



INTEX
RESOURCES

FIRST QUARTER 2017

Intex Resources ASA

Interim Consolidated Financial Statements

Highlights of the quarter and subsequent events

- Amended agreement with Ambershaw Metallics Inc (AMI) and Legacy Hill Resources (LHR). The Group increased its investment in the convertible notes by USD 600 thousand and the option to obtain a 51 per cent of ownership in AMI was extended to the end of February 2018. Further, the Group agreed to purchase a 5% stake in AMI from LHR through a share swap. The acquisition was completed on 26 May 2017.
- The Group raised NOK 11,255 thousand through a private placement, the proceeds were used for the increased investment in AMI, and for the Group's ongoing operating costs.
- The Group received positive indications from tests done with Sunbright Consulting Limited investigating the possibilities of upgrading the content of the Mindoro nickel ore and is in the process of conducting further investigations.
- The Group continues to focus on the amended strategy to evaluate undervalued assets with relative short term to cash flow.
- The Group published a listing prospectus on 30 May 2017, for the purpose of listing the new shares issued in the private placement and to LHR.

Financial Results

(All numbers in brackets refer to comparable 2016 figures; profit and loss related figures compares to same period 2016 while balance sheet figures compare to figures as at 31 December 2016).

(USD '000)	First quarter		Year end
	Non-audited		Audited
	31.03.2017	31.03.2016	31.12.2016
Loss from continuing operations	-622	-377	-1 943
Loss from discontinued operations	-192	-257	-1 100
Loss for the period	-814	-634	-3 043

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

There has been no exploration activity in Q1 of 2017 or 2016, and exploration expenses are only related to license fees.

Net loss from continued operations before and after tax amount to USD 814 thousand (loss of USD 634 thousand). As a part of the Share Subscription Facility Agreement, the Group incurred non-cash share option costs amounting to USD 263 thousand arising from the issue of warrants to GEM Global Yield Fund. The Group's cash burn was slightly lower than the corresponding period in 2016.

At 31 March 2017, cash and cash equivalents amount to USD 766 thousand (USD 706 thousand). On 28 February 2017, the Group raised NOK 11,255 thousand through a private placement in which approximately half of the proceeds went towards increasing the Group's investment in Ambershaw Metallics Inc (AMI), while the remainder are towards the Group's ongoing operating costs. The cash reserves are primarily held in NOK and EUR and are entirely placed in bank deposits.

In the first quarter, the Group increased its investment in AMI by USD 600 thousand, increasing the Group's position in the convertible notes issued by AMI to USD 800 thousand in total. The Group still holds an option to obtain a 51 per cent of ownership in AMI expiring end February 2018.

Book equity as at 31 March 2017 was USD 4,728 thousand or USD 0.11 per outstanding share (USD 3,953 thousand or USD 0.11 per share). The equity ratio was 63.2 per cent as at 31 March 2017 (57.3 per cent).

Review of project portfolio

Currently, the Group has a limited portfolio of exploration and development projects, but with a substantial economic potential in the opinion of the Group. The project portfolio consists of the Mindoro Nickel project and The Nordli Molybdenum project. In addition, the Group has secured an option to acquire 51% of the shares of a Canadian mining company called Ambershaw Metallics Inc (AMI).

Ambershaw Metallics Inc - Canada

In connection with the Group's investment in convertible notes issued by AMI, the Group obtained an option to obtain 51% of the AMI shares and agreed to acquire 5% of the AMI shares through a share swap which was completed on 26 May 2017.

AMI holds the Bending Lake iron deposit in NW Ontario, Canada, which hosts a NI 43-101 compliant resource of 336 Mt magnetite ore upgradable to 68% Fe.

AMI is a metals and mining company incorporated under the laws of the Province of British Columbia, Canada. AMI is controlled by LHR and it has specific experience in magnetite mining and pelletising technology. AMI intends to provide the North American and international steel industry with DR-grade magnetite pellets suitable for DRI (Direct Reduced Iron) production. The Group believe that production of DR-grade magnetite pellets is a high margin market opportunity and part of the Group's new strategic focus to diversify its business.

