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ASX Release: 28 July 2016

Quarterly Activities Report - for the period ended 30 June 2016

ASX Code: RXM

Cash on hand: A\$6.205M

Shares on Issue: 220.5M

Options on Issue: 16.8M
(Unquoted)

Market Capitalisation:

A\$13.89M (at 6.3cps)

Share price range in quarter:

4.8c to 7.8c

Website: www.rexminerals.com.au

HIGHLIGHTS

- Rex Minerals has submitted to the South Australian Government detailed additional information in support of its Hillside Copper Project Extended Feasibility Study (EFS).
- This information includes a "Description of Operations," updated independent modelling reports and a revised assessment of impacts.
- Once government completes an adequacy check, the Company will make this information publicly available.
- Separately, Rex Minerals continues to prepare information for the Program for Environmental Protection and Rehabilitation (PEPR) as well as the Social Management Plan (SMP).

During the quarter, much of the focus for Rex was on completing and delivering a range of additional information to government, and on working towards completion of the PEPR and the SMP.

The first part of that effort – a range of additional information linked to the Hillside Project EFS – is now being assessed by government, and once that process is completed, Rex will make this information publicly available.

The second part of that effort – completion of the PEPR and SMP – has seen healthy progress and a heightened level of local community interaction and consultation that is ongoing.

In our last Quarterly Report, Rex provided some context for future copper demand and supply, and the copper market continues to reflect the view that copper prices appear to be a few years from sustained recovery.

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Quarterly Activities Report

HILLSIDE PROJECT

Project Approvals

Rex Minerals (Rex or the Company) holds an approved Mining Lease (ML) for the Hillside Project, obtained in late 2014 from the South Australian Government's Department of State Development (DSD). In May 2015, Rex announced the results of an Extended Feasibility Study (EFS) which involves a smaller-scale but very similar open pit operational project focusing on copper-gold only, and with the ability to expand or extend the operation at a later stage, depending on commodity pricing and overall project economics.

Rex has been engaging directly with the local community, with the representative community consultative group (Hillside Mine Community Voice – HMCV) and the DSD on the detail of the revised project (which has a lower overall impact). In June this year, the Company submitted to the DSD the detailed additional information from its EFS in the form of a full "Description of Operations" document, along with updated independent modelling reports and revised impact assessment documents. This information will be used by the DSD to confirm the revised project is consistent with the existing ML.

As Rex has consistently stated in its community consultation, additional information prepared for the DSD will be released to the public through Rex's website. The DSD is currently undertaking an adequacy check to ensure the additional documents contain all the required information, and once this is completed, Rex will release the "Description of Operations" documents to the public, to be followed by other documents, once they are assessed by the DSD.

While many aspects of the Hillside Project have not changed, including the overall method of operation, some areas have changed. These include:

- A reduced area of direct operations;
- An operation that will now be less than 50% of the original mining rate, with less than half the previous mill throughput;
- A focus on copper-gold extraction only;
- Lower water and power use; and
- No off-site infrastructure impacts, apart from the previously-approved road diversions, power line and water pipeline.

Rex has continued to prepare information for the Program for Environmental Protection and Rehabilitation (PEPR) and the Social Management Plan (SMP) which is required to be submitted and approved by the DSD before operations can commence. The Company is engaged with various local community Working Groups, established within the HMCV, to obtain feedback and community input into the PEPR process (see below).

Community Engagement

The Company has continued to engage closely with the community around the Hillside Project as well as with local town and regional representatives, using Rex's Community Engagement Plan as a guide. This plan is based around guidelines set down by the DSD, and it incorporates actions and activities that the Company will engage in with the community through the planning, construction, commissioning, operation and rehabilitation phases. It incorporates multiple ways of direct and indirect engagement with the local community, including engagement through the HMCV.

