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ASX and Media Release: 30 November 2015

ASX code: RXM

Chairman's Address – 2015

Introductory comments

At last year's Annual General Meeting of Rex Minerals' shareholders, we focused on four main areas:

- progress to date on the yet to be completed Extended Feasibility Study (EFS);
- the state of the commodity markets;
- the status of the Hillside Project Mining Lease; and
- our engagement with the community.

Today, I will revisit these focus areas.

Extended Feasibility Study Results

In May, we released the results of the EFS which included an updated Hillside Ore Reserve statement which indicated, at a 0.2% copper cut-off grade, a total Mineral Resource at Hillside of 337Mt @ 0.6% copper and 0.14g/t gold, equating to approximately 2.0Mt of copper and 1.4Moz of gold.

The EFS results confirmed a stand-alone copper-gold project with an initial 13+ year mine life at a processing rate of 6Mtpa (Initial Project). C1 cash costs are estimated at US\$1.61/lb copper. This Initial Project would capture approximately 25% of the total Mineral Resource, with scope within the existing design for expansion of both the open pit and processing plant to capture the large Mineral Resource that exists at Hillside.

The EFS results indicated that the Initial Project can yield a 14% internal rate of return (IRR) on a A\$480M investment based on a US\$3.00/lb copper price, US\$1,250/oz gold price and a long-term exchange rate of AUD:USD \$0.70.

We are confident that our capital and operating costs are well founded and conservative, in that we can expect better outcomes when we enter the active development phase of the Initial Project.

Thus, the major external determinant of the Company's capacity to finance the Initial Project is the state of the commodity markets.

Commodity markets

At this time last year, I noted the challenging and difficult market conditions, especially with respect to iron ore, which had led to the decision to defer the larger-scale Hillside Project.

Over the last financial year, conditions continued to deteriorate with the copper price falling by 15% to US\$2.61/lb at 30 June 2015 and the gold price falling by 12% to US\$1,168/oz.

However, the AUD:USD exchange rate moved favourably from our perspective, falling by approximately 20% to 0.77 at 30 June 2015.

In the subsequent period, the exchange rate has continued to move in our favour and the gold price has been stable. However, the copper price has continued to fall.

From this, it is clear that the current market outlook does not provide the envelope of commodity prices and the exchange rate that underpins the EFS.

To justify an investment, we require the future price outlook to improve significantly which will be determined largely by:

- the supply / demand balance; and
- the cost of entry.

We have previously noted that market analysis has identified that future copper supply will become more reliant on the development of a new generation of copper mines. The average incentive copper price required for the bulk of these new copper mines is reported by some analysts to be in excess of US\$3.00/lb and broad market consensus implies that the under-investment in copper in the immediate future is likely to lead to a shortage in supply from 2017 onwards.

Thus, Rex is targeting the emerging supply gap and expected price recovery to time the development of our Project.

Development Strategy

Our three-pronged strategy involves:

1. cost reduction through the restructure of salary and incentives for Directors and Management team;
2. securing and maintaining our development license to operate; and
3. preparing the project for prompt development and financing.

First, since late 2014, we have dramatically reduced our costs to preserve the cash needed to see us through the commodity downturn. Later in this meeting, you will have the opportunity to vote on the adoption of an Option Incentive Plan, applicable to directors and employees, that is designed to maintain an experienced Board and Management team while preserving cash for project and operational purposes.

Secondly, we are continuing to progress our approvals and community engagement within a tight budget environment so that we can mobilise quickly when the market turns.

Thirdly, we are continuing to engage with potential funding sources such as offtake and strategic partnerships, EPC contractor funding and debt funding, that are prepared to take a longer-term view of commodity prices and wish to be in a position to access our significant Hillside asset base and its potential to deliver beyond the known resource.

Hillside Project Mining Lease

On 28 August this year, Rex advised that the South Australian Government's Department of State Development has approved a 12-month extension for the submission of the Program for Environment Protection and Rehabilitation (PEPR) and the Social Management Plan (SMP) for the Hillside Project on the Yorke Peninsula.

This extension resulted from a request from the Company to allow time to incorporate the results of the EFS into the PEPR and the SMP.

