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Hillside Conceptual Study Results

- **Conceptual study identifies open pit mine with a minimum 12 year mine life**
- **Staged production to over 70,000t copper, 50,000ozs gold and 1.3Mt iron ore**
- **Attractive cash flow potential, underpinned by infrastructure advantages**
- **Prefeasibility study underway, targeting mid 2012**

Rex Minerals Limited (“Rex”) has completed a conceptual (scoping) study of its 100% owned Hillside Project in South Australia. The conceptual study results confirm the potential for a large-scale, long-life project with production increasing to over 70,000t of copper per annum with additional significant iron ore and gold credits.

The conceptual study contemplates a staged development plan with a minimum 12 year mine life. Stage one production is projected to grow to over 40,000t copper, 35,000ozs gold and 700,000t of iron core concentrate (magnetite fines), with annualised production ramping up in stage two to more than 70,000t copper, 50,000ozs gold and 1.3 million tonnes of iron ore concentrate.

The study has identified start-up capital cost estimates of between AUD\$650-\$800 million for stage one with the second stage self funded. The results from the study also indicate attractive economics for the project with estimated cash costs of approximately US\$1/lb copper, after by-product credits.

The conceptual study forms the basis for a pre-feasibility study to be completed in 2012. This will be followed by a bankable (definitive) feasibility study due in 2013, which is expected to include a further optimised plan for Hillside and other regional opportunities on the Pine Point Copper Belt. Subject to further evaluation and approvals, first production could commence in 2015.

Rex’s Managing Director Mr Steven Olsen said today “The conceptual study supports our view that Hillside is one of Australia’s largest copper development opportunities.”

“We also remain focussed on the regional opportunity which we believe will lead to further discoveries and the potential to produce over 100,000 tonnes of copper per annum for years to come, making it Australia’s most substantial copper development opportunity outside of Olympic Dam.” Mr Olsen said.

More details on the scoping study are attached. For more information about Rex Minerals please contact:

Steven Olsen (Managing Director)
or Amber Rivamonte (Company Secretary)
Phone: 03-5337-4000
E-mail: info@rexminerals.com.au

Media enquiries to:
Simon Jemison C/. Collins Street Media
Phone: 0408-004-848 or 03-9224-5319
E-mail: simon@collinsstreetmedia.com.au

HILLSIDE CONCEPTUAL STUDY – SUMMARY

Table 1: Summary results of the conceptual study completed on the Hillside Project¹ (see page 14).

| | STAGE ONE | STAGE TWO |
|---------------------------------------|---------------------------|---------------------------------|
| Mine Plan | 6 years | 6+ years |
| Copper Production (per annum) | 40,000 to 45,000 tonnes | 70,000 to 80,000 tonnes |
| Gold Production (pa) | 35,000 to 45,000 ounces | 50,000 to 70,000 ounces |
| Iron Ore Concentrate (pa) | 700,000 to 900,000 tonnes | 1.3 to 1.6 million tonnes |
| Processing Plant Capacity (pa) | 7.5 to 9 million tonnes | 15 to 18 million tonnes |
| Pre-Strip | 44 million tonnes | 69 million tonnes |
| Strip Ratio | 3.9:1 to 4.2:1 | 4.2:1 to 4.8:1 |
| Cash Costs | US\$0.7 to US\$0.8/lb* | US\$1.0 to US\$1.2/lb* |
| Start up capital costs | AUD\$650 to \$800 million | Funded from stage one cash flow |

*See table 4 (page 10) with reference to cash costs estimates relative to spot and base case commodity prices and exchange rates.

Table 2: Summary of operating cost estimates (all in AUD\$) used in the Hillside conceptual study¹ (see page 14).

| Cost Input | Stage 1 | Stage 2 |
|------------------------|------------|------------|
| Mining Dilution | 13% to 15% | 13% to 15% |
| Mining cost | \$2.6/t | \$2.8/t |
| Processing Cost | \$11.6/t | \$9.9/t |
| Administration | \$2.7/t | \$1.5/t |

Table 3: Mineral Resource estimate at Hillside (for more detail see Rex announcement on 27 July, 2011).

