

30th April 2010

Dear Fellow Shareholder,

Proposed demerger of Mt Carrington assets

Your Company is in the fortunate position of having 100% ownership of two large scale projects – the Pine Point Copper Belt in South Australia and the Mt Carrington gold-silver-copper project in New South Wales. Both projects contain multiple opportunities for making large scale discoveries.

The exploration success at the Hillside project and emergence of new prospects along the Pine Point Copper Belt has seen Rex come to be defined as a copper company with a geographic focus in South Australia. Such success has overshadowed the significant potential and value we see at Mt Carrington.

Therefore, to enhance the inherent value of both projects and expedite their activities, the Rex Board believes it is best to place these two quality projects into separate listed companies, each with a specific commodity, geological and geographic focus.

Rex proposes to spin-off and float its Mt Carrington assets during the September quarter with a dedicated management team, exploration strategy and budget designed to achieve exploration success similar to that achieved in South Australia. The first step in this spin-off is a proposed demerger of a newly created subsidiary, White Rock Minerals Ltd ('White Rock'), which will hold the Mt Carrington assets.

Subject to Rex Shareholder approval in June, it is proposed that all of the shares in White Rock will be distributed, via a pro-rata *in specie* distribution by way of capital reduction to existing Rex Shareholders on the basis of 1 White Rock share for every 3 Rex Shares. White Rock will be funded with approximately \$7 million in cash from Rex, and an initial public offering (IPO) during the September quarter 2010 to raise an additional \$3M to \$5M for ongoing exploration at Mt Carrington. An application will be made subsequently to list White Rock Minerals Ltd on the ASX.

The creation of White Rock will give Rex shareholders immediate access to a company with established gold and silver Resources (190,000ozs gold and 10Mozs silver), existing Mining Licences and other mine infrastructure, considerable exploration upside and exposure to movements in the gold and silver price.

Both companies will have separate boards and management teams, a tighter geographic and commodity focus and offer substantial growth opportunities for shareholders.

Following completion of the *in specie* share distribution and the IPO capital raising, White Rock will be well financed to complete substantial drilling activities aimed at the discovery of new gold, silver and copper Resources at Mt Carrington.

The attached Explanatory Statement contains all details regarding the proposed demerger. Your Board considers the demerger to be in the best interests of Rex Shareholders and will enhance the continued growth of Rex as a premium South Australian copper focussed company.

Yours Sincerely
Rex Minerals Ltd



Paul Chapman
Chairman

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of shareholders of Rex Minerals Limited (the "Company" or "Rex") will be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne at **1:30 pm on Thursday 3 June 2010**.

1. White Rock Share Distribution

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That subject to Resolution 2 being passed, on the basis set out in the Explanatory Statement and for all purposes:

- a) the issued share capital of the Company be reduced, without cancelling any shares, by an amount equal to the market value (as assessed by the directors of the Company) of all the fully paid ordinary shares in the capital of White Rock Minerals Limited ("White Rock") with effect as at 7.00pm Australian Eastern Standard Time on the record date set by the directors of the Company to determine entitlements to the distribution and transfer referred to in paragraph (b) of this resolution ("Record Date"); and
- b) the reduction be satisfied by the distribution ("Distribution") and transfer of all the White Rock Shares ("White Rock Shares") to holders of ordinary shares in the Company registered as such on the Record Date in the ratio of 1 White Rock Share for every 3 ordinary shares in the Company held as at the Record Date, to be effected in accordance with the Company's Constitution, the ASX Listing Rules and as otherwise determined by the directors of the Company."

2. Alteration of Constitution

To consider and if thought fit pass the following resolution as a special resolution:

"That clause 10.3 of the Company's Constitution is altered by adding the following sentence at the end of the clause:

"Subject to the Act and the Listing Rules, if the Company reduces its capital by the distribution of securities of another corporation, each Member consents to being a member of the other corporation and be bound by its constitution."

3. Employee Option Plan

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That, on the basis set out in the Explanatory Statement and for all purposes including Listing Rule 7.2 Exception 9, the issue of options under the Rex Employee Option Plan be approved."