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The HMCV includes representatives from the surrounding landowners, progress associations, businesses, the Yorke Peninsula Council, the Yorke Peninsula Land Owners Group (known as the YPLOG) and other local and regional groups, and it includes Rex representation. The HMCV was established last year, in response to the approval of the Hillside Project ML, and it has taken on similar tasks to the previously-convened Community Consultative Group which was established in 2011 and remained engaged during the exploration process, larger-scale feasibility studies, the ML proposal submission and the granting of the ML.

Rex continues to supply detailed information about its revised Hillside Project to the HMCV, including all its members, as work on the above additional information documents has been progressing. Detailed extracts of information have been provided to HMCV members associated with the Working Groups established to review key aspects of the PEPR preparation.

Seven Working Groups were established to inform and provide local input and expertise into key areas of the PEPR and SMP. These Working Groups are now involving other community members outside the HMCV, and have commenced meeting to enable cross-pollination of ideas. Rex is providing background information and detail where required by and within each group, and group leaders will report back through the HMCV.

An important message that Rex has been communicating through the HMCV and other meetings is that the Mining Lease Conditions as set down by the South Australian Government in its approval of the ML still stand, even with the revised project. These conditions are there to ensure that a future mining operation will have minimal impact on the surrounding area and will not impact on the health of employees or surrounding community.

Rex is continuing one-on-one meetings with landholders directly adjacent to the Hillside Project site, and in the broader vicinity, to update them on the revised project and related project parameters. Further meetings with community members, businesses and local government are planned once the revised project detail is released through the "Description of Operations" document.

Hillside Site Activities

The Company completed a substantial drilling program during 2011 to 2012 over its freehold land, and full rehabilitation of this impacted area was completed in 2013. Rex now has two years of compiled broad-acre cropping data which demonstrate the successful rehabilitation of the land, and will be making details of this available to the regulator and the local community in the near term.

Greening Australia is an environmental not-for-profit organisation, engaged by the Australian Government, specialising in conservation and restoration of natural landscapes. Rex has been assisting Greening Australia with its native revegetation program on crown land adjacent to the Yorke Peninsula (YP) coast and to the Rex ML. Rex has provided manpower and equipment to assist this successful revegetation project which will also accommodate users of the "Walk the Yorke" walking and leisure trail through Rex's Hillside property and extending along the scenic cliff top sections of adjacent YP coastal land. The "Walk the Yorke" trail has been completed. Other key components of this crown land vegetation project include:

- Fencing of boundaries;
- Collection of local native seeds;
- Weed control;
- Fox and rabbit control;
- Revegetation of impacted areas;

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- Sowing lines ripped and sprayed;
- Direct sowing of native seeds into ripped lines; and
- Planting of native tube stock.

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\$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 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 30 June 2016

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 SA Government's DSD on additional EFS information including the "Description of Operations" and progress on the PEPR/SMP process. The Company will also continue with its important community and government consultation process, with a major emphasis on the Yorke Peninsula community.

Also during the next quarter, Rex will issue its Annual Report for the year ended 30 June 2016 to shareholders. The Company's Annual General Meeting will be held in the final quarter of the year.

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")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 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	(455)	(2,234)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	37	207
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (ATO Refund)	-	-
Net Operating Cash Flows	(1,000)	(4,723)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(7)	(7)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	5
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(7)	(2)
1.13 Total operating and investing cash flows (carried forward)	(1,007)	(4,725)

+ 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)	(1,007)	(4,725)
	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	(1,007)	(4,725)
1.20	Cash at beginning of quarter/year to date	7,212	10,930
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,205	6,205

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	129
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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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

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+ See chapter 19 for defined terms.

- 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)	610
4.2 Development	
4.3 Production	
4.4 Administration	635
Total	1,245

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	3,205	7,212
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (term deposits)	3,000	-
Total: cash at end of quarter (item 1.22)	6,205	7,212

+ 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			
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.

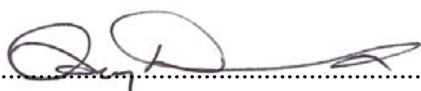
Appendix 5B

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)	16,800,000	-	Exercise price 6.3c	Expiry date 30 November 2019
7.8	Issued during quarter	-	-	-	-
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: 28 July 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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