

## Half year and Q2 report 2016

Interim Consolidated Financial Statements Intex Resources ASA (Intex´) or (‘the Company’).

- A new Board of directors was elected which has evaluated and adjusted the strategy of the Company
- Intex is continuing to focus on the Mindoro Nickel partnership discussions
- Intex will look for diversification opportunities to mitigate risk and increase shareholder value
- The Company has completed downsizing and retrenchment in the Philippines, resulting in annual savings of about USD 190 thousand
- Cost reductions in the excess of USD 100 thousand at head office in Oslo through the retention of a permanent VP Finance & Accounting
- Funds raised through new equity amounting to NOK 12.1 million in gross proceeds and through a convertible bond in the amount of EUR 2 million (converted to equity in June 2016)

### Financial Results

(All numbers in brackets refer to comparable 2015 figures; profit and loss related figures compares to same period 2015 while balance sheet figures compare to figures as at 31 December 2015)

Key figures:

	Non audited 1.4.-30.6.		Non audited 1.1.-30.6.		Audited 1.1.-31.12.
	2016	2015	2016	2015	2015
(USD 1 000)					
Loss from continuing operations	-626	-2 105	-1 001	-2 559	-4 273
Loss discontinued operations	-265	-539	-524	-863	-16 041
Loss for the period	-891	-2 644	-1 526	-3 422	-20 314

The Mindoro Nickel Project has from December 2015 been classified as *held for sale/Discontinued operation* under IFRS. The remaining activity related to the Hurdal Project was written off as impaired in 2015.

There has been no exploration activity in first half of 2016 or 2015, and exploration expenses are only related to licenses fee.

Net loss from continued operations before and after tax amount to USD 1 001 thousand (loss of USD 2 559 thousand).

At 30 June 2016, cash and cash equivalents amount to USD 2 265 thousand (USD 420 thousand). The reason for the increase in cash deposit is due to share capital increases from a rights issue, two private placements, and a convertible bond closed during first half of 2016. The bond was converted into equity 6 June 2016. The cash reserves are held in NOK and EUR and are entirely placed in bank deposits. Interest income on bank deposits was minimal during the period ending 30 June 2016 and 31 December 2015.

Book equity as at 30 June 2016 was USD 5 818 thousand or USD 0.04 per outstanding share (USD 3 783 thousand or USD 0.05 per share). The equity ratio was 66.1 per cent as at 30 June 2016 (55.2 per cent).

## **Key projects and portfolio summary**

Mindoro Nickel, Philippines is a world-class nickel laterite deposit holding 3 million tons of contained nickel. The Definitive Feasibility Study with innovative green design features Mindoro Nickel with the smallest carbon-footprint of any nickel processing plant and one of the most cost-efficient per pound nickel, due to exceptional leach properties of the ore.

A proposed, 3-stage plan (each under substantially lower financial and technical risks than a full-scale project) is the focus of the Company's current realization plans. With a carbon-neutral footprint, independence of fossil fuels, and an economic break-even grade of 0.4 % Ni, below the geological minimum grade, as well as a range of valuable by products, Mindoro Nickel can potentially set new standards for the utilization of lateritic mineral resources.

Nordli Molybdenum, Norway is a porphyry-style Molybdenum-deposit in Hurdal, hosting an inferred resource with about 400 million pounds Mo. The project is under reduced developments due to weak prices and current molybdenum market restructuring.

## **Operational review**

### Realisation plan and partnership discussions.

During the second quarter of 2016 the Company's focus has been on the realization of the Mindoro Nickel project with local partners. At the same time the newly elected board reviewed and amended the Company's strategy. Intex has also secured new financing which has strengthened the Company's financial position.

With regards to the realization process, the Company is no longer pursuing an avenue with Atro Mining Vitali (Atro), as the previous dialogue did not materialize in any firm agreement. The ongoing realization process includes assessments of Joint Ventures, partnerships in various forms and a stock exchange listing in Asia.

Intex will continue partnership discussions in the Philippines. Partnership discussions are dependent on issues not in control of the Company, and therefore the Company cannot at this stage commit to a specific timeline. Intex will provide updates to the market in due course.

### Business development and diversification.

Following the strategic review by the newly elected board, the Company's strategy now includes an increased focus on business development. Potential prospects are continuously being evaluated. Intex is currently a single asset play, and in the view of the Board the Company should seek to diversify its business, mitigate risk and over time increase shareholder value, while still focusing on the realization of the Mindoro Nickel project. The Company will update the market in due course with regard to its diversification strategy.