PROXY AND VOTING INSTRUCTIONS

1. A shareholder who is entitled to vote at a meeting may appoint one proxy if the shareholder is only entitled to one vote and one or two proxies if the shareholder is entitled to more than one vote.
2. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.
3. The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other

authority) must be lodged at the share registry Security Transfer Registrars Pty Ltd, PO Box 535 Applecross WA 6153 or by facsimile +618 9315 2233 or by email to registrar@securitytransfer.com.au not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

4. The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the *Corporations Act 2001* (Cth). A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.
5. The proxy may, but need not, be a member of the Company.

A proxy form accompanies this Notice of General Meeting.

Corporate Representatives

Any corporation that is a shareholder of the Company may authorise (by a form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairman) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 pm on 1 June 2010. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Dated: 30 April 2010

A handwritten signature in cursive script, appearing to read 'Amber Rivamonte', is written in black ink on a light-colored rectangular background.

By order of the Board

Amber Rivamonte
Company Secretary

RESOLUTION 1 – WHITE ROCK SHARE DISTRIBUTION - EXPLANATORY STATEMENT

1. BACKGROUND AND REASONS FOR THE PROPOSAL

- 1.1 Rex Minerals Ltd (“Rex”) is in the fortunate position of having 100% ownership of two large scale projects in South Australia (Pine Point Copper Belt) and New South Wales (Mt Carrington). Both projects display multiple opportunities for discovery of significant gold-silver-copper mineralisation.
- 1.2 The exploration activities completed by Rex since late 2007 have been dominated by the discovery of significant copper at Hillside on the Yorke Peninsula in South Australia. The Hillside project and the portfolio of additional copper targets on the Pine Point Copper Belt have evolved to define Rex as a copper entity with a geographic focus in South Australia.
- 1.3 Rex recognises the significant large scale gold-silver-copper potential exists within the Mt Carrington project in New South Wales and your Board now believes that the time has come to separate these two quality projects into independent companies with a specific commodity, geological and geographic focus.
- 1.4 Rex is proposing a demerger of the Mt Carrington asset into a separate entity via a new subsidiary company White Rock Minerals Limited (“White Rock”). This is considered to be the best opportunity for Shareholders to realise maximum value from both of Rex’s core assets. White Rock’s own focussed management team, exploration strategy and budget is designed to achieve similar exploration success to Rex. Whilst White Rock’s current value is only a small proportion of Rex’s value, White Rock, in September 2010, will seek a separate Australian Stock Exchange Limited (‘ASX’) listing following the proposed restructure of Rex.
- 1.5 Since Rex acquired control of the Mt Carrington project in April 2008, Rex has completed a number of initiatives to help optimise the future success of this project. These include:
 - Completion of the purchase of Mt Carrington to acquire the project 100% with no outstanding royalties;
 - Substantial work to refine the existing geological and drilling databases and the exploration models for the project;
 - Estimation and validation of an existing Inferred Resource of 190,000ozs of gold and 10Mozs of silver;
 - Completion of a new Mine Operating Plan to maintain the environmental rehabilitation and operation of the existing Mining Licences and associated infrastructure (tailings dam and waste water treatment plant, freshwater dam, site office);
 - Commencement of new regional geophysical surveys, geochemical surveys and geological mapping to identify and create multiple new large scale gold-silver-copper targets within the tenement holdings;
 - Drill testing of several targets within the tenements identifying several high grade gold-silver-copper zones, most of which exist within 150m of the surface; and
 - Establishment of a geological team specifically focussed on the Mt Carrington project.
- 1.6 Rex has also completed extensive environmental studies at Mt Carrington in the past two years which has led to the establishment of a Mine Operating Plan, which is required by the NSW Department of Industry and Investment (‘DII’) to ensure that the existing Mining Licences are in good standing. This work includes the construction and installation of a waste water treatment plant to manage the water quality within the tailings dam, along with a number of other water management work programs designed to improve the site. An environmental bond was also submitted to the DII as part of the Mine Operation Plan.
- 1.7 The demerger of White Rock and its proposed subsequent listing on the ASX makes strategic sense in allowing Rex to focus solely on its 100% owned copper projects in South Australia. The demerger is considered to be the best avenue for Rex Shareholders to realise the value of the Mt Carrington project. The Mt Carrington project has a number of key attributes and advantages which support the proposed demerger including:
 - Established gold and silver Resources;
 - 100% owned Mining Licences and infrastructure;
 - Favourable location - 2.5 hours inland from the eastern seaboard and close to major road and power networks and water supplies;

