

ASX Release: 30 April 2019



ABN 12 124 960 523

Quarterly Activities Report for the period ended 31 March 2019

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HIGHLIGHTS

- The updated 2015 Extended Feasibility Study is expected to be completed in the near-term, following which we will announce the key findings.
- The PEPR re-submission, based on government feedback, is progressing towards finalisation, with Rex providing to government prompt turnaround on all matters raised.
- Rex appoints two new Directors to significantly enhance the strategic, technical and operational talent within the Company.

From the desk of the CEO . . .

Our team at Rex Minerals (Rex or the Company) has been focused on the Extended Feasibility Study (2015 EFS or EFS) cost update. In regards to this, and as disappointing as the delay has been, the end is definitely in sight.

What began as a simple exercise to update the 2015 EFS has morphed into a more detailed review and refinement of certain decisions and assumptions contained in the original.

While some cost inputs have escalated over the past four years (eg: power and exchange rate assumptions), the possibilities of significant operating cost savings have emerged in the areas of mining fleet operations and maintenance. Proper quantification of these savings has warranted the engagement of external parties, contributing to our delays.

One key objective in beginning this EFS update was always to improve the economics of the Hillside Project, and this is fundamentally still important.

The purpose of commissioning the Chinese Study was to convert our EFS to Chinese Feasibility standards, which are understood by Chinese banks. This should provide Rex a clear opportunity to engage Chinese parties interested in financing the project. In addition, it allowed us to assess the issues should we choose to pursue Chinese EPCM-development in the future. Our work on the Chinese Study has given us real insight into the pros and cons of this option, and we should be in a position to share key findings from this study in the near future.

Work on the Program for Environment Protection and Rehabilitation (PEPR) has been painfully drawn out. While we acknowledge that this PEPR is more detailed and substantial than any prior document of its type lodged in South Australia, we now feel justified that the review process and feedback from the various regulators has also set a new benchmark. In regards to the PEPR, I can report that Rex has continued to supply the Department of Energy and Mining in South Australia with prompt turnaround on all the queries raised and we have largely finished the update of its re-submission. I will be meeting the head of the department in early May to discuss the next steps for submission.

Richard Laufmann, MD and CEO.

CORPORATE

Issue of Options

The Company issued 2,000,000 Unlisted Options on 14 February 2019. The Company received shareholder approval to refresh its Option Incentive Plan (OIP) at the 2018 Annual General Meeting of Shareholders. To date, no further Options have been issued under the OIP.

Half-Year Results

On 19 February 2019, Rex lodged with the ASX its Consolidated Interim Financial Report for the half-year ended 31 December 2018. For more detail, see the ASX announcement of 19 February 2019.

New Directors

On 18 February 2019, Rex announced the appointment of two Non-Executive Directors to its Board – Ian Smith and Ron Douglas. The appointment of two such highly-experienced mining operators will significantly enhance the strategic, technical and operational talent within the Company.

Ian Smith is a mining engineer with more than 40 years' experience in the mining and services sector. Ron Douglas is an engineer by qualification and has extensive experience leading owners' teams for major projects located around the world.

In welcoming Ian Smith and Ron Douglas to the Rex Minerals Board, Rex's Chairman, David Carland, said at the time: "Ian and Ron are industry leaders who bring enviable skills and experience to the Company. They have the minerals industry in their blood and will add considerable breadth and depth to the Company as it approaches new strategic and project development challenges."

The Directors of Rex Minerals are now David Carland as Chairman, Richard Laufmann as MD and CEO, with Non-Executive Directors being Alister Maitland, Mitch Hooke, Ian Smith and Ron Douglas. The Company Secretary is Kay Donehue and the CFO is Amber Rivamonte. For more detail, see the ASX announcement of 18 February 2019.

SA Mining Act

We are disappointed that after two attempts, revision and updating of the South Australian Mining Act has failed to pass through the State Parliament. While this is a frustrating outcome for the state and the minerals explorers in it, we are in no doubt that both the government and the opposition stand firm on the fundamentals. Both have clearly refused to give away (indeed, surrender) the collective sovereign rights of South Australians. The power of veto is a Government responsibility not to be unilaterally exercised by any unelected individual or group of individuals.

We continue to support the minerals development industry's efforts to work constructively with stakeholders to review land access matters, while supporting the government's efforts to refresh the legislation and review the approvals process currently legislated in South Australia to improve efficiency and outcomes for all involved.

HILLSIDE PROJECT

Regional Exploration

As stated above, Rex acknowledges that the SA Government has been working to progress approval of proposed updates to the Mining Act, which are beneficial to both mining and agriculture. However, this approval has not yet been achieved and Rex awaits the outcome in order to plan its next steps with regards to regional exploration.

Program for Environment Protection and Rehabilitation (PEPR)

Work on the PEPR has been drawn out since February this year, effectively one year after the PEPR was originally submitted to government. While we acknowledge that this PEPR is more detailed and substantial than any prior PEPR document lodged in South Australia, we now feel justified that the review process and feedback from the various regulators has definitely set a new benchmark.

In the period in review, Rex has continued to supply the SA Government's lead agency, the Department of Energy and Mining (DEM), with prompt turnaround on all queries raised, and we have largely finished the updated re-submission. In line with this, Rex is scheduled to meet with DEM officials in early May to discuss 'next steps' for the submission and finalisation of the process.

Community Engagement

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

The Company continues to meet with regional business and development groups within the Yorke Peninsula and mid-northern area of South Australia, with the overall aim of ensuring 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.

