

HEAD OFFICE

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ASX Release: 27 October 2014

Quarterly Activities Report - for the period ended 30 September 2014

ASX Code: RXM

Cash on hand: A\$15.9M

Shares on Issue: 220.5M

Options on Issue: 3.8M

Market Capitalisation: A\$50.7M

Share range in quarter: 26c to 43.5c

Website: www.rexminerals.com.au

*Mining Lease for Hillside
accepted and subsequently
granted from the State
Government*

*Extended Feasibility Study to
define lower capital start-up
options*

Company cost structure reduced

For further information, please contact:

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HIGHLIGHTS

- Rex accepted the terms and conditions associated with the offer for a Mining Lease at Hillside, and the South Australian Government has granted Rex the Mining Lease.
- Rex announced that it will extend the scope of the Feasibility Study at Hillside to include a detailed review of a lower capital, smaller start-up option.
- Dr David Carland appointed as Executive Chairman as an interim appointment and Mr Steven Olsen appointed as Advisory Board Chairman.
- Rex has made significant progress associated with defining a lower capital start-up option for the Hillside Project. This option will be designed to integrate with further expansions ultimately to deliver a large scale copper-gold-iron ore operation.
- A number of cost saving measures have now been implemented to ensure that the Company can focus its cash reserves to support the Extended Feasibility Study and subsequent financing alternatives.

SUMMARY COMMENTS

Rex is fortunate to have a Project which contains significant shallow copper, allowing for a number of options to be investigated and define a lower capital start-up option for the Company. Now that the Company has been granted the Mining Licence, Rex is focusing all of its resources towards the Extended Feasibility Study.

OUTLOOK

Rex will continue the work associated with the Extended Feasibility Study to especially evaluate the capital required for a smaller start-up option will determine the way in which the Company will position the financing options for the Project.

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HILLSIDE PROJECT

Mining Lease Approvals

On September 16, 2014, Rex announced that it had formally accepted the offer of mineral tenements (Mining Lease) for the Hillside Copper-Gold-Iron Ore Project on the Yorke Peninsula, South Australia. Rex has now received all of the necessary State and Commonwealth consents/approvals to develop the Hillside project.

The Mining Lease and associated terms and conditions was based on 3 years of work which included over 50 community meetings, an assessment of 237 submission and numerous independent technical reports covering all aspects of the operation.

The formal granting of the Mining Lease to Rex is a significant milestone and requirement for the next steps of financing the development of the Hillside Project.

Extended Feasibility Study

On August 8, 2014, Rex announced that it would extend the work associated with the Feasibility Study (Extended Feasibility Study) to pursue lower capital options, based on a smaller scale starting operation at the Hillside Project.

Falling commodity prices and a general drop in capital available for large scale mining projects (as evidenced by the delay or cancelation of many large scale copper projects globally) has in part driven the decision to extend the Feasibility Study. However, there are also many benefits associated with a smaller start-up option, which Rex will be investigating further as part of the Extended Feasibility Study. These include:

- Contracting – a broader range of contractors can bid for small works packages leading to greater competitive tension. For example, contract mining.
- Infrastructure – a smaller operation could make better use of the existing ports, logistics and transport infrastructure.
- Project construction – further simplify the schedule with the potential to implement a staged plant build for iron ore.
- Finance – a lower initial capital requirement could provide more diverse funding options.

The work completed to date on the larger scale operation will integrate with the additional work completed on the smaller scale options to enable the company to ultimately deliver on its vision to develop a large scale copper-gold-iron ore project at its flagship Hillside Project.

The scope of the Extended Feasibility Study will include:

- An emphasis on lower up-front capital cost options.
- An initial smaller footprint for the open pit.
- Initial pit designs and mining schedules that allow for less dilution and high grades to the processing plant.

Work progressed during the quarter on the smaller open pit designs and associated capital estimates for a smaller scale start-up operation.

