



ABN 12 124 960 523

ASX Release: 30 April 2018

Quarterly Activities Report for the period ended 31 March 2018

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HIGHLIGHTS

- During the quarter, Rex Minerals (Rex or the Company) commenced:
 - updating the Hillside Extended Feasibility Study (EFS);
 - discussions leading to financing options; and
 - the next stage in an ongoing review of the Company's exploration tenements.
- Rex has submitted the Hillside PEPR to the SA Government.

HILLSIDE PROJECT & REGIONAL EXPLORATION

Following submission of the PEPR, work during the quarter focused on four key areas with the objective of continuing to reduce the project risk whilst enhancing the investment value of Rex. These four areas were:

- Update the EFS capital estimate to capture and quantify potential savings available in 2018 dollars.
- Explore and investigate in-pit targets not previously identified or drilled.
- Review future value enhancements, beyond the current 13-year mine life.
- Regional exploration – hunting giant copper, beyond Hillside.

The current published EFS study results represent a base case development proposition, developed during the post-GFC retreat of global commodity prices. In the era when capital for exploration or development was frowned upon, Rex produced the EFS to minimise capital and achieve an acceptable return at a long-term copper price of US\$3.00/lb.

In the intervening years, whilst the Company focused on community engagement and completion of the PEPR, a number of opportunities, on balance positive, have evolved to encourage us to update the EFS with the expectation of lowering the capital and operating costs for the Project. This will also allow us to table an alternative financing option. In our case, this opens the door to a Chinese-led supply and debt consortium as one such option.

During the quarter, a team from Nerin Engineering visited site, on the back of these discussions. In the coming quarter, Rex will move to formally engage Nerin and other Chinese suppliers to update the EFS.

In addition to the value upgrade being pursued through the engineering construction and supply review, as part of a more comprehensive lease-wide strategic geological review, Rex geologists have identified in-pit and near field targets with the potential to add copper ore both within the stage 1 pit design and within the mining lease to the current plan. Leveraging our understanding of the copper deposit, these targets offer the prospect of further reducing the strip ratio and improving the cash flow in the stage 1 design.

This theme of re-targeting the strategic licenses owned by Rex has yielded new and exciting regional targets, adding to (and in some cases enhancing) those targets previously identified which led to the Hillside discovery and form the basis of an exciting suite of new targets, in many cases targets potentially much larger than the Hillside discovery.

Lastly, in reviewing future options for the open pit, a number of viable opportunities will be further investigated. These include:

- The stage 2 pit design, potentially doubling the current life of the Project.
- Iron ore being rejected during flotation is being stockpiled in the tailings facility and will be available for future extraction. If the pelletising premium now circa \$60/t remains at these levels, it may offer a new prospect.
- On mine closure, the sheer scale and opportunity of the final pit void would present itself as one of Australia's largest potential pumped hydro facilities.

Program for Environment Protection and Rehabilitation (PEPR)

During the quarter, Rex 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.

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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.

An extension of time for the previously-approved road re-alignment work around the Hillside Project has been granted.

Rex is now working on the additional permits, works approvals, waivers and baseline monitoring which need to be obtained or undertaken under all licence conditions prior to construction.

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.

Community Engagement

During the March quarter, Rex continued to meet and engage with community members in the Hillside Project region, both through the Hillside Mine Community Voice (HMCV) group and directly with local landowners, townspeople, and regional local and government groups.

Rex and the HMCV agreed that the community engagement group and certain key working groups have been invaluable in progressing communication and understanding of the proposed Hillside Mine. The structure of the HMCV and some key working groups will continue through the construction phase of the Project. The HMCV agreed to extend the HMCV Chair's tenure for six months to ensure consistency of knowledge during the PEPR review process.

Rex wishes particularly to thank members of the HMCV for the substantial work and time in coordinating the various community engagement meetings, as well as additional working group meetings which have collated feedback on the Hillside Mine management plans.

CORPORATE

On 20 February 2018, Rex released its half-year report and accounts for the period ending 31 December 2017. For detail, see the ASX announcement.

Beyond the quarter, on 12 April 2018, the Company issued a new Investor Presentation. For detail, see the ASX announcement.

COMMODITY MARKET INSIGHT

Global demand for energy continues to grow. The greener and cleaner this demand, the more copper required. This theme and others continue to drive long-term demand.