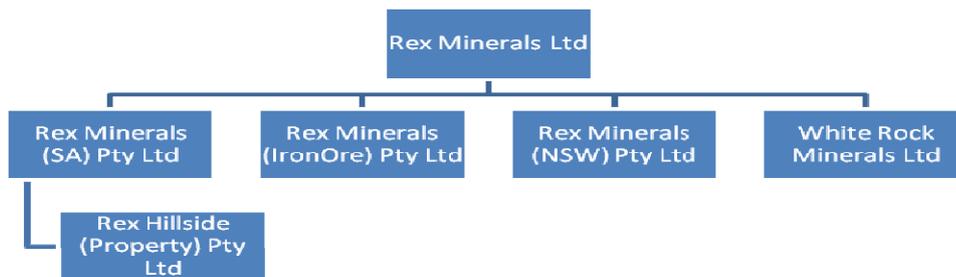
- Considerable exploration upside – gold and silver focussed exploration undertaken since 1994 has been exceedingly limited, providing tremendous opportunity to add significant value through focussed exploration programs;

1.8 The demerger will also result in:

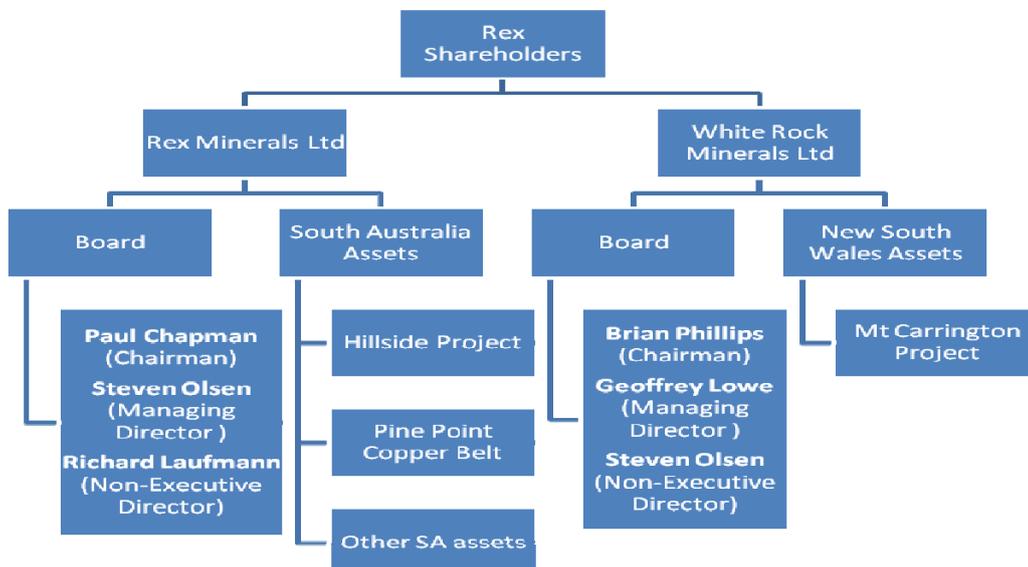
- The creation of a gold-silver focussed company with the ability and funding to explore and develop the 100% owned Mt Carrington asset as a sole entity;
- A better alignment of the management teams of both companies to achieve 100% focus on their respective project needs;
- A transparent valuation and immediate value recognition for the Mt Carrington project;
- A reduction in the diversity of Rex’s exploration assets;
- Direct exposure to the gold and silver price;
- A potential tangible increase in shareholder value in both companies (subsequent to the proposed ASX listing of White Rock).