### Cost reductions.

Intex has implemented various measures for cost reductions. In the Philippines, the Company has performed a partial retrenchment with an annual cost saving of about USD 190 thousand. At the head office in Oslo, a new VP Finance & Accounting has been retained on a permanent basis, and the Company is accordingly moving away from a management for hire situation.

### Other.

As the current chairman of Intex Resources Philippines Inc. (IRPI) is part of the Cabinet and the Government in the Philippines, the Board has decided in understanding with the current chairman, to elect a new board to IRPI.

### **Outlook**

The market conditions are still considered to be challenging, and the realization process of Mindoro Nickel is affected. The nickel price, however, has shown some improvement in Q2. The political situation in the Philippines remains uncertain, and the Company is monitoring the situation closely.

Despite a challenging market, the Board of directors and the Company's management is committed to the realization plan for Mindoro Nickel. The Company's strategy is still to find a local partner as the first step in the realization for Mindoro Nickel. However, the Company also see the need to increase it's focus on business development through diversification which over time can create shareholder value, while the Mindoro Nickel project is being preserved.

The Company secured new financing during the first half of 2016, and the funds allows for normal operation through February 2017. If needed, the Company will implement measures to further strengthen the Company's financial position, as it is also constantly monitoring its cost basis.

# Interim Consolidated Statement of profit and loss and comprehensive income

(USD 1 000)	Notes	Non audited 1.4.-30.6.		Non audited 1.1.-30.6.		Audited 1.1.-31.12.
		2016	2015	2016	2015	2015
<b>Continuing operations</b>						
Other revenue		54	-	105	-	199
Exploration and evaluation costs		-1	-1	-3	-58	-58
Other operating expenses		-518	-2 108	-939	-2 514	-4 408
<b>Operating loss</b>		<b>-466</b>	<b>-2 109</b>	<b>-836</b>	<b>-2 572</b>	<b>-4 268</b>
Financial income		4	7	4	16	19
Financial costs		-164	-3	-169	-3	-25
<b>Net financial items</b>		<b>-161</b>	<b>4</b>	<b>-165</b>	<b>13</b>	<b>-6</b>
<b>Loss before tax</b>		<b>-626</b>	<b>-2 105</b>	<b>-1 001</b>	<b>-2 559</b>	<b>-4 273</b>
<b>Loss after tax</b>		<b>-626</b>	<b>-2 105</b>	<b>-1 001</b>	<b>-2 559</b>	<b>-4 273</b>
Loss discontinued operations	10	-265	-539	-524	-863	-16 041
<b>Loss for the period</b>		<b>-891</b>	<b>-2 644</b>	<b>-1 526</b>	<b>-3 422</b>	<b>-20 314</b>
Basic and diluted earnings per share		-0,01	-0,03	-0,01	-0,04	-0,23
Basic and diluted earnings per share continued operation		-0,01	-0,02	-0,01	-0,03	-0,05
Basic and diluted earnings per share discontinued operation		0,00	-0,01	0,00	-0,01	-0,18
<b>Other comprehensive income:</b>						
Net profit/loss on net investments in foreign operations		-123	1 814	-3 248	2 940	7 633
Exchange differences on translation of foreign operations		-134	-1 902	3 355	-3 244	-8 838
Whereof accumulated income/ expense related to discontinued operations		-303	953	89	1 250	-1 134
<b>Total comprehensive income for the period to be reclassified to profit or loss in subsequent periods:</b>		<b>-560</b>	<b>865</b>	<b>196</b>	<b>-304</b>	<b>-1 205</b>
<b>Total comprehensive income for the period/year</b>		<b>-1 148</b>	<b>-2 733</b>	<b>-1 419</b>	<b>-3 726</b>	<b>-21 519</b>