Mindoro Nickel project – The Philippines

Mindoro Nickel is a nickel-laterite deposit, which was discovered by the Group. It is currently among the largest deposits in the Philippines, with more than 350 million tonnes mineral resources defined, holding 3 million tonnes nickel. A Definitive Feasibility Study concluded that Mindoro Nickel could be a substantial low-cost producer of nickel for many decades. The economic break-even Ni-grade of 0.47 per cent is below the minimum geological grade, and allows full commercial utilisation of the large deposit.

The Group continues to work towards a realization of the Mindoro Nickel project, and in the fourth quarter of 2016, the Group signed a cooperation agreement with Spruance Investments Ltd and its principal Jose Roy Borromeo to assist the Group in fulfilling its plan to realize the Mindoro Nickel project.

The Group received positive indications from tests done with Sunbright Consulting Limited investigating the possibilities of upgrading the content of the Mindoro nickel ore and is in the process of conducting further investigations.

Nordli Molybdenum – Norway

The Nordli molybdenum project is a porphyry-style molybdenum deposit is considered the largest undeveloped molybdenum deposit in mainland Europe known today, having inferred resources of over 200 million tonnes at 0.13 per cent MoS₂. The project is under reduced development due to current molybdenum prices.

Operational Review

Through the quarter, the Group has increased its investment in AMI, a company controlled by LHR. The Group has invested USD 800 thousand in the convertible notes issued by AMI, and has obtained an extension of the maturity date of the option to acquire a 51 per cent of ownership in AMI to February 2018. Further, the Group has acquired a 5% shareholding in AMI through a share swap with LHR completed on 26 May 2017.

The Group continues to preserve value for the Mindoro Nickel Project, and ultimately realise the asset through a sale. The Group has a cooperation agreement with Spruance Investments Ltd and its principal Jose Roy Borromeo to assist in developing more local partnerships for its Nickel resources on Mindoro in the Philippines. While the cooperation agreement with Spruance Investments Ltd in the view of the Group expands the partnership opportunities, any partnership discussion for Mindoro Nickel is affected by an uncertain political situation in the Philippines.

The Group received positive indications from tests done with Sunbright Consulting Limited investigating the possibilities of upgrading the content of the Mindoro nickel ore and is in the process of conducting further investigations.

The Group continues to focus on cost reduction and the Group's cash burn rate is slightly lower in the first quarter of 2017 compared to the corresponding period in 2016.

Outlook

As mentioned the Group has adjusted the strategic focus of the Group to include searching for diversification opportunities. The investment in AMI is a result of the changed strategy of the Group. The Group currently owns 5% of the shares of Ambershaw and a convertible loan in the amount of USD 800,000. Furthermore the Group has an option which will ensure a total of at least 51% ownership if exercised.

The Group is working closely with LHR and AMI to ensure successful development of its investment in AMI. AMI intends to produce DR-grade magnetite pellets from the Bending Lake iron deposit, which could sell at a premium over magnetite concentrate, with a further premium over traditional hematite pellets. The patented proprietary cold pelletizing technology enables a lower capex and opex compared to traditional pelletising technology, and this is the key to the attractive project economics. AMI contemplates a short track to cash flow, with the initial pellet production expected to commence following a period of 12-18 months of resource review, engineering, and permitting. The initial opportunity review concluded that AMI is likely to have an annual EBITDA of approximately USD 7-10 million following the preparation period of 12-18 months, generated from the production of about 250,000 tonnes per annum of DR-grade magnetite pellets (65-69% Fe). A ramp-up to a full-scale production is also subsequently contemplated. All figures are subject to further review.

In May 2017, AMI conducted a limited mining operation, which will allow AMI to produce a marketing pellet sample for selected steel mills in North America in the second half of 2017.

Going forward, the Group is working to increase the potential of its Mindoro Nickel asset through realization or otherwise. Realization of the assets is affected and is expected to continue to be affected by the challenging political climate in the Philippines.

