIABILITIES

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

EXALT RESOURCES LIMITED
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**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 consolidated statement of financial position as at 31 December 2012, 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.

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 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 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 2012 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.

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EXALT RESOURCES LIMITED
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INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS PF 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 2012 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.

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Level 29 , St Martins Tower
31 Market Street, SYDNEY NSW 2001

Graham Webb

Graham Webb
Partner
Date: 14 March 2013