## Interim Consolidated Statement of financial position

<i>(USD 1 000)</i>	Notes	Non audited 30.6.	Audited 31.12.
		2016	2015
<b>ASSETS</b>			
Exploration and evaluation assets	10	0	-
Property, plant and equipment	9	11	18
<b>Total non-current assets</b>		<b>11</b>	<b>18</b>
Other receivables		47	156
Cash and cash equivalents	5	2 265	420
<b>Total current assets</b>		<b>2 312</b>	<b>576</b>
Asset classified as held for sale	10	6 480	6 258
<b>Asset classified as held for sale</b>		<b>6 480</b>	<b>6 258</b>
<b>TOTAL ASSETS</b>		<b>8 803</b>	<b>6 851</b>
<b>EQUITY</b>			
Share capital		349	208
Other paid-in capital		71 622	65 953
Cumulative translation adjustments		18 795	23 734
Other equity		-84 948	-85 112
<b>Total equity</b>	8	<b>5 818</b>	<b>3 783</b>
<b>LIABILITIES</b>			
Other long term liabilities		326	311
<b>Total long term liabilities</b>		<b>326</b>	<b>311</b>
Trade payables		32	113
Other current liabilities		247	226
<b>Total current liabilities</b>		<b>279</b>	<b>339</b>
Liabilities associated with asset classified as held for sale	10	2 379	2 418
<b>Liabilities associated with asset classified as held for sale</b>		<b>2 379</b>	<b>2 418</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 803</b>	<b>6 851</b>

## Interim Consolidated Statements of Changes in Equity

<i>(USD 1 000)</i>	Share capital	Other paid-in capital	Cumulative translation adjustments	Other equity	Held for sale	Total
<b>Equity 1 January 2015</b>	<b>222</b>	<b>76 505</b>	<b>11 591</b>	<b>-65 563</b>	<b>253</b>	<b>23 007</b>
Share option costs	19	24		2 253		2 296
Profit/-loss for the period				-20 314		-20 314
Discontinued operation			668	63 870	-64 538	0
Other comprehensive income	-33	-11 576	3 287	8 252	-1 134	-1 203
<b>Equity at 31 December 2015</b>	<b>208</b>	<b>64 953</b>	<b>15 546</b>	<b>-11 502</b>	<b>-65 419</b>	<b>3 785</b>

<i>(USD 1 000)</i>	Share capital	Other paid-in capital	Cumulative translation adjustments	Other equity	Held for sale	Total
<b>Equity 1 January 2016</b>	<b>208</b>	<b>64 953</b>	<b>15 546</b>	<b>-11 502</b>	<b>-65 419</b>	<b>3 785</b>
Capital increase	129	3 326				3 455
Profit/-loss for the period				-1 526		-1 526
Discontinued operation				524	-524	0
Other comprehensive income	11	3 345	-3 501	160	89	104
<b>Equity at 30 June 2016</b>	<b>348</b>	<b>71 624</b>	<b>12 045</b>	<b>-12 344</b>	<b>-65 854</b>	<b>5 818</b>

## Interim Consolidated Cash Flow Statement

<i>(USD 1000)</i>	Non audited 1.1.-30.6 2016	Audited 1.1.-31.12 2015
Profit/-loss for the year, continued operations	-1 001	-4 273
Profit/-loss for the year, discontinued operations	-524	-16 041
Depreciation, amortisation and impairment	7	17 945
<b>Operating activities</b>		
Change in trade and other receivables (inkl. prepaid)	109	-74
Change in trade payables and other current liabilities	-59	-601
Changes in Other long term liabilities and financial asset	15	-22
Changes in Asset held for sale	-261	0
<b>Cash-flow from operating activities</b>	<b>-1 715</b>	<b>-3 041</b>
<b>Investment activities</b>		
Net expenditure on property, plant and equipment	0	-6
<b>Cashflow from investment activities</b>	<b>0</b>	<b>-6</b>
<b>Financing activities</b>		
Capital increase	3 456	0
<b>Cash flow from financing activities</b>	<b>3 456</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>1 740</b>	<b>-3 047</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>420</b>	<b>3 667</b>
<b>Sum translation effects</b>	<b>105</b>	<b>-93</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2 265</b>	<b>527</b>

## **Notes to the Interim Consolidated Financial Statements**

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- Note 2 Basis for preparation
- Note 3 Accounting policies
- Note 4 Estimates
- Note 5 Financial risk management
- Note 6 Segment Information
- Note 7 Related parties
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- Note 9 Assets
- Note 10 Discontinued operation
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### **Note 1 General information**

Intex Resources ASA is a public limited liability company incorporated and domiciled in Norway. The Company's office address is Prinsens gate 2, 0152 Oslo, Norway. The Company's shares are listed on the Oslo Stock Exchange.

The Group's main activity is international exploration and evaluation activities with a focus on non-precious metals and mineral projects.

### **Note 2 Basis for preparation**

This condensed consolidated interim financial has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs (as adapted by the EU).

### **Note 3 Accounting policies**

The same accounting principles and methods of calculation have been applied as in the Annual Report for 2015. Future effects of new accounting standards were described in the Consolidated Financial Statements for 2015.