Interim consolidated statement of profit and loss and other comprehensive income

(USD '000)	Note	First quarter		Year end
		Non-audited		Audited
		31.03.2017	31.03.2016	31.12.2016
Other Revenue		-	51	211
Exploration and evaluation costs		-1	-2	-3
Salary and social security cost		-91	-	-508
Other Operating expenses		-267	-422	-1 477
Operating loss		-359	-372	-1 777
Financial income		-0	-	4
Financial costs		-263	-5	-170
Net financial items		-263	-5	-166
Loss before tax		-622	-377	-1 943
Loss after tax		-622	-377	-1 943
Loss discontinued operations, after tax	10	-192	-257	-1 100
Loss for the period		-814	-634	-3 043
Basic and diluted earnings per share		-0,02	-0,01	-0,09
Basic and diluted earnings per share - continued operations		-0,01	-	-0,05
Basic and diluted earnings per share - discontinued operations		-0,00	-	-0,03
Other comprehensive income:				
Currency translation adjustments		52	364	-178
Total comprehensive income		-762	-270	-178

Interim consolidated statement of financial position

(USD '000)	Note	First quarter	Year end
		Non-audited 31.03.2017	Audited 31.12.2016
ASSETS			
Exploration and evaluation assets			
Property, plant and equipment	9	8	9
Total non-current assets		8	9
Other receivables		55	27
Other financial assets	9	800	192
Cash and cash equivalents	5	766	706
Total current assets		1 620	925
Assets classified as held for sale	10	5 852	5 956
Assets classified as held for sale		5 852	5 956
TOTAL ASSETS		7 480	6 890
EQUITY			
Share capital		400	339
Other paid-in-capital		71 534	69 599
Cumulative translation adjustments		13 347	14 015
Other equity		-80 553	-80 000
Total equity	8	4 728	3 953
LIABILITIES			
Other long term liabilities		321	317
Total long term liabilities		321	317
Trade payables		40	19
Other current liabilities		103	208
Total current liabilities		143	227
Liabilities associated with assets classified as held for sale	10	2 288	2 393
Liabilities associated with assets classified as held for sale		2 288	2 393
TOTAL EQUITY AND LIABILITIES		7 480	6 890

Interim consolidated statement of cash flow

	Year to date	Year end
	Non-audited	Audited
<i>(USD '000)</i>	<i>31.03.2017</i>	<i>31.12.2016</i>
Profit/-loss for the year, continued operations	-622	-1 943
Profit/-loss for the year, discontinued operations	-192	-1 100
Depreciation, amortisation and impairment	-2	-6
Operating activities		
Non-cash expenses	265	-
Change in trade and other receivables	-28	129
Change in trade payables and other current liabilities	-81	-112
Changes in other long term liabilities	7	6
Change in financial assets	-8	
Change in assets held for sale	-46	277
Cash flow from operating activities	-706	-2 749
Investment activities		
Net expenditure on property, plant and equipment	3	15
Investment in other financial assets	-600	-192
Cash flow from investment activities	-597	-177
Financing activities		
Capital increase	1 263	3 414
Cash flow from financing activities	1 263	3 414
Net change in cash and cash equivalents	-40	488
Cash and cash equivalents at the start of the period	834	527
Sum translation effects	57	-181
Cash and cash equivalents at the end of the period/year	851	834

Interim consolidated statement of changes in equity

<i>(USD 1 000)</i>	<i>Share capital</i>	<i>Other paid-in capital</i>	<i>Cumulative translation adjustments</i>	<i>Other equity</i>	<i>Held for sale</i>	<i>Total</i>
Equity 1 January 2016	208	64 953	15 546	-11 502	-65 420	3 785
Capital increase	126	3 231				3 357
Share option costs				32		32
Profit/-loss for the period				-3 043		-3 043
Discontinued operation				1 100	-1 100	-
Other comprehensive income	5	1 415	-1 531	170	-237	-178
Equity 31 December 2016	339	69 599	14 015	-13 243	-66 757	3 953

<i>(USD 1 000)</i>	<i>Share capital</i>	<i>Other paid-in capital</i>	<i>Cumulative translation adjustments</i>	<i>Other equity</i>	<i>Held for sale</i>	<i>Total</i>
Equity 1 January 2017	339	69 599	14 015	-13 243	-66 757	3 953
Capital increase	57	1 206	-	-	-	1 263
Share option costs	-	-	-	275	-	275
Profit/-loss for the period	-	-	-	-814	-	-814
Discontinued operation	-	-	-	192	-192	-
Other comprehensive income	4	729	-668	-16	3	52
Equity 31 March 2017	339	71 534	14 015	-13 606	-66 946	4 728

