



Rex Minerals Ltd

ABN 12 124 960 523

and its controlled entities

31 December 2017

Consolidated Interim Financial Report

Corporate Directory

DIRECTORS

David Carland (Chairman)
Richard Laufmann (Chief Executive Officer)
Alister Maitland
Mitchell Hooke AM

COMPANY SECRETARY

Kay Donehue

PRINCIPAL & REGISTERED OFFICE

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Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

AUDITORS

KPMG Australia
151 Pirie Street
Adelaide, South Australia 5000

BANKERS

ANZ Banking Group Limited
Level 21, 11 Waymouth Street
Adelaide, South Australia 5000

Ord Minnett Ltd
Level 23, 120 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS

Baker McKenzie
Level 19, 181 William Street
Melbourne, Victoria 3000

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Directors' report

The Directors present their report, together with the consolidated interim financial statements, of Rex Minerals Ltd (the Company or Rex) and its consolidated entities (the Group) for the half-year ended 31 December 2017 (the Half-Year) and the auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the Half-Year are:

Name	Period of directorship
<i>Non-Executive</i>	
David Carland Chairman	Appointed Chairman 1 January 2014 Appointed Director 12 December 2013
Alistair Maitland Director	Appointed 16 September 2011
Mitchell Hooke AM Director	Appointed 4 August 2015
<i>Executive</i>	
Richard Laufmann Chief Executive Officer & Managing Director	Appointed Managing Director 23 April 2015 Appointed Director 16 May 2007

Principal activities

The principal activity of the Group during the period was minerals exploration, evaluation and development in Australia. Rex intends to make the best use of, and fully exploit, the Hillside Resource, and remains committed to the development of the Hillside Project. There were no significant changes in the nature of the Group's principal activities during the period.

The Group's principal objective is to create value through the discovery and development of mineral resources. Our strategy to deliver on this objective, following submission of the Program for Environment Protection and Rehabilitation (PEPR) to the South Australian Government for review and approval, is to focus on:

- updating the Hillside Extended Feasibility Study;
- financing the Initial Project; and
- the next stage in the ongoing review of the Company's exploration tenements.

Operating results

The consolidated interim statement of profit or loss and other comprehensive income shows a loss after tax of \$3.0 million for the half-year ended 31 December 2017 (2016: profit \$1.3 million).

Review of operations

During the Half-Year, Rex Minerals Ltd (Rex or the Company) continued to focus on preparation of its PEPR for the Company's 100%-owned Hillside Project on the Yorke Peninsula, South Australia.

The PEPR (which was submitted to the South Australian Government on 2 February 2018) comprises more than 2,500 pages of plans, data and other information derived from many years of environmental and community consultation, impact assessment, planning and compilation. It incorporates designs and management plans to enable the commencement of mining operations at the Hillside Project, and outlines how Rex will achieve the construction, operational and mine completion environmental outcomes derived from the assessment of the Hillside Mine Mineral Lease (ML) Conditions. Rex has demonstrated in the PEPR that it is able to achieve those environmental outcomes throughout the life of mine.

The PEPR preparation process was managed internally by Rex Management with input from industry leading expert consultants. On its completion and progressively throughout its development, suitably-qualified and experienced Company employees peer-reviewed each section to ensure the accuracy of all information provided.

A key requirement and expectation was that the PEPR would be informed through consultation with stakeholders. The Company's management team has been, and continues to be, actively engaged with our stakeholders, including local community, policy makers and the Regulator to ensure comprehensive consultation.

To put this in perspective, in the development of this PEPR, Rex has documented over 380 separate stakeholder engagements. In reviewing our management plans and seeking community input on minimising the social and environmental impact of the Project, we interacted and met with local community individuals and groups over 130 times. On many occasions, the regulators and various State Government departments took part in these community consultations.

In addition, the Company met with the regulators on a regular and often weekly basis. In these meetings, the purpose, structure and content of this PEPR process was vetted and their input contributed greatly to improve and align the PEPR quality with the State Government's expectations.

In line with the ML Conditions, nine independent experts were engaged to review the effectiveness of the proposed strategies to achieve the environmental outcomes identified in the PEPR. They have independently confirmed that the Company's management and operational strategies would be effective and achievable in complying with the lease conditions.