2. PROPOSED STRUCTURE

2.1 The current company structure of the Rex group is shown as:



2.2 Rex Minerals (NSW) Pty Ltd which currently owns the Mt Carrington project is in the process of becoming a fully owned subsidiary of White Rock, and White Rock will then be demerged from the Rex group. The five current directors of Rex are intended to take on the roles as allocated in this diagram. It is proposed that Geoffrey Lowe, currently an Executive Director of Rex, will be the Managing Director of White Rock. A structural diagram of the proposed arrangements immediately following the separation is set out below.



- 2.3 Subject to Rex Shareholder approval, Rex will distribute all White Rock Shares by effecting an equal reduction of Rex's share capital on the basis of 1 White Rock Share for every 3 Rex Shares held. Each Shareholder will receive an *in specie* return of capital by way of the distribution of White Rock Shares in proportion to the number of shares held by that Shareholder as at the Record Date. Rex Shareholders will retain direct ownership of Rex and will receive direct ownership of White Rock.
- 2.4 It is not intended that Rex would retain a shareholding in White Rock and it is proposed that monies owing by White Rock to Rex will be capitalised prior to the Distribution occurring.
- 2.5 White Rock will operate as an unlisted public company in the interim and will be funded with approximately \$7 million in cash from Rex. White Rock is expected to undertake a small capital raising, lodging a prospectus around September 2010, prior to seeking an ASX listing. White Rock may seek strategic tenement acquisitions complementary to its objectives prior to listing.
- 2.6 Current Rex Shareholders will not be required to contribute additional funds to give effect to the Initial Public Offering ('IPO'), but they will have an opportunity to subscribe for additional shares in the listed White Rock as part of the IPO.
- 2.7 The funding of working capital for White Rock by Rex, and the subsequent capital raising, should ensure that White Rock is well financed to complete the required exploration activities at Mt Carrington aimed at the discovery of new gold, silver and copper Resources, based on evaluation of a number of targets defined during the previous two years of exploration completed by Rex. In the past two years drill testing of several targets within the tenements has identified several high grade gold, silver and copper zones, most of which exist within 150m of the surface. New extensive geophysical surveys have also been completed on the tenements, with the aim of mapping the potential sub-surface extents of these defined zones and generating further targets. The geophysical surveys provided targets for a limited amount of subsequent drilling which was undertaken in early 2010. The results of this drilling have continued to highlight the potential for high grade gold-silver-copper mineralisation on the project. The regional prospectivity of the Mt Carrington tenement holdings was also confirmed with two broad geochemical stream sediment surveys returning highly encouraging results which have defined at least fifteen surface anomalies worthy of further investigation.
- 2.8 The work completed by Rex over the past two years has provided an excellent foundation on which White Rock can base future exploration, and in turn add considerable value to the project. This will provide current Rex Shareholders with the incentive to maintain and grow their interest in the project through the new entity.
- 2.9 The exploration program proposed by White Rock will include:
- High level structural interpretation of the detailed airborne magnetic data flown in October 2009;
 - Detailed compilation and review of all open file previous exploration and mineral occurrence data, with follow up field reviews to prioritise targets outside the known prospect portfolio;
 - Specialist geological mapping of the volcanic terrane to tie the structure (fluid pathway) and stratigraphy (fluid trap) together for target generation;
 - Detailed compilation and review of regional and prospect-scale geophysics collected by Rex and previous explorers;
 - Definition of hard-rock gold and copper targets from the regional geochemical stream sediment survey completed in 2009;
 - Diamond drilling of prioritised targets generated from the above programs.
- 2.10 Environmental rehabilitation and improvements to the Mining Leases, and commissioning of the waste water treatment plant to treat the tailings dam water will also continue through 2010.