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1 Information about the Group

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. As at 31 March 2017, the Group's main activity is to identify assets close to or in production for investment. Current projects are related to Ambershaw Metallics Inc (AMI) in Canada, and the Mindoro Nickel Project in the Philippines. The Mindoro Nickel Project is classified as Asset held for sale as the main focus is to realize this project through a sales process. The Group has issued a convertible loan to Ambershaw, and holds an option to acquire 51% of the company.

2 Basis for preparation of the financial statements

This condensed consolidated interim financial information 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 2016, which have prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

3 Accounting principles

The same accounting principles and methods of calculation have been applied as in the Annual Report for 2016. Future effects of new accounting standards were described in the Consolidated Financial Statements for 2016.

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 2016.

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
- Currency 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.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. Most of the Group's financial assets are bank deposits and other receivables.

Credit risk related to bank deposits is considered limited as the Group uses only banks that international credit rating firms consider having high creditworthiness. A large proportion of the Group's cash is placed on high-interest-bearing account with DNB Bank in Norway.

Liquidity risk

Liquidity risk is the risk that the Group being unable to fulfil its financial obligations when they fall due. Cash management will ensure there is sufficient available cash to fulfil the Group's obligations without involving unacceptable losses or a risk of damaging the Group's reputation.

The Group does not have sufficient cash to sustain operations through the next 12 month period. The Group is currently working to strengthen the Group's financial position.

At 28 February 2017, the Group raised NOK 11.255 million in a private placement, of which approximately half is being used to support the Group's ongoing operations. Further, the Group has obtained a share subscription facility with GEM Global Yield Fund in the amount of NOK 80 million.

Under the share subscription facility, and subject to its terms, GEM Global Yield Fund undertakes to subscribe to the Group's ordinary shares upon the Group's exercise of a Draw Down Notice. The Group will control the timing and maximum amount of any Draw Down, and has the right, not the obligation, to draw down on the full commitment amount up to NOK 80 million.

GEM Global Yield Fund is obliged to honor the draw down request from the Group based upon a subscription price per share equal to 90% of the volume weighted average price ("VWAP") of the shares during a pricing period of 15 consecutive trading days following the draw down notice (the "Pricing Period"). The Group shall set a minimum subscription price for which the shares will be issued. The Group may change the minimum subscription price at every draw down. The draw down amount in each subscription notice shall not exceed 1,000 per cent of the average daily trading volume during the fifteen trading days immediately preceding the date of the relevant subscription notice, and as such there are risks associated with using the facility to raise cash.

As a part of the share subscription agreement with GEM Global Yield Fund, Group has issues 2 125 000 warrants to GEM Global Yield Fund with a strike price of NOK 2.37 per share. The Group recorded a financial cost related to the warrant issue amounting to USD 263 thousand.

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, which are NOK and PHP. Foreign exchange transactions are mainly in USD. 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.

The following table shows the exposure of the group's main financial assets in currencies other than the presentation currency.

('000)	Amount in currency	Exchange rate 31.03.2017	Carrying amount in USD	Effect of a 10% change in exchange rates
Cash and cash equivalents denominated in NOK	4 670	8,53	547	55
Cash and cash equivalents denominated in EUR	200	0,94	214	21

The tables show the effect on the Group's equity as at 31 March 2017 if the specified currencies had appreciated/depreciated by 10% and all other variables remained constant.

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.

Since 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.

7 Related parties

As of 31 March 2017, the number of shares held by directors and management of Intex Resources ASA are:

Name	Position	Shares	Options	Warrants	CFDs
Lars Christian Beitnes	Chairman of the board	25 000	182 578	-	180 000
Frode Aschim	Member of the board	65 562	182 578	-	-
Mona Lynne Eitzen	Member of the board	-	182 578	-	-
Cecilie Grue	Acting CEO	54 000	182 578	-	-
Kim Andre Evensen	VP Finance and Accounting	-	-	400 000	-
Total		144 562	730 312	400 000	180 000

The shares controlled by Mr. Frode Aschim are held by Hannibal AS, a company owned by closely related persons to Mr. Frode Aschim

The Group awarded 400 000 warrants to Kim Andre Evensen. The warrants have an exercise price at NOK 1.82, and will vest 25% p.a. A share option cost of USD 15,361 was recorded upon the award of the warrants.

