

## Q3 report 2016

### Interim Consolidated Financial Statements.

- Increased focus on business development in order to diversify the Company in line with the adjusted strategy.
- Ongoing evaluation of prospects in an international perspective – focus on undervalued assets with relative short term to cash flow.
- Preservation of Mindoro Nickel as partnership discussions are impacted by uncertain political situation in the Philippines paired with still challenging market conditions.
- The Company is currently working to obtain long term financing solution to further strengthen the Company's financial position

### 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 1.7.-30.9.		Non audited 1.1.-30.9.		Audited 1.1.-31.12.
(USD 1 000)	2016	2015	2016	2015	2015
Loss from continuing operations	-351	-377	-1 353	-3 147	-4 273
Loss discontinued operations	-302	-283	-825	-935	-16 041
Loss for the period	-653	-660	-2 179	-4 082	-20 314

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 Q3 of 2016 or 2015, and exploration expenses are only related to license fees.

Net loss from continued operations before and after tax amount to USD 351 thousand (loss of USD 377 thousand).

At 30 September 2016, cash and cash equivalents amount to USD 1 509 thousand (USD 420 thousand). The reason for the increase in cash deposit is due to share capital increases from rights issues, two private placements, and a convertible bond closed during first half of 2016. The bond was converted into shares 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 September 2016 and 31 December 2015.

Book equity as at 30 September 2016 was USD 4 559 thousand or USD 0.03 per outstanding share (USD 3 783 thousand or USD 0.05 per share). The equity ratio was 61.9 per cent as at 30 September 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 third quarter of 2016 the Company has had an advanced discussion and negotiation with a strong Philippine partner, but without a successful outcome. In general, the partnership discussions for Mindoro Nickel is affected by an uncertain political situation in the Philippines paired with a still weak commodity market. The Company will still work to find solutions for the Mindoro Nickel Project, but as processes are affected by issues not in control of the Company, Intex cannot at this stage commit to a specific timeline. As a consequence, it is a main priority to preserve the values of Mindoro Nickel going forward.

### Business development and diversification.

Following the implementation of the adjusted strategy, the Company has reviewed a number of potential prospects internationally. The approach is to find undervalued assets close to - or in production. The Company considers the market to be a buyers' opportunity market. Intex will provide updates to the market in due course with regard to its diversification strategy.

### Cost reductions and cost control.

In addition to the previously announced retrenchment, cost reductions has continuously been implemented where possible. The Company is monitoring its cost basis on an ongoing basis both in Norway and in the Philippines.

## **Outlook**

The market conditions are still considered to be challenging, and the realization process of Mindoro Nickel is still affected. Despite a stronger nickel price, the nickel price is still at a level where a development of Mindoro Nickel into a producing operation is not economically viable. Paired with an uncertain political situation in the Philippines, the Company is of the opinion that the best way is to preserve the values of Mindoro Nickel the best possible way. Despite this fact, Intex will still seek to explore partnership discussions, but the main focus

for the Company going forward will be to diversify the Company and find new business opportunities. The diversification will be an ongoing process.

The current funds in the Company allows for normal operation through January 2017. The Company is currently working to obtain long term financing solution to further strengthen the Company's financial position, and increase the Company's ability to act fast on investment opportunities, in line with the current strategy.

## Interim Consolidated Statement of profit and loss and comprehensive income

(USD 1 000)	Notes	Non audited 1.7.-30.9.		Non audited 1.1.-30.9.		Audited 1.1.-31.12.
		2016	2015	2016	2015	2015
<b>Continuing operations</b>						
Other revenue		53	154	158	154	199
Exploration and evaluation costs		0	-	-3	-58	-58
Other operating expenses		-403	-534	-1 342	-3 259	-4 408
<b>Operating loss</b>		<b>-350</b>	<b>-380</b>	<b>-1 187</b>	<b>-3 163</b>	<b>-4 268</b>
Financial income		-0	3	3	19	19
Financial costs		-1	-	-170	-3	-25
<b>Net financial items</b>		<b>-1</b>	<b>3</b>	<b>-166</b>	<b>16</b>	<b>-6</b>
<b>Loss before tax</b>		<b>-351</b>	<b>-377</b>	<b>-1 353</b>	<b>-3 147</b>	<b>-4 273</b>
<b>Loss after tax</b>		<b>-351</b>	<b>-377</b>	<b>-1 353</b>	<b>-3 147</b>	<b>-4 273</b>
Loss discontinued operations	10	-302	-283	-825	-935	-16 041
<b>Loss for the period</b>		<b>-653</b>	<b>-660</b>	<b>-2 179</b>	<b>-4 082</b>	<b>-20 314</b>
Basic and diluted earnings per share		0,00	-0,01	-0,02	-0,04	-0,23
Basic and diluted earnings per share continued operation		0,00	0,00	-0,01	-0,03	-0,05
Basic and diluted earnings per share discontinued operation		0,00	0,00	-0,01	-0,01	-0,18
<b>Other comprehensive income:</b>						
Net profit/loss on net investments in foreign operations		-3 143	2 614	-6 391	2 940	7 633
Exchange differences on translation of foreign operations		2 984	-3 328	6 339	-3 244	-8 838
Accumulated income/ expense related to discontinued operations		-685	953	-596	1 250	-1 134
<b>Total comprehensive income for the period to be reclassified to profit or loss in subsequent periods:</b>		<b>-844</b>	<b>239</b>	<b>-648</b>	<b>-304</b>	<b>-1 205</b>
<b>Total comprehensive income for the period/year</b>		<b>-1 497</b>	<b>-2 733</b>	<b>-2 827</b>	<b>-3 726</b>	<b>-21 519</b>