Community Engagement

Close interaction with community and government is good management practice and part of Rex's commitment to corporate social responsibility. This has been and will be part of, the day-to-day activity for Rex during all stages of exploration, planning, development and operations.

Recently, in order to provide details of the EFS and its social environmental impact, Rex engaged with stakeholders including land owners, community and local government. As part of our dialogue with community, we explained the EFS outcomes and highlighted its advantages. For local stakeholders, this emphasised the reduced physical and experiential community footprint of the new layout which sits inside the original design of the Hillside Project and we detailed how this compares and fits within the original Mining Lease.

Board Changes

On 30 June 2015, long-term Director and founding Managing Director, Steven Olsen, stood down from the Board.

Steven Olsen, the 'face' of Rex for much of the past eight years, will remain with the Company in a consulting role to ensure operational continuity.

Both the discovery of the Hillside deposit and the results of the EFS were completed under Steven's leadership. The outcomes from this work have given the Company a valuable asset from which the Company can grow into its next phase as a mining company.

I would like to thank Steven and the other experienced and talented specialists who have greatly assisted the Company in creating a financially viable, staged development plan for the Hillside Project.

On 4 August this year, Rex announced the appointment of Mitch Hooke as a Non-Executive Director.

Mitch retired as Chief Executive Officer of the Minerals Council of Australia (MCA) at the end of 2013, a position he had held since June 2002. Before joining the MCA, Mitch served as inaugural Chief Executive Officer of the Australian Food and Grocery Council and prior to that, he was Executive Director of the Grains Council of Australia.

Mitch is Chairman of Partners in Performance International and a member of the Advisory Board of Partners in Performance (North America), a global management consulting firm.

Mitch is also a Non-Executive Director of GTL Energy, a technology company in the early stages of commercialising proprietary technology to upgrade low-rank coals and he is an Independent Director of Grain Producers Australia, the national not-for-profit body which represents Australia's broadacre grain, pulse and oilseed producers.

Mitch has an outstanding track record of achievement in global industry development and business generally. The broad knowledge and experience that he brings to Rex is unique and of the highest order.

Senior Management Changes

Richard Laufmann took on the role of Managing Director and Chief Executive Officer, effective 23 April 2015.

Richard is a founding Director of Rex and has been a Non-Executive Director since 2007. He brings to the Rex Management team broad experience in the resources sector, both corporate and operational. Richard's most recent engagement was for seven years as CEO of Indophil Resources (until recently an ASX-listed company with a large copper-gold Joint Venture in the Philippines) and

prior to that, five years as CEO of Ballarat Goldfields. For many years prior to that, Richard held a range of senior and executive operational positions with WMC.

Richard brings to Rex's Management team the right mix of experience and skills to take the Company into the next phase of its growth.

Two further significant senior management appointments were announced on 28 October 2015.

First, Greg Hall joined us as Project Director. Until recently, Greg was CEO of South Australian-based copper-gold producer, Hillgrove Resources, where he oversaw significant productivity improvements and cost reductions at the Kanmantoo Mine and the restart of brownfields exploration targeted to expand the mine's resource base.

Greg has a wealth of experience from a career that includes operations, technical and marketing roles in copper, uranium, nickel, bauxite and alumina, gold and iron ore for WMC and Rio Tinto. In 2006, he set up the uranium company Toro Energy as its inaugural Managing Director. Toro Energy's activity and growth saw it achieve approval for WA's first uranium mine.

Greg is a South Australian and is passionate about the state's prospects.

Secondly, Amber Rivamonte was appointed as Chief Financial Officer (CFO). Amber has over 20 years' experience in the resources industry, covering all aspects of managing resources companies, from project acquisition, mergers, demergers, takeovers, schemes and various forms of fund raisings, including raising capital from seed through to public raisings. Amber has a background in accounting and is a Certified Practising Accountant in Australia. She has previously held the roles of CFO and Company Secretary at Rex Minerals and Ballarat Goldfields.

Conclusion

On behalf of your Board, I would like to take this opportunity to thank our employees and contractors for their efforts, through what has been a challenging and very busy year for Rex.

We would finally like to acknowledge the support of our suppliers and our shareholders for your continued support.

For more information about Rex and its projects, please visit our website 'www.rexminerals.com.au' or contact:

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