3. SUMMARY AND INDICATIVE TIMETABLE

Summary

- 3.1 Rex's exploration interest in the Mt Carrington project in New South Wales will be held through Rex's subsidiary White Rock, and all of the shares in White Rock are intended to be distributed, via a pro-rata *In Specie* distribution by way of capital reduction to Shareholders on a 1 for 3 basis.
- 3.2 Rex seeks Shareholder approval to enable Rex to reduce its share capital by the distribution of specific assets, being the shares in White Rock.
- 3.3 The Corporations Act and the Listing Rules set out the procedure and timing for a capital reduction. The alteration to the share capital and the Distribution will become effective from the Record Date as described below. If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the White Rock Shares and each Shareholder's name will be entered on the register of members of White Rock. The effect of Resolution 2 being passed (and in relation to which Resolution 1 is conditional on) is that each Rex Shareholder will be deemed to have consented to becoming a White Rock shareholder and being bound by its constitution. A Shareholder's entitlement to White Rock Shares to be distributed is to be based on the number of Shares held at the Record Date. Shareholders will receive 1 White Rock Share for every 3 Rex Shares held at the Record Date.
- 3.4 Your Board considers that the advantages of the reduction of capital outweigh the disadvantages. Please refer to the advantages and disadvantages of passing the resolution in Section 4.
- 3.5 Other than as shareholders of Rex or as set out in this Explanatory Statement, none of the Directors has any interest in the resolution.

Indicative Timetable

- 3.6 The following is the indicative timetable set by the Directors in relation to the restructure as approved by ASX:

Event	Date
Shareholder meeting held and ASX announcement of results of meeting.	Thursday 3 June 2010
Last day of trading of Rex shares on a "cum" basis.	Friday 4 June 2010
Trading of Rex shares on an "ex" basis commences.	Monday 7 June 2010
Record date for Distribution.	Friday 11 June 2010, 7.00pm
Effect Distribution of shares in White Rock to Shareholders.	Tuesday 15 June 2010

Following the Distribution, Rex will send to Shareholders statements of their White Rock holdings and advice of the cost base adjustment to their existing Rex Shares for taxation purposes.

4. ADVANTAGES AND DISADVANTAGES

Advantages

- 4.1 The demerger will create a transparent valuation and immediate value recognition for the Mt Carrington project.
- 4.2 The Board considers that the Mt Carrington project requires a specific type of exploration program and focussed management team to enable development and growth of the asset relative to Rex's other portfolio of assets in South Australia. The proposed Distribution will place White Rock Shares directly in the hands of Rex Shareholders and create independence in the trading price of Rex from White Rock.
- 4.3 The distribution of the White Rock Shares will not materially diminish Rex's capacity to undertake its exploration and evaluation programs and will enable the Shareholders to participate directly in any exploration and production success achieved by Rex outside its interest in White Rock, and vice versa.
- 4.4 White Rock will be funded with approximately \$7 million in cash to support the objective of continuing exploration for large scale gold-silver-copper mineralisation within the White Rock portfolio.

Disadvantages

- 4.5 Even though ASIC has provided technical relief to allow secondary sales to occur before White Rock is listed on ASX, unless and until White Rock becomes listed on ASX, the shares in White Rock will not have a liquid market and may be difficult to sell. Although White Rock intends to seek to listing on ASX, there can be no assurance that White Rock will be listed or will trade at a particular price.
- 4.6 There are costs associated with the restructure which will be incurred by Rex. There is also a small but identifiable tax risk as set out below.
- 4.7 As a result of the return of capital, Rex will forego any premium Rex might have received from a person seeking to acquire a controlling stake in White Rock.