### **Note 4 Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the

reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

## **Note 5 Financial risk management**

### *General*

The Group is exposed to a number of types of financial market risk arising from its normal business activities:

- Credit risk
- Liquidity risk
- Market risk

The corporate management monitors the Group's most important financial risks and assesses whether measures are required to reduce a specific risk if a need to do so is identified.

### *Liquidity risk*

The aim of the Board of Directors is to maintain a strong capital base in order to retain the trust of investors, creditors and the market at large as well as to develop the business. Excess liquidity may be invested in financial instruments with low to limited risk that might generate a return somewhat above the interest from bank deposits. Capital management and return on liquid assets are continuously monitored by the Board of Directors.

The Group has been raising equity through a rights issue in January 2016, and through two private placements in April 2016. Further, the Company secured a convertible loan agreement of EUR 2 million which were settled in May and converted in June 2016. This will be sufficient to cover the financing of ordinary operation through February 2017.

### *Currency risk*

The Group is exposed to currency risk relating to costs, receivables and liabilities in currency other than the functional currencies for its entities. Foreign exchange transactions are mainly in USD and EUR. At present, the Group does not utilise financial instruments to handle its currency risk. However, the Group regularly assesses whether there is a need to switch currency in order to reduce any currency risk that may arise.

In addition, the Group's balance sheet is exposed to exchange rate movements between the functional currencies and the presentation currency (USD). The majority of the Group's cash and cash equivalents are in NOK and EUR.



The following table shows the exposure of the group's main financial assets in currencies other than the presentation currency and the effect on the Group's equity at 30 June 2016 if the specified currencies had appreciated/ depreciated by 10 per cent and all other variables remained constant:

<i>(in 1 000)</i>	Denominated		FX rate 31.06.16	Carrying amount	Equity effect of +/- 10%	
	currency (DC)	FX			change in FX rate	
NOK	4 876	USD	8,38	582	+/-	58
EUR	1 500	EUR	9,30	1 679	+/-	168

## Note 6 Segment Information

Management considers that the Group has two business segments: Exploration and evaluation of mineral resources in the Philippines and in Norway. The Group's primary activity is the Mindoro Nickel project in the Philippines. The Group also has the Hurdal Molybdenum project in Norway.

Per 31 December 2015, the group has classified the segment Exploration and evaluation of mineral resources in the Philippines as discontinued operation.

Loss before and after tax for the segment is the same as for the continuing operation in the Statement of profit and loss and other comprehensive income. Further, see note 10 *Discontinued operation* for further information.

## Note 7 Related parties

### *Rights issue prospectus*

Intex Resources ASA issued the prospectus for the subsequent offering of minimum 13 166 667 and maximum of 20 000 000 new shares in Intex Resources ASA 18 December 2015. The subscription period ended 7 January 2016 and shares in Intex Resources ASA owned by Key management personnel at the time of settlement and subsequent to the Rights Issue:

	<b>No. of shares <sup>1)</sup></b>
Henno Grenness, CEO	25 000
Christian L. Holst, Chairman of the Board <sup>2,4)</sup>	384 000
Tone Bjørnov, Member of the Board <sup>4)</sup>	167 000
Thomas B. Carlsen, Member of the Board <sup>3,4)</sup>	1 102 482

1) Number of shares include shares owned by immediate family and controlled companies

2) Owned through CLH Invest AS

3) Partly owned through KRC Invest AS and Mercer Invest AS

4) Service as Member of the Board ceased 12 may 2016

### Stock options

During 2016 there has not been expensed costs related to option incentive program (Q2 2015 USD 20 380).

### Note 8 Shareholder value and Stock value

The share price at 30 June 2016 was NOK 0.41, down NOK 0.14 compared to the closing price at the end of 2015. Total shares were 146 060 327, fully diluted 146 460 327, of which 351 708 shares were held in treasury. The Company's market capitalization amounted to USD 7 148 thousand/ NOK 59 885 thousand.

As at 30 June 2016 the 20 largest shareholders, held 62.27% of the total shares.

