

ASX Release: 31 January 2019



ABN 12 124 960 523

## Quarterly Activities Report for the period ended 31 December 2018

T +61 (0)8 8299 7100  
P PO Box 3435 Rundle Mall  
South Australia 5000  
E [rex@rexminerals.com.au](mailto:rex@rexminerals.com.au)  
W [www.rexminerals.com.au](http://www.rexminerals.com.au)

### HIGHLIGHTS

- Both the EFS cost update and the CFS are nearing completion, with key findings tagged for near-term publication.
- Rex Minerals has provided PEPR updates to the SA Government, and we continue to work through government feedback.
- While the copper price is under pressure, Rex sees no change in the emerging copper supply gap that we believe will translate into a timely development opportunity for the Hillside Project.

### Corporate

Rex Minerals (Rex or the Company) held its Annual General Meeting of Shareholders (AGM) on 22 November 2018. Three resolutions were under consideration, and all three received very strong shareholder support.

In his Chairman's Address, David Carland reaffirmed the Company's strategy and messaging, as lodged in various communications with the Australian Securities Exchange throughout the year in review.

He touched upon progress in the two major Hillside Project studies now nearing completion, about financing of Hillside, the Company's updated view on regional exploration beyond Hillside, progress on the Program for Environment Protection and Rehabilitation (PEPR), and community relations and communications in and around the Hillside region. He also identified a "major factor" for consideration - the copper market. Some detail on this important consideration appears later in this report, under the Commodity Market Insight section.

### Exercise of options

The Company issued 1,000,000 ordinary shares as a result of the exercise of options by a Director on 7 December 2018.

The Company received shareholder approval to refresh its Option Incentive Plan (OIP) at the AGM. To date, no further Options have been issued under the OIP.

### HILLSIDE PROJECT

#### Studies and Regional Exploration update

Work is continuing on finalisation of the Extended Feasibility Study (2015 EFS), updated to 2018 dollars, after being refined in several scope areas including power supply options and pricing assumptions. Rex is looking to completion of this EFS cost update in early 2019 and will publish a summarised update as soon as is practicable.

The Chinese Feasibility Study (CFS) is progressing, with follow-up work on various design and supply proposals continuing. Rex is looking to completion of the CFS in early 2019 and will publish a summary of findings as soon as is practicable.

While Rex has undertaken work to refine regional exploration targets on the Yorke Peninsula, industry-wide discussions are continuing with the South Australian Government and the relevant department in respect of new mining legislation and the timing of implementation. Once this and related land access discussions are clear, we will be in a position to consider our 'next steps.'

#### Program for Environment Protection and Rehabilitation (PEPR)

Rex Minerals continues to liaise with the State Government's Department of Energy and Mining (DEM) and other government departments regarding finalisation of its PEPR for the Hillside Project.

#### Community Engagement

Rex continues to engage and meet with a variety of community members and businesses around Hillside and more broadly on the Yorke Peninsula.

It has been heartening to hear the support and encouragement from many individuals and groups who live in the region and support the opportunities an operating mine such as Hillside can bring.

The Company continues to be actively involved with regional business and development groups within the Yorke Peninsula and mid-northern area of South Australia. This is facilitating our knowledge of how best to work with existing agricultural and other businesses. One aim is to ensure that locally-based companies are able to be involved as potential service industry groups to a future Hillside Project (if desired by them), as well as to better understand any unique aspects of undertaking business in the region.

Worthy of reinforcement, Rex and the Hillside Project are keen to learn from, and share with, others as to how best to be a good neighbour and integral part of the local community now and into the future, and to ensure the benefits from our operations and community-wide activities extend to the community while ensuring sound management of the surrounding environment and minimisation of any adverse impacts.

### COMMODITY MARKET INSIGHT

With the copper price sitting at a disappointing US\$2.73, the closely-watched Portuguese-based inter-governmental organisation and forum of copper producing and using nations, the International Copper Study Group (ICSG), is forecasting copper mine capacity to grow by 2.2% a year up to 2021.

## Quarterly Activities Report

---

In its new-year Directory of Copper Mines and Plants report, the ICSG (of which Australia is a member) sees growth of up to 4% in 2020-21 when it says more projects and expansions come on-stream.

It anticipates that 31% of world copper mine capacity growth in the period will come from ramp-up and expansions of existing operations, 56% from mines under development and 13% from projects (such as Hillside) under feasibility study.

The ICSG cites “continued delays” such as project permitting, local community issues and budget constraints in project development for shifting new global capacity forward.

It says China continues to expand its copper smelting and refining capacity, which is no surprise to mining companies looking to convert mineral resources and ore reserves into development and copper concentrate production.

Macquarie Wealth Management, in its January 2019 report into Australian base metal miners says that “we see significant value in copper miners” while acknowledging that “the last three months have been tough for base metals” and concludes that “pure play copper stocks look cheap.” Reminding us that since June 2018, copper prices have fallen 18%, Macquarie reasons that “base metal prices have come under pressure . . . as the US-China ‘trade war’ sparked a global equity market sell-off due to concerns over the outlook for global growth.” It concludes: “Our forecasts for copper and tin are ~ 10% higher than current spot prices for FY20.”