5. SHAREHOLDER APPROVAL AND REGULATORY ASPECTS

Corporations Act

- 5.1 Under the Corporations Act, Rex must not effect a reduction of capital unless it is fair and reasonable to its Shareholders as a whole, does not materially prejudice Rex's ability to pay its creditors, and is approved by Shareholders.
- 5.2 Your Board considers that this Proposal is fair and reasonable to the Shareholders as a whole and does not materially prejudice Rex's ability to pay its creditors. This is because each Rex Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder and the Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholders remains the same before and after the capital reduction.
- 5.3 In accordance with the Corporations Act:
 - a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Rex Shareholders;
 - b) this Explanatory Statement must set out all information known to Rex that is material to the decision on how to vote on the Resolution, except if this would be unreasonable because Rex has previously disclosed the information to its shareholders; and
 - c) Rex must lodge with ASIC (which it has done) a copy of this Notice of Meeting and accompanying documentation prior to sending them to Shareholders.
- 5.4 ASIC has provided technical relief to ensure that the demerger process does not constitute a breach of the prospectus requirements.

Listing Rule 7.17

- 5.5 Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to the securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The capital reduction satisfies the requirements of Listing Rule 7.17 because the issue of White Rock Shares is being made on the basis of 1 White Rock Share for every 3 Rex Shares held, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the White Rock Shares accrues.

Effect of Shareholder Approval

- 5.6 If the Resolution is approved, Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to White Rock Shares (1 White Rock Share for every 3 Rex Shares held). The reduction in Rex's share capital and the distribution of White Rock Shares will become effective from the Record Date. Any fractions of entitlement will be rounded up to the next whole number. Shares in White Rock are to be held subject to its Constitution which is in standard form and which has been approved by ASX as complying with the ASX Listing Rules.

- 5.7 The actual dollar value of the proposed return of capital will be an amount equal to the value of the White Rock Shares distributed. Based on the expected balance sheet of White Rock at the date of the Distribution, it is likely to have assets in the order of \$14 million comprising approximately \$7 million cash in addition to 22 Mining Leases, 3 Exploration Licences, mine site infrastructure (office and sheds, waste water treatment plant) and 64Ha of freehold land collectively in the order of \$7 million. The precise amount of Rex's share capital to be reduced will depend on the actual position at the date of the Distribution.
- 5.8 The Board considers the proposed reduction of capital will have no material effect on the interests of Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 4 above.
- 5.9 The proportionate ownership of Shareholders will remain the same both before and after the return of capital (although this may well change in due course).

6. TAX IMPLICATIONS

- 6.1 The following is a general summary of the Australian taxation consequences for Shareholders who receive White Rock Shares in respect of the Distribution based on the applicable taxation law at the date of this Explanatory Statement. Rex is in the process of seeking a Class Ruling from the Australian Taxation Office (ATO) to confirm the taxation implications for Shareholders in respect of the availability of demerger tax relief under Division 125 of the Income Tax Assessment Act 1997 (Cth) (Demerger Relief) and the non-application of the integrity rule in section 45B of the Income Tax Assessment Act 1936 (Cth) (Section 45B). Rex will update Shareholders accordingly in due course.
- 6.2 The following summary only applies to Shareholders who hold their shares in Rex (Shares) on capital account for tax purposes, and not on revenue account. The application of tax legislation can vary according to the individual circumstances of each Shareholder. This summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in this summary are of a general nature only, may not apply to your specific circumstances and cannot be relied upon for accuracy or completeness.
- 6.3 Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed transaction. Neither Rex, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance by any Shareholder on any part of the following summary.

Australian taxation implications for Shareholders who choose Demerger Relief if Class Ruling application is successful

- 6.4 Shareholders who are residents of Australia and who hold their Rex Shares on capital account for tax purposes will be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any capital gains tax (CGT) consequences from the transaction may be deferred, and that any dividend component of a distribution is not taxed in the hands of the Shareholders.
- 6.5 The Distribution is a CGT event for each Shareholder. However, a Shareholder who chooses Demerger Relief may disregard any capital gain under the Distribution, such that no capital gain or loss will arise on the Distribution.
- 6.6 Each Shareholder who is eligible for Demerger Relief must recalculate the cost base and reduced cost base of the Rex Shares and the White Rock Shares for CGT purposes. This is done by apportioning the total cost base and reduced cost base of the Rex Shares held by that Shareholder just before the Distribution between:
- the Rex Shares held by that Shareholder just after the Distribution; and
 - the White Rock Shares distributed to that Shareholder.
- 6.7 The apportionment must be done on a reasonable basis, based on the market values of the Rex Shares and the White Rock Shares just after the Distribution (to be advised by Rex once the Distribution is complete), or a reasonable approximation of those market values. These adjustments apply separately to all Shareholders who are eligible for demerger roll-over, regardless of whether or not Demerger Relief is chosen.