20 largest shareholders 30 June 2016	Ownership in	
	No of shares	% of total
RBC INVESTOR SERVICES TRUST	30 597 274	20,95 %
THE WHITE NOVEMBER FUND LIMITED	13 080 864	8,96 %
LGT BANK AG	8 615 958	5,90 %
NIMECO AS	4 519 000	3,09 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	4 398 902	3,01 %
VESLIK	3 272 524	2,24 %
ALGOT INVEST AS	2 854 176	1,95 %
MERCUR EIENDOM AS	2 816 773	1,93 %
J.P. MORGAN LUXEMBOURG S.A.	2 558 165	1,75 %
E. LARRE HOLDING AS	2 320 625	1,59 %
SPENCER TRADING INC	2 169 807	1,49 %
MATHIAS HOLDING AS	2 000 000	1,37 %
CREDIT SUISSE AG	1 555 000	1,06 %
AARHUS	1 550 800	1,06 %
CASTRO	1 516 000	1,04 %
STAVANGER KARTING AS	1 507 890	1,03 %
LANDSBANKINN HF.	1 490 353	1,02 %
SIX-SEVEN AS	1 412 824	0,97 %
LANDGRAFF	1 385 536	0,95 %
VPF NORDEA AVKASTNING	1 330 980	0,91 %
Other	55 106 876	37,73 %
Total	146 060 327	100,00 %

### Note 9 Assets

There has been no material addition of tangible and intangible assets during the first half of 2016 or 2015.

As at December 31 the capitalized exploration and evaluation costs of USD 0.7 million, all related to the Hurdal Project, were written off as impairment.

### Note 10 Discontinued operation

The Group has sharpened its strategy and focused its financial- and management resources to pursue the realization of the Mindoro Nickel Project. From this, it is considered that the

carrying amount will be recovered through a sale transaction. As a result of this and from December 2015, The Mindoro Nickel Project is considered as *held-for-sale*. Further, as this represent a major line of business, this will be classified as *Discontinued operation*.

The classification as *Discontinued operation* changed the measurement basis of any non-current assets included in the segment. On initial classification in 2015 the assets were measured to the lower of carrying amount and fair value less costs to sell. Impairment loss from initial classification were included in the result from discontinued operation with USD 17 222 thousand, included in other operating expenses below.

Condensed statement of profit and loss:

	Non audited 1.4.-30.6.		Non audited 1.1.-30.6.		Audited 1.1.-31.12.
	2016	2015	2016	2015	2015
<i>(USD 1 000)</i>					
Exploration and evaluation costs	-71	-107	-137	-221	-404
Other operating expenses	-194	-432	-388	-642	-18 761
<b>Operating loss</b>	<b>-265</b>	<b>-539</b>	<b>-524</b>	<b>-863</b>	<b>-19 165</b>
<b>Loss before tax</b>	<b>-265</b>	<b>-539</b>	<b>-524</b>	<b>-863</b>	<b>-19 182</b>
<b>Loss after tax</b>	<b>-265</b>	<b>-539</b>	<b>-524</b>	<b>-863</b>	<b>-16 041</b>
<b>Loss for the period</b>	<b>-265</b>	<b>-539</b>	<b>-524</b>	<b>-863</b>	<b>-16 041</b>

Condensed statement of financial positions:

	Non audited <b>30.6.</b>	Audited <b>31.12.</b>
<i>(USD 1 000)</i>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Exploration and evaluation assets	6 078	6000
Property, plant and equipment	22	31
Financial long term assets	81	81
<b>Total non-current assets</b>	<b>6 181</b>	<b>6112</b>
Other receivables	88	38
Cash and cash equivalents	210	107
<b>Total current assets</b>	<b>298</b>	<b>145</b>
<b>TOTAL ASSETS</b>	<b>6 480</b>	<b>6257</b>
<b>LIABILITIES</b>		
Deferred tax	205	204
Other long term liabilities	0	16
<b>Total long term liabilities</b>	<b>205</b>	<b>220</b>
Trade payables	115	132
Other current liabilities	2 059	2066
<b>Total current liabilities</b>	<b>2 174</b>	<b>2198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 379</b>	<b>2418</b>

**Note 11 Subsequent event**

There are no significant subsequent events.

## Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated set of financial statements for the period 1 January to 30 June 2016, has been prepared in accordance with IAS 34 – Interim Financial reporting, and gives a true and fair view of the Group’s assets, liabilities, financial position and profit or loss as a whole.

We also want to confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, 29 August 2016

Board of Directors, Intex Resources ASA



Lars C. Beitnes  
*Chairman*



Frode Aschim  
*Board Member*



Mona L. Eitzen  
*Board Member*



Cecilie Grue  
*Board Member*



Henno Grenness  
*President & CEO*

*Financial Calendar:*

*Q1 Financial Report 2016, 12 May 2016*

*Annual General Meeting, 12 May 2016*

*Q2 Financial Report 2016, 30 August 2016*

*Q3 Financial Report 2016, 17 November 2016*

*Q4 Financial Report 2016, 16 February 2017*