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ASX Release: 28 April 2017

Quarterly Activities Report - for the period ended 31 March 2017

ASX Code: RXM

Cash on hand: A\$3.13M

Shares on Issue: 220.5M

Options on Issue: 16.8M
(Unquoted)

Market Capitalisation:
A\$12.57M (at 5.7cps)

Share price range in quarter:
4.9c to 8.4c

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HIGHLIGHTS

- As the copper price hits a near two-year high during the March 2017 quarter . . .
- With copper supply and consumption expected to rise over the next five years . . .
- Rex Minerals (Rex or the Company) remains on track to complete and deliver to government the Program for Environment Protection and Rehabilitation (PEPR) under the current Mining Lease for its Hillside Project.
- A Research and Development Tax Incentive of approximately A\$3.2M is expected to be received in the June quarter which will increase the Company's cash balance (for detail, please see page 2).

Rex's Hillside Project on the Yorke Peninsula in South Australia is targeting copper and gold production.

There is strong consensus that copper demand and pricing will rise in the short-term, with support for a medium and longer-term trend. More detail is provided on page 3 of this report.

During the March quarter, Rex received clarification from the South Australian Government as to what needs to be done within the PEPR submission to conform with the original Mining Lease for Rex's 100%-owned Hillside Project. More detail on this clarification process is provided on page 2 of this report.

Rex has commenced drafting initial operational management plans as part of the PEPR process and will be seeking community feedback on aspects of these. The Company continued direct meetings with landowners and regional groups during the quarter.

Quarterly Activities Report

CORPORATE

On 3 February 2017, the Board of Rex Minerals (Rex or the Company) advised that the Australian Government's Department of Industry, Innovation and Science had issued the Company with a Post Registration Certificate for Finding in respect of Research and Development (R&D) expenditure.

The Certificate for Finding provides certainty over the R&D registrations lodged by the Company to date. The eligible R&D expenditure entitles Rex to claim, via the Australian Taxation Office, a refundable cash incentive of approximately A\$3.2M following amendment of its annual income tax returns. During the quarter, Rex submitted the income tax return amendments and this refund is expected to be received by the Company in the June quarter.

On 24 February, Rex released its Consolidated Interim Financial report, including the Directors' Report and a Review of Operations.

HILLSIDE PROJECT

Community Engagement

On 10 March 2017, Rex provided local community with an update of the SA Government's recently-received clarifications as to what needs to be done to conform with the original Mining Lease at Rex's Hillside Project.

Rex notes that in its Assessment Report, the Government's Department of State Development (DSD) indicated that the revised smaller-scale Hillside Project can be operated in compliance with the existing lease conditions, noting some areas where additional information will be required in the PEPR.

In its conclusions, the DSD's Assessment Report outlines the way forward for the PEPR submission to be consistent with the existing Mining Lease and the revised smaller-scale (phase 1) Hillside Project.

Rex advises that it will continue to work on submission of the PEPR under the current Mining Lease conditions, noting the recommendations in the DSD's Assessment Report. The PEPR is due to be submitted to the SA Government by mid-September this year, and Rex is meeting regularly with the DSD during its preparation of information for the PEPR.

At the time, Rex's CEO, Richard Laufmann, advised local community groups that: "Rex is pleased that this Assessment Report from the DSD provides a way forward for the Company to prepare and complete its PEPR documentation. We are working to complete the PEPR, with active community engagement, through the HMCV consultation group and directly with local landowners, townspeople and the regional community.

"As the copper market and price firms, the interest in future copper projects like Hillside is increasing. Also, the potential employment and business opportunities that this project can create locally, while ensuring sustainable future operations within agricultural land, is being recognised throughout South Australia."

Quarterly Activities Report

During the quarter, the Company continued direct engagement with some of its immediate landowners, and with the regional community, as well as through the Hillside Mine Community Voice (HMCV) consultative group. Initial operational management plans covering the areas of external community and environmental interaction were being drafted as part of the PEPR process. These will be tabled with landowners and through the HMCV for community feedback.

COMMODITY MARKET INSIGHT

Rex's last quarterly report was issued on 31 January 2017. At that time, the copper price was around US\$5,850 per tonne (US\$2.65 per lb). The copper price has remained relatively stable during this latest quarter, and according to the March 2017 'Resources and Energy Quarterly' from the Office of the Chief Economist within the Australian Government, "copper prices hit a near two-year high in the first quarter 2017," noting that copper consumption has increased for the 15th consecutive year.