Service Agreement with Global Vision Trading Limited

On 01 January 2017, the Group entered into a service agreement with Global Vision Trading Limited for providing administrative and consultancy services to the Group. The services from Global Vision Limited are provided by Mr. Lars C. Beitnes, Chairman of the Board of Intex Resources ASA. The services provided under this agreement are those over and above those duties normally covered by a non-executive Chairman. The agreement is in effect until 30 June 2017, and the monthly fee amounts to NOK 70,000 per month.

Service Agreement with Ether Capital Ltd

On 1 January 2017, the Group entered into a service agreement with Ether Capital Ltd for providing administrative and consultancy services to the Group. The services from Ether Capital Ltd are provided by Mr. Frode Aschim, a Board Member of Intex Resources ASA. The services provided under this agreement are those over and above those duties normally covered by a non-executive Board Member. The agreement is in effect until 30 June 2017, and the monthly fee amounts to NOK 50,000 per month.

Stock options

As of 31 March 2017, the Group has expensed USD 15,361 as personnel cost, based on option incentive programs to employees.

8 Shareholder value and stock value

As at 31 March 2017, Intex Resources ASA had a share capital of NOK 3,407,954 comprising 42,599,421 shares with a par value of NOK 0.08. All shares have equal voting rights and rights to dividends from the Group. All shares are fully paid. As at 31 March 2017 the Group held 87,927 treasury shares. From which the Group cannot vote and have no right to dividends.

The share price at 31 March 2017 was NOK 1.62, down NOK 0.11 compared to the closing price at the end of 2016. Total shares were 42,599,421, fully diluted 45,954,733, of which 87,927 shares were held in treasury. The Group's market capitalization amounted to USD 8,088 thousand/ NOK 69,011 thousand

<i>20 largest shareholders 31.03.2017</i>	<i>Number of shares</i>	<i>Ownership in % of total shares</i>
RBC INVESTOR SERVICES TRUST	7 303 167	17,14 %
THE WHITE NOVEMBER FUND LTD	3 270 216	7,68 %
LGT BANK AG	2 153 990	5,06 %
NIMECO AS	1 254 054	2,94 %
DELRAY TRADING AS	1 106 081	2,60 %
PETRUS AS	1 081 081	2,54 %
ENGELSTAD	960 010	2,25 %
AVANZA BANK AB	750 087	1,76 %
STAVANGER KARTING AS	680 831	1,60 %
J.P. MORGAN BANK LUXEMBOURG S.A.	639 542	1,50 %
SIX-SEVEN AS	623 398	1,46 %
E. LARRE HOLDING AS	580 157	1,36 %
FIRST PARTNERS HOLDING 16 AS	568 990	1,34 %
FRANKPLADS	548 871	1,29 %
SPENCER TRADING INC	542 452	1,27 %
BERGE	540 541	1,27 %
SVENSK HYDRO AS	540 541	1,27 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	520 734	1,22 %
TRAPESA AS	517 723	1,22 %
NETFONDS LIVSFORSIKRING AS	509 754	1,20 %
Other	17 907 201	42,04 %
Total shares	42 599 421	100,00 %

9 Assets

In February 2017, the Group renegotiated the agreement with Ambershaw Metallics Inc. (AMI) and Legacy Hill Resources (LHR), which was announced on 22 November 2016. The renegotiation comes with favourable terms for the Group. Following the renegotiated agreement, the Group expanded the convertible loan to AMI by USD 600,000, which will make AMI able to produce pellet samples to selected steel mills in North America in June of 2017.

In addition to expanding the convertible loan, the Group has secured a five per cent interest in AMI through purchase of AMI shares from LHR with a settlement in the Group's shares. The Group has bought 1 million AMI shares valued at USD 439,000, settled in the Group's shares valued at 60 days VWAP after the disclosure of the transaction. The increase in share capital was registered on 26 May 2017.

