

# INTERIM FINANCIAL REPORT

31 DECEMBER 2001

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## REVIEW OF OPERATIONS

The economic entity incurred a loss from ordinary activities after income tax of \$609,131 for the half year.

The Company has achieved the following highlights during this half year:

### HIGHLIGHTS FOR THE SIX MONTHS

#### Laverton Exploration Joint Venture (Metex - Auriongold Ltd)

- Diamond drilling at Chatterbox testing the deeper down dip extensions of mineralisation returns encouraging results. Conceptually a primary gold target of about 600-800,000 ounces to a depth of 500m vertical depth may lie beneath the known oxide resource. Best results to date include 7m @ 9.4g/t from 254-261 in GWD023 at Whisper.
- The Granny Smith Agreement, between the LEJV and the owners and operators of the nearby Granny Smith Mill, required the completion of a feasibility study on the deposits within M38/101 and M38/535 prior to the 31 December 2001. The study has not been completed within the timeframe of the agreement. Currently Metex is negotiating new arrangements with a view to enhancing the development and expansion of these resources. These negotiations are yet to be concluded.

#### Western Australian Exploration

- Base metal search underway following excellent results from ground TEM surveys at Laverton. Four prospective sites located where anomalous responses are consistent with the presence of massive sulphides at the base of the Red Flag Ultramafic.
- New exploration discovery made by Delta Exploration Pty Ltd, a wholly owned subsidiary of Goldfields Ltd, on the **Roe Joint Venture** with initial RAB drill results returning up to 7m @ 1.5g/t from the Tiberius prospect.

#### Elkedra Diamonds NL

- **Elkedra Diamonds NL \$3.5 million IPO closes oversubscribed.** Metex is the major stakeholder (20.4%) in this new exploration initiative searching for diamonds within the Altjawarra Craton located in the Northern Territory.

#### General

- Placement of 13.4 million shares raised \$536,000 gross.

Retain approximately \$726,000 in cash at the end of December.

- Total issued capital 102,860,472 fully paid ordinary shares quoted on the Australian and Berlin Stock Exchange.
- A total of 31,520,339 Australian Stock Exchange listed options are on issue exercisable at 20 cents on or before 30 June 2004.
- A total of 3,525,000 unlisted options are on issue exercisable at either 25 or 30 cents. (These are predominantly employee options).

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Other than the placement of 13.4 million shares allotted on 18 October 2001 to clients of Intersuisse Ltd to raise \$536,000 in gross proceeds, the directors are not aware of any other matter or circumstances not otherwise dealt with in this report, or the Economic entity's financial statements, that has significantly affected or may affect the operations of the Economic entity, the results of those operations or the state of affairs of the Economic entity in subsequent financial years.

### **ATTRIBUTION**

*This report, so far as it pertains to ore or mineralisation, is based on information compiled by and as reported upon by Mr I Walker, Managing Director Metex Resources Limited who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, and has at least five years experience in the field of activity concerned.*

<b>METEX RESOURCES LIMITED</b>
ABN 56 057 552 137
<b>AND CONTROLLED ENTITIES</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
<b>AS AT 31 DECEMBER 2001</b>

### **ECONOMIC ENTITY**

	Notes	31 December	30 June
		2001	2001
		\$	\$

<b>Current Assets</b>			<b>668,587</b>	1,134,009
Cash Assets			<b>204,862</b>	255,064
Receivables				
<b>Total Current Assets</b>			<b>873,449</b>	1,389,073
<b>Non Current Assets</b>			<b>165,961</b>	150,000
Receivables	4		<b>103,729</b>	5,350
Other Financial Assets			<b>214,890</b>	240,218
Property, Plant & Equipment			<b>8,062,411</b>	8,312,813
Other				
<b>Total Non Current Assets</b>			<b>8,546,991</b>	8,708,381
<b>TOTAL ASSETS</b>			<b>9,420,440</b>	10,097,454
<b>Current Liabilities</b>			<b>209,328</b>	119,475
Accounts payable			<b>126,400</b>	107,013
Provisions			-	50,000
Other				
<b>Total Current Liabilities</b>			<b>335,728</b>	276,488
<b>TOTAL LIABILITIES</b>			<b>335,728</b>	276,488
<b>NET ASSETS</b>			<b>9,084,712</b>	9,820,966
<b>EQUITY</b>			<b>16,844,148</b>	16,342,806
Contributed Equity			<b>(7,822,896)</b>	(7,213,765)
Accumulated Losses				
Parent Entity Interest			<b>9,021,252</b>	9,129,041
Outside Equity Interest			<b>63,460</b>	691,925

