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ASX Release: 22 January 2016

Quarterly Activities Report - for the period ended 31 December 2015

ASX Code: RXM

Cash on hand: A\$8.238M

Shares on Issue: 220.5M

Options on Issue: 16.8M
(Unquoted)

Market Capitalisation:

A\$13.67M (at 6.2cps)

Share price range in quarter:

5.3c to 9.5c

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HIGHLIGHTS

- Rex Minerals Ltd (Rex) held its Annual General Meeting of Shareholders on Monday 30 November 2015.
- A total of eight resolutions was considered at the AGM. All resolutions passed with comfortable levels of shareholder approval.
- The resolutions included approval of an Option Incentive Plan, designed to maintain an experienced Board and Management team, while preserving cash for project and operational purposes. Those options (a total of 16.8 million) were issued on 22 December 2015.
- Kay Donehue joined Rex as Company Secretary, effective 27 November 2015.
- Work on the Hillside Project's Program for Environmental Protection and Rehabilitation (PEPR) and the Social Management Plan (SMP) progressed during the quarter.

SUMMARY COMMENTS

At the Rex AGM on 30 November 2015, Chairman David Carland focused on four main areas, being progress to date on the Extended Feasibility Study at Hillside, the state of commodity markets, the status of the Hillside Project Mining Lease and the Company's engagement with community.

Dr Carland highlighted a three-pronged development strategy for Rex which involves cost reduction through restructure of salary and incentives for Directors and Management, securing and maintaining Rex's development license to operate, and preparing the Hillside Project for development and financing once the commodity price outlook improves.

A more-complete summary of the Chairman's Address at the AGM appears on page two of this Quarterly Activities Report and a complete copy of the address is available on the Rex website or via lodgement with the ASX.

Quarterly Activities Report

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Rex Minerals was held on Monday 30 November 2015.

A summary of the Chairman's Address follows:

Extended Feasibility Study Results

In May 2015, we released the results of the Extended Feasibility Study (EFS) which included an updated Hillside Ore Reserve statement which indicated, at a 0.2% copper cut-off grade, a total Mineral Resource at Hillside of 337Mt @ 0.6% copper and 0.14g/t gold, equating to approximately 2.0Mt of copper and 1.4Moz of gold.

The EFS results confirmed a stand-alone copper-gold project with an initial 13+ year mine life at a processing rate of 6Mtpa (Initial Project). C1 cash costs are estimated at US\$1.61/lb copper. This Initial Project would capture approximately 25% of the total Mineral Resource, with scope within the existing design for expansion of both the open pit and processing plant to capture the large Mineral Resource that exists at Hillside.

The EFS results indicated that the Initial Project can yield a 14% internal rate of return on a A\$480M investment based on a US\$3.00/lb copper price, a US\$1,250/oz gold price and a long-term exchange rate of AUD:USD \$0.70.

We are confident that our capital and operating costs are well founded and conservative, in that we can expect better outcomes when we enter the active development phase of the Initial Project.

Thus, the major external determinant of the Company's capacity to finance the Initial Project is the state of the commodity markets.

Commodity Markets

Over the last financial year, conditions continued to deteriorate, with the copper price falling by 15% and the gold price falling by 12%.

However, the AUD:USD exchange rate moved favourably from our perspective, falling by approximately 20% to 0.77 at 30 June 2015.

It is clear that the current market outlook does not provide the envelope of commodity prices and the exchange rate that underpins the EFS.

To justify an investment, we require the price outlook to improve significantly which will be determined largely by the copper supply / demand balance and the cost of entry.

Market analysis has identified that future copper supply will become more reliant on the development of a new generation of copper mines. The average incentive copper price required for the bulk of these new copper mines is reported to be in excess of US\$3.00/lb, and broad market consensus implies that the under-investment in copper in the immediate future is likely to lead to a shortage in supply from 2017 onwards.

Rex is targeting the emerging supply gap and expected price recovery to time the development of our Project.