That new report from Government acknowledges Rex's Hillside Project when it says: "Several projects currently in 'exploration' and 'feasibility' stages are a key risk to the production forecast. In 2016, seven copper projects at the feasibility stage were estimated to be worth A\$2,641 million. Notably, Rex Minerals' Hillside, OZ Mineral's Carrapateena and KGL Resources' Jervois are expected to contribute a combined 116,000 tonnes in 2020."

This report goes on to state that "world copper supply and consumption are expected to rise over the next five years." It adds that "recent leading indicators suggest that, in the short-term, stronger consumption growth can be expected in China, Europe and the United States." Further, it says that "total copper consumed is expected to rise over the outlook period (to 2022), driven by higher industrial production and increased investment in infrastructure."

More specifically, the Australian Government report says that "growth in China's vehicle sales will be a key driver of copper consumption over the outlook period. Growth in electric vehicle sales – currently a small portion of total sales – will also boost copper consumption." The report notes that an average electric car contains between 80 to 90 kgs of copper, compared to an estimated 25 kgs for a conventional passenger car.

Speaking earlier this month at the Mines & Money Asia conference and reported in the Mining News online magazine, Robert Friedland expanded on this, suggesting the mining sector is in for a shock when it comes to copper. He pointed to a "mushrooming mindset" in Europe and North America in respect of electric vehicles. He said that "the era of electric vehicles is dawning," adding that auto industry transformation in the next 20 years "will be the most significant transformation of our time, but it's in China where we're going to have the biggest disruption." He went on to say that "there's one commodity that benefits from the evolution of technology – copper", and colourfully predicted: "You will need a telescope to see the copper price."

Long-established Australian broking house, Baillieu Holst, makes the observation that global copper usage has increased over the last 100 years at an average compound growth rate of 3.4%. Their commentary on BHP Billiton predicts copper usage will have increased to 40mtpa by 2030, and this will require new mine discovery and production equivalent to 70 Olympic Dam sized mines. Olympic Dam is Australia's largest copper mine.

Quarterly Activities Report

ABOUT THE HILLSIDE PROJECT

Located 12 kms south of the township of Ardrossan on South Australia's Yorke Peninsula, the Extended Feasibility Study (EFS) into the Hillside Copper-Gold Project was initiated in mid-2014. Key findings to date from the EFS include:

- a A\$480 million development, including an open pit mine and processing plant;
- an initial 13+ year mine life, with a Mineral Resource (measured, indicated and inferred) of 337Mt @ 0.6% copper and 0.14g/t gold, equating to approximately 2.0Mt of copper and 1.4Moz of gold;
- an Ore Reserve (proved and probable) of 82Mt;
- an annual minerals processing rate of six million tonnes to produce approximately 35,000 tonnes of copper and 24,000 ounces of gold per year; and
- an estimated construction workforce of 550 people and an estimated production workforce of about 500 people.

Tenement Schedule for the quarter ending 31 March 2017

Tenement	Location	Lease Status	Area Type	Current Area	Date
EL5056	Moonta South	Granted	km ²	416	02/08/2012
EL5055	Moonta South	Granted	km ²	1,262	02/08/2012
EL5683	Moonta South	Granted	km ²	21	10/06/2015
EL5508	Moonta South	Granted	km ²	74	05/11/2014
EL5133	Wandearah	Granted	km ²	72	01/08/2012
EL5883	Wandearah	Granted	km ²	29	13/10/2016
EL5070	Cowell	Granted	km ²	42	24/10/2012
ML6438	Hillside	Granted	Ha	2,998	16/09/2014
EML6439	Hillside	Granted	Ha	225	16/09/2014
MPL146	Hillside	Granted	Ha	94	16/09/2014

NEXT QUARTER

During the next quarter, Rex will continue to progress the PEPR process. The Company will also maintain its important community and government consultation process, with an emphasis on the Yorke Peninsula community.

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")

March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(52)	(600)
(b) development	-	-
(c) production	-	-
(d) staff costs	(499)	(1,506)
(e) administration and corporate costs	(280)	(1,041)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	74
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)	-	-
1.9 Net cash from / (used in) operating activities	(812)	(3,073)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(3)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,941	6,205
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(812)	(3,073)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,129	3,129

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,129	3,941
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (current quarter should equal item 4.6 above)	3,129	3,941

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

		Current quarter \$A'000
		129
		-

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(403)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(521)
9.5 Administration and corporate costs	(416)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows*	(1,340)
* Estimated cash inflow for the next quarter - Research and Development refund approximately \$3,298k.	


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: 28 April 2017

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.