## Interim Consolidated Statement of financial position

<i>(USD 1 000)</i>		Non audited <b>30.9.</b>	Audited <b>31.12.</b>
	Notes	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>			
Exploration and evaluation assets	10	-	-
Property, plant and equipment	9	14	18
<b>Total non-current assets</b>		<b>14</b>	<b>18</b>
Other receivables		66	156
Cash and cash equivalents	5	1 509	420
<b>Total current assets</b>		<b>1 574</b>	<b>576</b>
Asset classified as held for sale	10	5 775	6 258
<b>Asset classified as held for sale</b>		<b>5 775</b>	<b>6 258</b>
<b>TOTAL ASSETS</b>		<b>7 363</b>	<b>6 851</b>
<b>EQUITY</b>			
Share capital		363	208
Other paid-in capital		74 651	65 953
Cumulative translation adjustments		9 218	23 734
Other equity		-79 673	-85 112
<b>Total equity</b>	8	<b>4 559</b>	<b>3 783</b>
<b>LIABILITIES</b>			
Other long term liabilities		340	311
<b>Total long term liabilities</b>		<b>340</b>	<b>311</b>
Trade payables		59	113
Other current liabilities		74	226
<b>Total current liabilities</b>		<b>133</b>	<b>339</b>
Liabilities associated with asset classified as held for sale	10	2 331	2 418
<b>Liabilities associated with asset classified as held for sale</b>		<b>2 331</b>	<b>2 418</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 363</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		<b>2 296</b>
Profit/-loss for the period				-20 314		<b>-20 314</b>
Discontinued operation			668	63 870	-64 538	<b>0</b>
Other comprehensive income	-33	-11 576	3 287	8 252	-1 134	<b>-1 203</b>
<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>-65 420</b>	<b>3 785</b>
Capital increase	135	3 466				<b>3 601</b>
Profit/-loss for the period				-2 179		<b>-2 179</b>
Discontinued operation				825	-825	<b>0</b>
Other comprehensive income	20	6 232	-6 328	24	-596	<b>-648</b>
<b>Equity at 30 September 2016</b>	<b>363</b>	<b>74 651</b>	<b>9 218</b>	<b>-12 832</b>	<b>-66 841</b>	<b>4 559</b>

## Interim Consolidated Cash Flow Statement

	Non audited 1.1.-30.9
<i>(USD 1000)</i>	<b>2016</b>
Profit/-loss for the year, continued operations	-1 354
Profit/-loss for the year, discontinued operations	-825
Depreciation, amortisation and impairment	10
<b><i>Operating activities</i></b>	
Change in trade and other receivables (inkl. prepaid)	90
Change in trade payables and other current liabilities	-206
Changes in Other long term liabilities and financial asset	29
Changes in Asset held for sale	399
<b><i>Cash-flow from operating activities</i></b>	<b>-1 857</b>
<b><i>Investment activities</i></b>	
Net expenditure on property, plant and equipment	-6
<b><i>Cashflow from investment activities</i></b>	<b>-6</b>
<b><i>Financing activities</i></b>	
Capital increase	3 601
<b><i>Cash flow from financing activities</i></b>	<b>3 601</b>
<b><i>Net change in cash and cash equivalents</i></b>	<b>1 737</b>
<b><i>Cash and cash equivalents at the start of the period</i></b>	<b>420</b>
<b><i>Sum translation effects</i></b>	<b>-648</b>
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b>1 509</b>

# Notes to the Interim Consolidated Financial Statements

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- Note 3 Accounting policies
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- Note 5 Financial risk management
- Note 6 Segment Information
- Note 7 Related parties
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- 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, taking the Company through January 2017.

The Company is currently working to obtain a long term financing solution to strengthen the Company's financial position and increase the Company's ability to act fast on investment opportunities, in line with the current strategy.

### *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 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 September 2016 if the specified currencies had appreciated/ depreciated by 10 per cent and all other variables remained constant:

<i>(in 1 000)</i>	Denominated currency (DC)	FX	FX rate 30.09.16	Carrying amount	Equity effect of +/- 10% change in FX rate	
NOK	5 808	USD	8,04	723	+/-	72
EUR	700	USD	0,90	781	+/-	78

### 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

*As of 30 September 2016, the number of shares held by directors and management of Intex Resources ASA are:*

	<b>No. of shares</b>
Henno Grenness, CEO	350 986
Frode Aschim, Member of the Board <sup>1)</sup>	74 512

<sup>1)</sup> Owned through Hannibal AS

The Chairman of the Board Lars C. Beitnes holds a long position of 720 000 CFD's on the Intex Resources ASA share.