In line with Rex's Social Management Plan (submitted to the SA Government and made public in September 2016), this is one of the key ways that Hillside can contribute to enhanced employment opportunities within the region.

COMMODITY MARKET INSIGHT

In the period since our last Quarterly Report (31 January 2019), the copper price has firmed from US\$2.73c per pound (lb) to US\$2.88/lb.

Australia's own ANZ Banking Group, in its Commodity Call research report for February, correctly predicted the immediate term by saying: "we see conditions ripe for copper to make another surge in coming months." It added: "we expect supply-side disruptions to rise," and "we also see overall growth in mine production falling substantially."

Quarterly Activities Report

Multi-national financial services company, the Royal Bank of Canada (RBC), headlines its early-April commodities report by saying: “resilient copper price shrugging off economic concerns.” It goes on to say that the copper price rise can be attributed to “optimism around a US-China trade deal and Chinese stimulus efforts.” However, RBC says that even though the physical market for copper remains relatively tight, the group remains cautious on immediate-term copper and mining equities as the global economy slows.

Fellow Canadian-based financial services group, the Bank of Montreal (BMO) said at its recent BMO Florida (USA) conference of the world’s biggest miners that “copper (is) our preferred metal over the mid-to-longer term.”

Speaking even more recently at the CESCO copper conference in Santiago (Chile), BMO added: “we are looking at a classic resource cycle. No-one has copper coming now, when it is needed.”

Also at CESCO, US-based financial services multi-national, Morgan Stanley, foresees copper prices rising above US\$3/lb by the end of this year or the beginning of next year.

Speaking at the same conference, leading copper resources group, CRU, said: “we have down-graded our average price forecast by 8.5% over the next five years to about US\$3.30 per pound as the world is better supplied than it was a year ago,” adding that “we are going to need to wait beyond 2025 for the ASEAN countries and India to make a significant contribution to copper demand.” In the same timeframe, RBC forecasts surplus copper supply markets in 2021-23, “so we have pushed out higher copper price estimates of US\$3.50/lb to 2024 and 2025.”

In a report issued late in the March quarter, Macquarie Wealth Management described copper as an outperformer over two years (“stable demand growth versus under-performing mine supply growth”) and as a five-year winner, for the same reasons. Out to 2023, Macquarie WM forecasts an LME copper cash price of US\$8,475 per tonne (US\$3.84/lb).

Also in a report late in the quarter, S&P Global says: “mined copper is becoming more valuable as the increasingly-intensive global economy coincides with a scarcity of available mining projects in the pipeline,” adding that: “tight market conditions are opening up opportunities for miners to gain funding for project development.” S&P Global goes on to say: “with only a handful of new mines in construction through the next three to five years, the industry requires further investment in projects with completed feasibility studies.”

In its March 2019 report, the Australian Government’s Office of the Chief Economist reminds us that Australia is the world’s third largest exporter of copper ores and concentrates, and the seventh largest producer of copper, adding that: “prices are expected to rise significantly to just under US\$7,000 a tonne (US\$3.17/lb) in 2019 real terms, then to around US\$8,500/t (US\$3.85/lb) by 2021.” It also says that growth in global copper demand is exceeding growth in supply, leading to growing pressure on inventories, with power grid investment (in the short-term) and electrical vehicle demand roll-outs (in the medium-term) projected to push up copper demand from 24 million tonnes in 2018 to 29 million tonnes by 2024.

And putting that “power grid investment” reference into modern-day perspective, RBC reminds us that 37% of current-day Chinese copper demand is dedicated to electrical grid investment, adding that it is the “stable backbone of copper demand” in China.

Tenement Schedule for the quarter ending 31 March 2019

Tenement	Location	Lease Status	Area Type	Current Area	Date
EL5508	Moonta South	Granted	km ²	74	04/11/2019
EL5683	Moonta South	Granted	km ²	21	09/06/2020
EL5981	Moonta South	Granted	km ²	122	22/06/2019
EL6100	Moonta South	Granted	km ²	94	16/01/2020
EL6136	Moonta South	Granted	km ²	185	19/03/2020
EL6143	Moonta South	Granted	km ²	104	15/04/2020
EL6189	Moonta South	Granted	Km ²	354	01/08/2019
EL6245	Moonta South	Granted	Km ²	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 March 2019

Ordinary Shares	287,234,215
Options on Issue (Unquoted)	15,824,017

Share Price Activity for the 31 March 2019 Quarter

Low	7.1c
High	8.0c
Last (29 April 2019)	6.4c

Share Registry

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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 2019

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	(36)	(1,229)
(b) development	-	-
(c) production	-	-
(d) staff costs	(437)	(1,298)
(e) administration and corporate costs	(261)	(1,010)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	75
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	(711)	(3,462)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(8)
(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)	233	233
2.6 Net cash from / (used in) investing activities	229	225

3. Cash flows from financing activities		
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	-	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)	-	-
3.10 Net cash from / (used in) financing activities	-	3,345

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,574	3,984
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(711)	(3,462)

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)	229	225
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,345
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,092	4,092

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	4,092	4,574
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)	4,092	4,574

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
143
-

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	(225)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(455)
9.5 Administration and corporate costs	(680)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1,360)

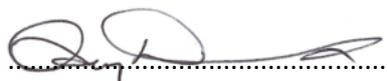
Mining exploration entity and oil and gas exploration entity quarterly report

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: 30 April 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.