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Tenement Schedule for the quarter ending 30 September 2014

| Tenement | Location | Lease Status | Area Type | Current Area | Date |
|------------------------|--------------|--------------|-----------------|--------------|------------|
| EL5056 | Moonta South | Granted | km ² | 416 | 2/08/2012 |
| EL5055 | Moonta South | Granted | km ² | 1262 | 2/08/2012 |
| EL4514 | Moonta South | Granted | km ² | 24 | 10/06/2010 |
| EL5133 ^[1] | Wandearah | Granted | km ² | 96 | 1/08/2012 |
| EL4779 | Wandearah | Granted | km ² | 81 | 13/10/2011 |
| EL5070 ^[2] | Cowell | Granted | km ² | 85 | 24/10/2012 |
| MC4346 ^[3] | Moonta South | Registered | km ² | 30.3 | 16/04/2013 |
| MC4354 ^[3] | Moonta South | Registered | km ² | 2.5 | 17/07/2013 |
| ML6438 ^[3] | Hillside | Granted | Ha | 2998 | 16/09/2014 |
| EML6439 ^[3] | Hillside | Granted | Ha | 225 | 16/09/2014 |
| MPL146 ^[3] | Hillside | Granted | Ha | 94 | 16/09/2014 |

^[1] The renewal of EL5133 was granted during the quarter and that tenement area has been reduced by 25% from 127km² to 96km².

^[2] Rex has submitted the required renewal documentation and this documentation has been accepted by DSD.

^[3] Rex has accepted the terms and conditions associated with the offer for a Mining Lease and the DSD has granted the Mining Lease. The mineral claims remain valid and are replaced by the ML6438 & EML6439.

CORPORATE

During the quarter, Dr David Carland was appointed as Executive Chairman, following the resignation of Mr Mark Parry, as an interim appointment and Mr Steven Olsen appointed as Advisory Board Chairman.

The Company released its 2014 Annual Report to Shareholders and announced the Annual General Meeting of Shareholders will be held on the 21 November 2014; both announcements are available for viewing on the Company website.

Cash at the end of the quarter was \$15.9M. Expenditure and activities for the quarter were incurred as expected although the cash outflow for the quarter was higher than indicated due to increased expenditure associated with once-off, employee termination benefits paid during the quarter and the corresponding reduction in creditors and accruals compared to 30 June 2014.

Rex has restructured the Company to enable it to focus on its core objectives. A number of cost saving measures have been implemented to ensure that the Company can conserve its cash reserves to support the Extended Feasibility Study, new development plan and subsequent financing alternatives.

Cash outflows for the next quarter are estimated to be \$3.2M. This includes expenditure related to the Company restructure, working capital requirements and the Extended Feasibility Study.

Ongoing cash requirements in the 2015 calendar year are expected to be \$2M per quarter and will ensure the Company maintains a strong cash position.

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ACTIVITIES PLANNED FOR NEXT QUARTER

Rex will continue the work associated with the Extended Feasibility Study and as the results are revealed, the size of the capital required for a smaller start-up option will determine the way in which the Company will position the financing options for the Project.

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 September 2014

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (3 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 | (3,632) | (3,632) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 153 | 153 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) | - | - |
| | (5,704) | (5,704) |
| Net Operating Cash Flows | | |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets | (1) | (1) |
| 1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets | 22 | 22 |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other (provide details if material) | | |
| | 21 | 21 |
| Net investing cash flows | | |
| 1.13 Total operating and investing cash flows (carried forward) | (5,683) | (5,683) |

+ 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) | (5,683) | (15,106) |
| | 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 | (5,683) | (5,683) |
| 1.20 | Cash at beginning of quarter/year to date | 21,590 | 21,590 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 15,907 | 15,907 |

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 | 823 |
| 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

| |
|--|
| |
|--|

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) | 2,360 |
| 4.2 Development | |
| 4.3 Production | |
| 4.4 Administration | 923 |
| Total | 3,283 |

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 | 5,407 | 2,590 |
| 5.2 Deposits at call | | |
| 5.3 Bank overdraft | | |
| 5.4 Other (term deposits) | 10,500 | 19,000 |
| Total: cash at end of quarter (item 1.22) | 15,907 | 21,590 |

+ 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 | EL5133 - Wandearah | 127km ² | 96km ² |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased | ML6438 EML6439 MPL146 (Hillside) | o o o | 2,998Ha 225Ha 94Ha |

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.

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) | 840,000 3,000,000 | - - | Exercise price \$1.20 \$0.91 | Expiry date 30/4/2015 31/8/2017 |
| 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: 27 October 2014

(Director/Company secretary)

Print name: Rosalie Bolingbroke

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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