6.8 Rex is organising a market valuation of White Rock Shares to be undertaken. Further information in relation to the apportionment of tax cost bases will be provided to Shareholders in due course after the Distribution occurs and following confirmation from the ATO as to the position.

6.9 On a future disposal of the White Rock Shares, certain Shareholders (such as individuals and complying superannuation funds) may be entitled to a CGT discount if they have held their Shares for at least 12 months. For these purposes, Shareholders can treat their White Rock Shares as having been acquired on the date that they acquired the corresponding original Rex Shares.

Australian taxation implications for Shareholders who do not choose Demerger Relief

6.10 An Australian resident Shareholder who does not choose Demerger Relief will have the same tax consequences as a Shareholder who chooses Demerger Relief, except that the Shareholder may make a capital gain to the extent that the capital (ie non-dividend) component of the Distribution (to be advised by Rex once the Distribution is complete) exceeds the Shareholder's cost base. Conversely, if the capital component is less than the cost base, then the Shareholder's cost base and reduced cost base are reduced by the amount of the capital component.

6.11 For the avoidance of doubt, notwithstanding that the Shareholder does not choose Demerger Relief:

- a) the cost base and reduced cost base of the Rex Shares and the White Rock Shares must still be recalculated in the manner described at Section 6.6 above;
- b) for the purposes of determining eligibility for the CGT discount, each White Rock Share will be treated as having been acquired at the time that the corresponding original Share was acquired; and
- c) to the extent that any part of the Distribution is a dividend, it will not be assessable income or exempt income of the Shareholder.

Australian taxation implications for non-resident Shareholders

6.12 Shareholders who are not residents of Australia for tax purposes will not be subject to any Australian CGT consequences unless they hold (either alone or together with their associates) 10% or more of the direct participation interests in Rex at the time of the Distribution or for a continuous period of at least 12 months in the 24 months immediately preceding the Distribution.

6.13 To the extent that a non-resident Shareholder holds any Rex Shares that meet the above conditions, the Shareholder may make a capital gain to the extent that the capital component of the Distribution (to be advised by Rex once the Distribution is complete) exceeds the Shareholder's cost base. However, non-resident Shareholders cannot choose Demerger Relief. For the avoidance of doubt, notwithstanding that the Shareholder cannot choose Demerger Relief:

- a) the cost base and reduced cost base of the Rex Shares and the White Rock Shares must be recalculated in the manner described at Section 6.6 above; and
- b) for the purposes of determining eligibility for the CGT discount, each White Rock Share will be treated as having been acquired at the time that the corresponding original Share was acquired.

6.14 The Distribution will not be subject to dividend withholding tax.

Australian taxation implications if Class Ruling does not confirm availability of Demerger Relief and non-application of Section 45B

6.15 Broadly, if Rex proceeds with the Distribution in the absence of Demerger Relief, the following taxation consequences may result:

- a) Shareholders may make a capital gain to the extent that the capital component of the Distribution exceeds the particular Shareholder's cost base (unless the Shareholder is a non-resident whose Rex Shares do not breach the ownership thresholds described at Section 6.12 above);
- b) the cost base and reduced cost base of the Rex Shares will be reduced by the amount debited against Rex's share capital account ("Capital Reduction Amount") unless the Commissioner of Taxation makes a determination to treat all or part of the Capital Reduction Amount as an unfranked dividend;

- c) the cost base and reduced cost base of the White Rock Shares will be equal to the Capital Reduction Amount;
- d) the White Rock Shares will be taken to have been acquired by the Shareholder at the date of the Distribution for the purposes of determining eligibility for the CGT discount; and
- e) the excess of the market value of the White Rock Shares at the time of the Distribution over the Capital Reduction Amount, and all or part of the Capital Reduction Amount (if the Commissioner of Taxation so determines) may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (at a rate of 30% on the gross amount, subject to any applicable double taxation agreement).