<b>TOTAL EQUITY</b>			<b>9,084,712</b>		9,820,966	
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*The accompanying notes form part of this financial report.*

<p><b>METEX RESOURCES LIMITED</b></p> <p><b>ABN 56 057 552 137</b></p> <p><b>AND CONTROLLED ENTITIES</b></p> <p><b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b></p> <p><b>FOR THE HALF YEAR ENDED 31 DECEMBER 2001</b></p>
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***ECONOMIC ENTITY***

	Notes	31 December 2001 \$	31 December 2000 \$
Loss from ordinary activities before income tax expense		<b>611,959</b>	
Income tax expense relating to ordinary activities		-	(1,730,465)
			-
Loss from ordinary activities after related income tax expense		<b>611,959</b>	(1,730,465)
Net loss attributable to outside equity interests		<b>(2,828)</b>	21,122
Net loss attributable to members of the parent entity			(1,751,587)

		(609,131)	
Basic loss per share (cents per share)		(0.65)	(2.05)

*The accompanying notes form part of this financial report.*

**METEX RESOURCES LIMITED**  
**ABN 56 057 552 137**  
**AND CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2001**

**ECONOMIC ENTITY**

	31 December 2001 \$	31 December 2000 \$
<b>Cashflows from Operating Activities</b>		(778,919)
Payments to suppliers	(783,633)	512,700
Joint Venture Recovery	312,656	45,807
Interest received	13,541	50
Dividends received	-	5,000
Option Fee	-	193
Other Income	-	
Net cash (used in)/provided by operating activities	(457,436)	(215,169)

<b>Cashflows from Investing Activities</b>				50,000
Proceeds from performance bond		-		(9,578)
Payments for property, plant and equipment		(356)		(792,338)
Exploration and evaluation expenditure		(125,299)		6,317
Proceeds from sale of property plant and equipment		8,570		-
Loss of control of subsidiary net of cash		(392,241)		
Net cash (used in)/provided by investing activities		(509,326)		(745,599)
<b>Cashflows from Financing Activities</b>		536,000		755,474
Proceeds from share issue		(34,660)		(37,946)
Capital raising costs				
Net Cash (used in)/provided by financing activities		501,340		717,528
Net (decrease) in cash held		(465,422)		(243,240)
Cash at the beginning of the period		1,134,009		1,364,003
Cash at the end of the period		668,587		1,120,763

*The accompanying notes form part of this financial report.*

<b>METEX RESOURCES LIMITED</b>
<b>ABN 56 057 552 137</b>
<b>AND CONTROLLED ENTITIES</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>
<b>FOR THE HALF YEAR ENDED 31 DECEMBER 2001</b>

**NOTE 1 - BASIS OF PREPARATION**

The half-year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2001 and any public announcements made by Metex Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2001 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

#### NOTE 2 - LOSS FROM ORDINARY ACTIVITIES ECONOMIC ENTITY

	31 December 2001 \$	31 December 2000 \$
The following expense items are relevant in explaining the financial performance for the interim period:		
Write-off of capitalised exploration expenditure on areas of interest abandoned during the period	-	741,025
Capital raising costs, written off	-	36,132
Provision for non-recovery of loan	-	20,000
(No applicable income tax or capital gains tax)		

#### NOTE 3 – CONTINGENT LIABILITIES

There has been no material change in contingent liabilities since the last annual reporting date.

#### NOTE 4 - OTHER NON-CURRENT FINANCIAL ASSETS

Included within this figure is an investment of \$98,375 (at cost) in Elkedra Diamonds NL, representing a shareholding of 7,145,200 ASX listed shares and 3,500,000 unlisted options exercisable at 25 cents.

Subsequent to the listing of Elkedra Diamonds NL on the ASX and the allotment of shares the company's shareholding in Elkedra Diamonds NL reduced from 35.3% to 20.4%.

As a result, the company no longer controls Elkedra and therefore the results of Elkedra have been excluded from those of the economic entity from the date of loss of control, which was 31 December 2001.

#### **NOTE 5 - SEGMENT INFORMATION**

The economic entity operates predominantly in one industry, being minerals exploration, in Australia.

**METEX RESOURCES LIMITED**

**ABN 56 057 552 137**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

- a. The financial statements and notes, as set out on pages 4 to 7:
  - i. comply with Accounting Standard AASB1029: Interim Financial Reporting and the Corporations Regulations; and
  - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2001 and its performance for the half year ended on that date.
  
- a. 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**R.G. Bunning I.W. Walker**

**Chairman Managing Director**

**Perth, Western Australia**

**11 February 2002**