Quarterly Activities Report

Development Strategy

Our three-pronged strategy involves:

- cost reduction through the restructure of salary and incentives for Directors and Management team;
- securing and maintaining our development license to operate for the Hillside Project; and
- preparing the project for prompt development and financing.

Since late 2014, we have dramatically reduced our costs to preserve the cash needed to see us through the commodity downturn.

We are continuing to progress our approvals and community engagement within a tight budget environment so that we can mobilise quickly when the market turns.

We are also continuing to engage with potential funding sources that are prepared to take a longer-term view of commodity prices and wish to be in a position to access our significant Hillside asset base and its potential to deliver beyond the known resource.

MANAGEMENT UPDATE

On 27 November 2015, Kay Donehue was appointed as Rex's Company Secretary. Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector.

Details on two other key Management appointments – Greg Hall as Project Director and Amber Rivamonte as Chief Financial Officer – were provided in the last Quarterly Activities Report, issued on 28 October 2015.

SA GOVERNMENT

On 28 August 2015, Rex advised that the South Australian Government's Department of State Development (DSD) had approved a 12-month extension for the submission of the Program for Environment Protection and Rehabilitation (PEPR) and the Social Management Plan (SMP) for Rex's Hillside Project on the Yorke Peninsula.

Rex has been using this extension, through to mid-September 2016, to engage further with the DSD, local and regional community and other stakeholders on details of the Hillside Project during development of the PEPR and the components of the SMP.

The Company is currently providing additional information regarding its Extended Feasibility Study (EFS) to the DSD to show that it is consistent with the existing lease conditions.

HILLSIDE PROJECT

Community Engagement

In line with its Community Engagement Plan, the Company is continuing its direct engagement with the community through sponsorships, meetings and presentations to interested community groups and information to local and State government members.

Discussions outlining the fundamentals of the EFS results, in terms of the reduced physical and existential community footprint, continued with stakeholders. These discussions included a series of one-on-one meetings with local stakeholders and local community meetings with representative group, the Hillside Mine Community Voice (HMCV), with invitations being extended to the broader community.

Quarterly Activities Report

The HMCV (of which Rex is a member) is in the process of recruiting a new Chairperson and is in the final stages of review of its Terms of Reference.

Close interaction and consultation with community and government is, and will always be, part of the day-to-day activity for Rex during all stages of planning, development and operations.

About Hillside

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

- a A\$480M 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 25,000 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 December 2015

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	151	05/11/2014
EL5133	Wandearah	Granted	km ²	96	01/08/2012
EL4779	Wandearah	Granted	km ²	41	13/10/2011
EL5070	Cowell	Granted	km ²	85	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 its interaction with the DSD on the Mining Lease and PEPR activities. The Company will also continue with its important community and government consultation process, with a major emphasis on the Yorke Peninsula community. In line with the 12-month extension granted by the South Australian Government, Rex will continue with the work programs to deliver the PEPR and SMP.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Rex Minerals Ltd

ABN

12 124 960 523

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(447)	(1,359)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	51	129
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (ATO Refund)	-	-
Net Operating Cash Flows	(1,040)	(2,692)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,040)	(2,692)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,040)	(2,692)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,040)	(2,692)
1.20	Cash at beginning of quarter/year to date	9,278	10,930
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	8,238	8,238

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	145
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation (including feasibility studies)	710
4.2 Development	
4.3 Production	
4.4 Administration	680
Total	1,390

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	8,238	9,278
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (term deposits)	-	-
Total: cash at end of quarter (item 1.22)	8,238	9,278

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed EL5683 (previously EL4514) Moonta Sth EL4779 Wandearah	Ownership – 100%	24km ²	21km ²
		Ownership – 100%	81km ²	41km ²
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	220,519,784	220,519,784	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.


Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8	Issued during quarter	5,600,000	-	6.3c	30 November 2019
		5,600,000	-	6.3c	30 November 2019
		5,600,000	-	6.3c	30 November 2019
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 22 January 2016
(Company Secretary)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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