On the supply side, the copper mine project pipeline has failed to deliver. Exploration has seen significant under-investment, and has been largely unsuccessful in replacing existing supply.

The consensus incentive price for new projects sits around US \$3.50/lb.

Quarterly Activities Report

RBC Capital headlines its view on copper by saying in a recent report that “froth comes out of the market, but fundamentals remain strong.” It goes on to observe that a “recent pullback creates a buying opportunity as the fundamentals remain solid and valuations are more attractive.” RBC adds that the medium-term thesis is intact, with rising deficits in 2019 and beyond.

“We expect the (copper) price to trade in a range around \$3.00/lb reaching \$3.25/lb by the end of the year. We continue to see strong fundamentals over the next 2-5 years and forecast rising deficits after 2019.”

RBC continues to see a supply squeeze forming in 2020-2022 due to the lack of recent investment. As such, RBC forecasts prices rising to \$3.75/lb by 2021 to incentivise new mine builds.

In responding to the question of future impact on copper supply from China’s recent scrap reforms, broker UBS estimates an impact of ~400ktpa, which would be 2% of global refined copper demand. It goes on to say that policy enacted from 1 March 2018 called the ‘National Sword’ is banning traders from imports, significantly raising scrap quality thresholds and restricting trade quotas.

“This could have a sizeable impact on the global copper trade as China sources ~1.3Mtpa of contained copper from imported scrap or ~11% of contained copper imports,” says UBS, adding that consensus thinking is that this will cause a disruption of ~150-500ktpa to the copper trade in 2018.

UBS says copper at US\$3.00/lb is fair, and the long-term outlook is positive with no immediate short-term risks. Copper prices have been upgraded 8% by UBS in both 2018-19 from better global demand outside China.

Macquarie Wealth Management has issued a long-term upgrade for copper of 8% through to 2024 (in 2018 \$ values). It says incorporating the upgrades to its copper and nickel prices combined with changes to its A\$/US\$ forecasts has translated to material upgrades to earnings for FY18 and FY19 for the copper miners.

Tenement Schedule for the quarter ending 31 March 2018

Tenement	Location	Lease Status	Area Type	Current Area	Date
EL5056	Moonta South	Granted	km ²	416	01/08/2017
EL5055	Moonta South	Granted	km ²	1,262	01/08/2017
EL5683	Moonta South	Granted	km ²	21	09/06/2017
EL5508	Moonta South	Granted	km ²	74	04/11/2018
EL5981	Moonta South	Granted	km ²	122	22/06/2019
EL6100	Moonta South	Granted	km ²	250	16/01/2020
EL5133	Wandearah	Granted	km ²	72	01/08/2017
EL5883	Wandearah	Granted	km ²	29	12/10/2018
EL5070	Cowell	Granted	km ²	42	23/10/2017
EL6136	Maitland	Granted	km ²	110	19/03/2020
ML6438	Hillside	Granted	Ha	2,998	15/09/2035
EML6439	Hillside	Granted	Ha	225	15/09/2018
MPL146	Hillside	Granted	Ha	94	15/09/2035

CORPORATE INFORMATION

ASX Code: RXM

Issued Share Capital 31 March 2018

Ordinary Shares	220,519,784
Options on Issue (Unquoted)	16,800,000

Share Price Activity for the March 2018 Quarter

Low	14c
High	22c
Last (27 April 2018)	17.5c

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 2018

<i>Consolidated statement of cash flows</i>	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	(246)	(1,358)
(b) development	-	-
(c) production	-	-
(d) staff costs	(502)	(1,541)
(e) administration and corporate costs	(253)	(1,001)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	58
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	(989)	(3,842)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-

+ See chapter 19 for defined terms.

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	-	(4)

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	2,583	5,440
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(989)	(3,842)

+ See chapter 19 for defined terms.

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)	-	(4)
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	1,594	1,594

5.	Reconciliation of cash and cash equivalents <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,594	2,583
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)	1,594	2,583

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
-

+ See chapter 19 for defined terms.

7. <i>Payments to related entities of the entity and their associates</i>	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. <i>Financing facilities available</i> <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. <i>Estimated cash outflows for next quarter</i>	\$A'000
9.1 Exploration and evaluation	(175)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(478)
9.5 Administration and corporate costs	(241)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(893)

+ See chapter 19 for defined terms.

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	EL6100 EL6136	Ownership Ownership	0 0	100% 100%

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:



Date: 30 April 2018

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 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.