While the work on the PEPR was being undertaken, Rex submitted its Hillside Mine Social Management Plan (SMP) to the SA Government, and this provides the foundation for ongoing community engagement. The SMP was approved on 19 September 2017.

The Hillside Project is a large, long-life mine with exciting exploration upside. Approval of this PEPR will be a major milestone in the implementation of the South Australian Government's Copper Strategy, which is expected to deliver significant social and economic benefits locally, regionally and more broadly to the State of South Australia and the Nation.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 16 and forms part of the Directors' report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Richard Laufmann', is written over a thin horizontal line. The signature is stylized and cursive.

Richard Laufmann
Chief Executive Officer

Dated at Melbourne this 20th day of February 2018

Consolidated interim statement of financial position

As at

	Note	31 Dec 2017 \$000	30 June 2017 \$000
Current assets			
Cash and cash equivalents		2,583	5,440
Trade and other receivables		276	280
Prepayments		66	51
Total current assets		2,925	5,771
Non-current assets			
Exploration and evaluation expenditure		1,645	1,645
Property, plant and equipment		15,009	15,085
Water infrastructure		4,076	4,076
Total non-current assets		20,730	20,806
Total assets		23,655	26,577
Current liabilities			
Trade and other payables		223	259
Employee benefits		371	298
Provisions		36	36
Total current liabilities		630	593
Non-current liabilities			
Trade and other payables		386	424
Employee benefits		172	149
Total non-current liabilities		558	573
Total liabilities		1,188	1,166
Net assets		22,467	25,411
Equity			
Issued capital	6(i)	189,566	189,566
Reserves		376	319
Accumulated losses		(167,475)	(164,474)
Total equity		22,467	25,411

The condensed notes on pages 11 to 12 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended

	31 Dec 2017 \$000	31 Dec 2016 \$000
Finance income	41	57
Administrative expenses	(644)	(161)
Depreciation expense	(81)	(128)
Employee benefits expense	(1,175)	(1,160)
Marketing expenses	(34)	(30)
Exploration and evaluation	(1,108)	(537)
Loss before tax	(3,001)	(1,959)
Income tax benefit	-	3,298
Total profit/(loss) for the period after tax	(3,001)	1,339
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss) attributable to members of Rex Minerals Ltd	(3,001)	1,339
Earnings/(loss) per share attributable to members of Rex Minerals Ltd		
Basic and diluted earnings/(loss) per share (cents)	(1.36)	0.61

The condensed notes on pages 11 to 12 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of changes in equity

For the six months ended 31 December

	Share capital	Share based payments reserve	Accumulated losses	Total equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2017	189,566	319	(164,474)	25,411
Share based payments compensation	-	57	-	57
Total comprehensive income/(loss) for the period	-	-	(3,001)	(3,001)
Balance at 31 December 2017	189,566	376	(167,475)	22,467
Balance at 1 July 2016	189,566	135	(163,682)	26,019
Share based payments compensation	-	126	-	126
Total comprehensive income/(loss) for the period	-	-	1,339	1,339
Balance at 31 December 2016	189,566	261	(162,343)	27,484

The condensed notes on pages 11 to 12 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of cash flows

For the six months ended

	31 Dec 2017 \$000	31 Dec 2016 \$000
Cash flows from operating activities		
Cash paid to suppliers and employees	(1,787)	(1,769)
Exploration and evaluation payments	(1,112)	(547)
Interest received	46	55
Net cash from/(used in) operating activities	(2,853)	(2,261)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4)	(3)
Proceeds from/(investment in) term deposits	-	3,000
Net cash from/(used in) investing activities	(4)	2,997
Cash flows from financing activities		
Net cash from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(2,857)	736
Cash and cash equivalents at beginning of the period	5,440	3,205
Cash and cash equivalents at period end	2,583	3,941

The condensed notes on pages 11 to 12 are an integral part of these consolidated interim financial statements.

Condensed notes to the consolidated interim financial statements

1. Reporting entity

Rex Minerals Ltd (Rex or the Company) is a company domiciled in Australia. The address of the Company's registered office is Level 19, 11 Waymouth Street, Adelaide, South Australia, 5000. The consolidated financial statements as at and for the six month period ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group primarily is involved in minerals exploration in Australia.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 are available upon request from the Company's registered office or at 'www.rexminerals.com.au'.