Taxation implications for the Company

6.16 The transfer of the White Rock Shares from Rex to the Shareholders in respect of the share capital reduction is not expected to have any CGT implications for Rex.

7. OTHER

Overseas Shareholders

- 7.1 The Distribution of the White Rock Shares to overseas Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on Rex an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on Rex an undue burden, the White Rock Shares to which the relevant Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by Rex on their behalf within one month of the date that White Rock becomes listed on the ASX, in order that Rex will pay the relevant Shareholder a cash equivalent amount, or otherwise Rex will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.
- 7.2 If Rex elects to sell the White Rock Shares on a relevant Shareholder's behalf, Rex will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital.
- 7.3 It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

Effect Of Distribution On Existing Options

- 7.4 In accordance with the terms of issue of each of the existing options outstanding as at the date the resolution is passed and in accordance with Listing Rule 7.22.3, the exercise price of each such outstanding option in Rex will be automatically reduced by the same amount as the amount returned in relation to each Share.
- 7.5 There will be no early lapsing of any existing Rex share options for any Rex employee or director who holds such options and who becomes employed by White Rock in lieu of Rex.

Recommendation

- 7.6 Your Directors recommend that Shareholders vote in favour of the resolution as set out in the accompanying Notice of Meeting in order to effect the proposed Distribution for the reasons outlined above.

RESOLUTION 2 – ALTERATION OF CONSTITUTION – EXPLANATORY STATEMENT

- a) Rex seeks shareholder approval by way of special resolution to alter its Constitution to clarify that the Rex shareholders will be deemed to have consented to be a shareholder of White Rock and be bound by its constitution as a consequence of the distribution described above. This removes any technical uncertainty regarding Rex Shareholder consent in this regard.
- b) The White Rock share distribution contemplated by Resolution 1 is conditional on this resolution being passed.

RESOLUTION 3 – EMPLOYEE OPTION PLAN – EXPLANATORY STATEMENT

Background

- a) Rex seeks shareholder approval in accordance with Listing Rule 7.2 Exception 9 and for all other purposes to issue options in accordance with the terms of the Rex Employee Option Plan Rules summarised below. Under the ASX Listing Rules, if Shareholders approve the issue then any options issued under the Rex Employee Option Plan over the next three years do not reduce Rex's 15 % placement capacity.
- b) Rex has established the Rex Employee Option Plan for the purposes of recognising the ability and efforts of employees who have contributed to its success, provide an incentive for employees to achieve the long term objectives of Rex and improve its performance, and attract and retain persons of experience and ability.
- c) Under the terms of the Rex Employee Option Plan Rules, Rex is to have the ability to issue options to any employee in such quantum, on such terms and subject to such conditions as the Rex Board in its discretion determines. Otherwise, the terms of the Rex Employee Option Plan Rules are in standard form and are consistent with the limits prescribed by the ASX Listing Rules, the Corporations Act and ASIC. A copy of the Rex Employee Option Plan Rules is available on the Rex website. As the Plan is a new one, no options have been issued under the Plan to date.
- d) A Rex Director will only be able to participate in the Rex Employee Option Plan if a separate and specific shareholder approval in relation to that director is obtained from shareholders. In any event, Rex will disregard any votes cast on this resolution by each Rex Director and any associates. However Rex need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Exclusion Statement

- e) Rex intends to issue options to employees on an annual basis each July in line with the employee performance and pay review period. The amount of options allocated in a single year is not intended to exceed more than 2.5% of the total number of shares on issue. In addition, as documented within the rules for the employee option plan, the total number of options issued under this plan will not exceed 5% of the total number of shares on issue. The options will have an exercise price which is either at or higher than the share price at the time of issue. It is also anticipated that the expiry period of the options will be four years or less.