International corporate banking group Barclays says that the market seems to be struggling to come to terms with the fact that even with a slowdown in China, overall copper market fundamentals remain supportive, explaining that “copper prices have been weighed down by negative macro-sentiment . . . as the market has focused on the ‘what ifs’ of the negative effects of a potential trade war, rather than the ‘what is’ of solid current fundamentals.” Barclays still expects the copper price to average US\$6,263/t (US\$2.84/lb) in 2019, adding that a positive resolution to trade issues could cause prices to rally towards US\$7,000/t (US\$3.17/lb).

Global metals and minerals research group Wood Mackenzie supports this view in its latest research when it says that macro-economic drama - not industry fundamentals - is the key driver of investor sentiment, adding that “the withdrawal of investor interest was a key driver of lower prices through the second half of 2018 and we believe that interest will remain muted this year given the risk-off attitude that appears to be overhanging global base metal markets.”

Commonwealth Bank Associate Director for Mines and Energy, Vivek Dhar, provides a longer-term view on copper when he says that for the better part of the next decade, demand growth will gradually outpace supply. Copper projects have long development lead times and “the window is closing in keeping markets adequately supplied for later next decade.”

For the final word on copper in this Quarterly Report, we return to the Rex Minerals’ Chairman’s Address at the recent AGM where David Carland said: “While the concerns of a ‘trade war’ persist, all the market participants support the view that the supply-demand fundamentals point to higher copper prices once the concerns regarding a ‘trade war’ ease. Thus, our view remains that there is an emerging copper supply gap which has only been exacerbated by the recent fall in the copper price. The growth in world demand for copper needs significantly more copper than is being produced, which will translate to higher prices.”

### Tenement Schedule for the quarter ending 31 December 2018

Tenement	Location	Lease Status	Area Type	Current Area	Date
EL5508	Moonta South	Granted	km <sup>2</sup>	74	04/11/2019
EL5683	Moonta South	Granted	km <sup>2</sup>	21	09/06/2020
EL5981	Moonta South	Granted	km <sup>2</sup>	122	22/06/2019
EL6100	Moonta South	Granted	km <sup>2</sup>	94	16/01/2020
EL6136	Moonta South	Granted	km <sup>2</sup>	185	19/03/2020
EL6143	Moonta South	Granted	km <sup>2</sup>	104	15/04/2020
EL6189	Moonta South	Granted	Km <sup>2</sup>	354	01/08/2019
EL6245	Moonta South	Granted	Km <sup>2</sup>	1,168	01/08/2019
ML6438	Hillside	Granted	Ha	2,998	15/09/2035
EML6439	Hillside	Granted	Ha	225	15/09/2022
MPL146	Hillside	Granted	Ha	94	15/09/2035

### CORPORATE INFORMATION

**ASX Code: RXM**

**Issued Share Capital 31 December 2018**

Ordinary Shares	287,234,215
Options on Issue (Unquoted)	13,824,017

**Share Price Activity for the December 2018 Quarter**

Low	7.4c
High	9.4c
Last (30 January 2019)	7.5c

**Share Registry**

Computershare Investor Services  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067

T: +61 3 9415 4000 (investors)  
T: 1300 850 505 (investors within Australia)

**Registered Office (from 1 November 2018)**

Level 6, 1 Collins Street  
Melbourne, Victoria 3000

T: +61 8 8299 7100  
E: [rex@rexminerals.com.au](mailto:rex@rexminerals.com.au)  
W: [www.rexminerals.com.au](http://www.rexminerals.com.au)

**Mailing Address**

PO Box 3435, Rundle Mall  
Adelaide, South Australia 5000

**For further information, please contact:**

Richard Laufmann, Chief Executive Officer or Kay Donehue, Company Secretary

T: +61 8 8299 7100  
E: [rex@rexminerals.com.au](mailto:rex@rexminerals.com.au)

**For media/investor relations, please contact:**

Gavan Collery

T: +61 419 372 210  
E: [gcollery@rexminerals.com.au](mailto:gcollery@rexminerals.com.au)

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

Rex Minerals Ltd

**ABN**

12 124 960 523

**Quarter ended ("current quarter")**

December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(477)	(1,193)
(b) development	-	-
(c) production	-	-
(d) staff costs	(444)	(860)
(e) administration and corporate costs	(217)	(749)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	29	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,109)</b>	<b>(2,751)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(4)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	3,373
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	63	187
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(215)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>63</b>	<b>3,345</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	5,624	3,984
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,109)	(2,751)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	63	3,345
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,574</b>	<b>4,574</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,574	5,624
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (current quarter should equal item 4.6 above)</b>	<b>4,574</b>	<b>5,624</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
129
-

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(200)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(455)
9.5 Administration and corporate costs	(510)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(1,165)</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


  
 .....  
 Company Secretary

Date: ...31 January 2019

Print name: KAY DONEHUE

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.