The Group's option to purchase up to 51 per cent of the Canadian pellet producer through an equity transaction of USD 7 million has been extended from March 2017 to February 2018. The option is conditional of financing. Completion of the equity transaction is conditional on a shareholders' agreement with Legacy Hill and a management agreement between LHR and AMI, on standard market terms.

10 Discontinued operations

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* changes the measurement basis of any non-current assets included in the segment. On initial classification any such assets are measured to the lower of carrying amount and fair value less costs to sell..

Statement of profit and loss for Discontinued operation:

	Year to date		Year end
	Non-audited		Audited
(USD '000)	31.03.2017	31.03.2016	31.12.2016
Other Revenue	-	-	6
Exploration and evaluation costs	-64	-65	-238
Salary and social security cost	-83	-	-578
Other Operating expenses	-45	-192	-290
Operating loss	-192	-257	-1 100
Financial income	-0	-	-
Financial costs	-	-	-
Net financial items	-0	-	-
Loss before tax	-192	-257	-1 100
Loss after tax	-192	-257	-1 100
Loss for the period	-192	-257	-1 100

Assets and liability related to Discontinued operation:

	First quarter	Year end
	Non-audited	Audited
(USD '000)	31.03.2017	31.12.2016
ASSETS		
Exploration and evaluation assets	5 590	5 674
Property, plant and equipment	8	12
Total non-current assets	5 599	5 686
Other receivables	56	66
Other financial assets	112	76
Cash and cash equivalents	85	128
Total current assets	254	270
TOTAL ASSETS	5 852	5 956
LIABILITIES		
Deferred tax	218	193
Other long term liabilities	0	196
Total long term liabilities	218	389
Trade payables	136	103
Other current liabilities	1 935	1 901
Total current liabilities	2 070	2 004
TOTAL EQUITY AND LIABILITIES	2 288	2 393

11 Subsequent events

Settlement of agreement with Legacy Hill Resources

On the 28 February 2017, the Group has secured an agreement to acquire a five percent interest (1,000,000 shares) in Ambershaw Metallics Inc (AMI) through purchase of AMI shares from Legacy Hill Resources Ltd (LHR) with a settlement in Intex Resources ASA shares. The transaction was settled on 26 May 2016, increasing the number of shares in the Group by 2,130,266 shares.

Disputes over ECC and MPSA of the Mindoro Nickel Project

In January 2017, the Group's Environmental Compliance Certificate (ECC) was revoked due to its supposed expiry. The Group has asked for a reconsideration of such revocation, and argued that the five year term of the ECC should not be deemed expired, as the time period were the ECC was revoked by the government, and subsequently the Group was prevented from fully implementing the Mindoro Nickel Project, should not be counted towards the expiry of the ECC.

Further, the Group received Show Cause Orders issued by the Department of Energy and Natural Resources in the Philippines (DENR). The DENR has publicly stated that MPSA's of the Mindoro Nickel Project are also now being considered for cancellation by the DENR for being inside watershed areas. The Group's affiliate companies that are the holders of the mineral agreements have strongly contested this government action and stressed that the mineral agreements constitute mutually binding contracts with the government, as the law defines them so, and that the Project has complied with all the legal and statutory requirements for their approval, granting and

continued monitoring. The Group's affiliates had already sent its Reply letters to the Show Cause Orders issued by the DENR explaining therein why the mineral agreements should not be cancelled unilaterally and arbitrarily. The Group is currently awaiting the DENR's response and/or action on its Reply-letters. In the event that the Group receives an adverse decision from the DENR, appeal may be lodged against that decision to the Office of the President and thereafter, judicial relief can be obtained.

On 3 May 2017, the incumbent DENR Secretary Gina Lopez, was not confirmed for the position by the Commission of Appointments, a body of the Congress of the Philippines. Following the disapproval of the Commission of Appointments, Gina Lopez was replaced by the new Secretary Roy A. Chimatu. The Group is assessing whether this will have an impact on the Group's licenses and certificates belonging to the Group.