#### *Service Agreements*

On 1 June 2016, the Company entered into a service agreement with Global Vision Limited for providing administrative and consultancy services to the Company. The services from Global Vision Limited are provided by Mr. Lars C. Beitnes, Chairman of the Board of Intex Resources. 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 31 December 2016, and the monthly fee amounts to NOK 70 000 per month.

On 1 June 2016, the Company entered into a service agreement with Ether Capital Ltd for providing administrative and consultancy services to the Company. The services from Ether Capital Ltd are provided by Mr. Frode Aschim, a Board Member of Intex Resources. 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 31 December 2016, and the monthly fee amounts to NOK 50 000 per month.

#### *Stock options*

During 2016 there has not been expensed costs related to option incentive program (Q3 2015 USD 22 589).

### **Note 8 Shareholder value and Stock value**

The share price at 30 September 2016 was NOK 0.52, down NOK 0.03 compared to the closing price at the end of 2015. Total shares were 146 062 548, fully diluted 146 262 548, of which 351 708 shares were held in treasury. The Company's market capitalization amounted to USD 9 427 thousand/ NOK 75 780 thousand.

As at 30 September 2016 the 20 largest shareholders, held 61.95% of the total shares.

20 largest shareholders 30 September 2016	No of shares	Ownership in % of total
RBC INVESTOR SERVICES TRUST	29 212 666	20,00 %
THE WHITE NOVEMBER FUND LTD	13 080 864	8,96 %
LGT BANK AG	8 615 958	5,90 %
NIMECO AS	5 000 000	3,42 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	3 870 000	2,65 %
VESLIK	2 974 115	2,04 %
MERCUR EIENDOM AS	2 661 773	1,82 %
J.P. MORGAN LUXEMBOURG S.A.	2 558 165	1,75 %
ALGOT INVEST AS	2 424 694	1,66 %
E. LARRE HOLDING AS	2 320 625	1,59 %
SPENCER TRADING INC	2 169 807	1,49 %
STAVANGER KARTING AS	2 029 274	1,39 %
MATHIAS HOLDING AS	2 000 000	1,37 %
SIX-SEVEN AS	1 912 824	1,31 %
DEDEKAM HOLDING AS	1 900 000	1,30 %
FRANKPLADS	1 802 800	1,23 %
CREDIT SUISSE AG	1 555 000	1,06 %
CASTRO	1 515 000	1,04 %
LANDSBANKINN HF.	1 490 353	1,02 %
LANDGRAFF	1 385 536	0,95 %
Other	55 583 094	38,05 %
Total	146 062 548	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:

	Unaudited 1.7.-30.9.		Unaudited 1.1.-30.9.		Audited 1.1.-31.12.
	2016	2015	2016	2015	2015
<i>(USD 1 000)</i>					
Other revenue	6		6		
Exploration and evaluation costs	-52	-109	-188	-330	-404
Other operating expenses	-256	-174	-643	-605	-18 761
<b>Operating loss</b>	<b>-302</b>	<b>-283</b>	<b>-825</b>	<b>-935</b>	<b>-19 165</b>
<b>Loss before tax</b>	<b>-302</b>	<b>-283</b>	<b>-825</b>	<b>-935</b>	<b>-19 182</b>
<b>Loss after tax</b>	<b>-302</b>	<b>-283</b>	<b>-825</b>	<b>-935</b>	<b>-16 041</b>
<b>Loss for the period</b>	<b>-302</b>	<b>-283</b>	<b>-825</b>	<b>-935</b>	<b>-16 041</b>

Condensed statement of financial positions:

	Unaudited <b>30.9.</b>	Audited <b>31.12.</b>
<i>(USD 1 000)</i>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Exploration and evaluation assets	5 432	6000
Property, plant and equipment	17	31
Financial long term assets	79	81
<b>Total non-current assets</b>	<b>5 528</b>	<b>6112</b>
Other receivables	77	38
Cash and cash equivalents	171	107
<b>Total current assets</b>	<b>247</b>	<b>145</b>
<b>TOTAL ASSETS</b>	<b>5 775</b>	<b>6257</b>
<b>LIABILITIES</b>		
Deferred tax	199	204
Other long term liabilities	0	16
<b>Total long term liabilities</b>	<b>199</b>	<b>220</b>
Trade payables	106	132
Other current liabilities	2 025	2066
<b>Total current liabilities</b>	<b>2 132</b>	<b>2198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 331</b>	<b>2418</b>

**Note 11 Subsequent event**

The Company is working to obtain a long term financing solution to strengthen the Company's financial position and increase the Company's ability to act fast on investment opportunities, in line with the current strategy.

*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*