2. Statement of compliance

The consolidated interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2017. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2017.

These consolidated interim financial statements were approved by the Board of Directors on 20 February 2018.

3. Significant accounting policies

The accounting policies applied by the Group in preparing the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2017.

(i) Going Concern

The Group recorded a loss of \$3.0M, and net cash outflows from operating and investing activities of \$2.9M for the half-year ended 31 December 2017. The Group's position as at 31 December 2017 included available cash reserves of \$2.6M; and current assets of \$2.9M which exceed current liabilities of \$0.6M by \$2.3M.

The Group's principal objective is to create value through the discovery and development of mineral resources and as such, it does not presently have a source of operating income, rather it is reliant on Equity raisings or funds from other external sources to fund its activities.

To support the activities outlined in the Directors' report, the Group will be required to raise additional funds. The Group has previously been successful in raising cash through Equity raisings, as and when required.

The consolidated interim financial statements for the half-year ended 31 December 2017 have been prepared on a going concern basis, as in the opinion of the Directors, the Group will be in a position to meet its essential operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

However, the Directors acknowledge that material uncertainty remains over the Group's ability to meet its funding requirements, as future funding is uncertain until secured. If for any reason the Group is unable to continue as a going concern, then this could impact the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated interim financial statements.

4. Estimates

The preparation of the consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these 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 applied to the consolidated financial statements as at and for the year ended 30 June 2017.

5. Operating segments

The Group operates in one geographical segment, being South Australia, and one industry, mineral mining and exploration.

6. Issued capital and reserves

(i) Movements in shares on issue:

	No. of shares	\$000
Opening balance at 1 July 2017	220,519,784	189,566
Closing balance at 31 December 2017	220,519,784	189,566
Opening balance at 1 January 2017	220,519,784	189,566
Closing balance at 30 June 2017	220,519,784	189,566

(ii) Movements in options on issue:

	No. of options
Opening balance at 1 July 2017	16,800,000
Closing balance at 31 December 2017	16,800,000
Opening balance at 1 January 2017	16,800,000
Closing balance at 30 June 2017	16,800,000

7. Commitments

The Group has entered into an office lease agreement for a period of 10 years, with a commitment of \$2.7M over the remaining six year period.

8. Contingencies

The Directors are of the opinion that there are no matters for which provision is required in relation to any contingencies, as it is not probable that a future sacrifice of economic benefit will be required or the amount is not capable of reliable measurement.

The Group's bankers have provided guarantees amounting to \$20,000 to certain Government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$20,000 as at 31 December 2017.

The Group's bankers have provided guarantees amounting to \$228,303 regarding office leases as security over the Group's obligations regarding the leases held. Under the agreements, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$228,303 as at 31 December 2017.

9. Subsequent events

No matters have arisen since the end of the reporting period which may affect the operations, results, or state of affairs of the Group in future periods.

Directors' declaration

In the opinion of the Directors of Rex Minerals Ltd (the Company):

1. the consolidated interim financial statements and notes set out on pages 7 to 12 are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance, for the half-year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Richard Laufmann
Chief Executive Officer

Dated at Melbourne this 20th day of February 2018.



Independent Auditor's Review Report

To the shareholders of Rex Minerals Limited

Report on the Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying Consolidated Interim Financial Report of Rex Minerals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Consolidated Interim Financial Report of Rex Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Consolidated Interim Financial Report comprises:

- Consolidated interim statement of financial position as at 31 December 2017;
- Consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the Half-year ended on that date;
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Rex Minerals Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 3 (i), "Going Concern" in the Consolidated Interim Financial Report, which states that current forecasts indicate that the cash on hand as at 31 December 2017 may not be sufficient to fully fund operational activities during the next twelve months. Accordingly the Group may be required to secure additional funding.

The conditions, set forth in Note 3 (i) indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. If the Group is unable to continue as a going concern, it may relinquish title to its mining lease, tenements and be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts other than as stated in the Consolidated Interim Financial Report.



Responsibilities of the Directors for the Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Consolidated Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Consolidated Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Consolidated Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the Half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Rex Minerals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG
KPMG

Paul Cenko
Partner

Adelaide

20 February 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Rex Minerals Limited for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.


KPMG



Paul Cenko
Partner

Adelaide

20 February 2018