| Zone | Resource Category | Tonnes (Mt) | Copper (%) | Gold (g/t) | Iron (%) | Contained Copper (t) | Contained Gold (oz) |
|--------------------|-------------------|-------------|------------|------------|-------------|----------------------|---------------------|
| Supergene Oxide | Indicated | 3 | 0.6 | 0.2 | 11* | 18,000 | 19,290 |
| | Inferred | 15 | 0.6 | 0.2 | 12.1 | 90,000 | 96,452 |
| Supergene Sulphide | Indicated | 1 | 0.7 | 0.3 | 12.9* | 7,000 | 9,645 |
| | Inferred | 7 | 0.7 | 0.2 | 13.7 | 49,000 | 45,011 |
| Primary Sulphide | Indicated | 31 | 0.6 | 0.2 | 13.2* | 186,000 | 199,335 |
| | Inferred | 160 | 0.7 | 0.2 | 12.3 | 1,120,000 | 1,028,824 |
| Total | | 217 | 0.7 | 0.2 | 12.4 | 1,500,000 | 1,400,000 |

Copper Resources reported above 0.2% cut-off grade.

Grade is rounded to one significant figure in accordance with the guidance of the JORC Code 2004.

* Iron component of the Indicated Resource is classified as an Inferred Resource

Please refer to the competent person's report on the last page of this announcement

HILLSIDE CONCEPTUAL STUDY - Introduction

Discovery - Rex commenced exploration on the Yorke Peninsula in late 2007 with the vision of discovering copper-gold mineralisation leading to the development of a large-scale and long-life copper-gold operation. The initial test of this vision was at the Hillside Project, which led to the discovery of large-scale copper mineralisation in 2008. From early 2010, Resource definition drilling began at Hillside. Over the past 18 months Rex has continued to grow the Mineral Resource at Hillside, leading to one of Australia's largest copper-gold discoveries.

Conceptual (Scoping) Study - In conjunction with the Resource drilling at Hillside, Rex has undertaken a number of research projects that have formed the basis of a conceptual study which is designed to identify the best development options for the Hillside project. The conceptual study is the first review of the potential opportunities and risks associated with a new mining operation^{1 (see page 14)}. The results from this review provide a blueprint for a new mining operation, with further scope to optimise the base case estimates as more detail is gathered during the pre-feasibility study stage.

Rex engaged a broad range of external consultants to assist with the conceptual study including consultants with expertise in large-scale open pit mining and copper/magnetite processing. Further support has also been added to the conceptual study by external and in-house environmental and community teams.

It is important to note that the current conceptual study only reviewed the potential for a mining operation associated with the existing Mineral Resource and does not yet include any potential that Rex interprets to exist at Hillside or from the additional targets near Hillside.

Limitations of Conceptual Study - The conceptual study which has been undertaken is, by its nature, not as reliable or certain in its outcomes as a pre-feasibility or a bankable feasibility study, neither of which have been undertaken. As further modelling of the resource and project is undertaken, the conceptual study is expected to change and therefore it is not a definitive indication of how the Hillside project will be developed. The conceptual study (inclusive of the cost estimates contained within it) is subject to a range of sensitivities, qualifications, assumptions and risk factors, which could affect the project's development. There are also a range of approvals required before the project can be implemented, which have not been obtained at this stage. It necessarily constitutes a "forward looking statement" and is subject to the disclaimer in that regard on page 14.

Regional Potential - The exploration and mining studies at Hillside represent the first step in a broader exploration strategy to unlock the potential along the Pine Point Copper Belt on the Yorke Peninsula. A large area remains untested with similar or better potential than the Hillside Project. Rex management believes the copper-gold endowment on the Yorke Peninsula could be large enough to ultimately host a mining operation producing over 100,000t of copper for many decades.

Resource Estimate - The existing Mineral Resources estimate at Hillside was updated on 27 July 2011 in conjunction with the results of the conceptual study. The Mineral Resource at Hillside is continually growing which is subsequently increasing the available metal for the mining studies. The Mineral Resource information that was used in the conceptual study is based on information available as at February 2011. The current Minerals Resource estimate for the Hillside project is summarised in table 3.

HILLSIDE CONCEPTUAL STUDY - Capital and Infrastructure

Staged Development

Based on current information Rex believes the preferred approach to be a two stage development scenario: A stage one open pit of 7.5 to 9 million tonnes per annum (Mtpa) throughput followed by a stage two expansion of 15-18Mtpa. This approach delivers the optimal balance of minimising initial capital requirements while also generating significant internal cash flow to then fund the stage two expansion. The optimal scale of the processing plant will be further reviewed during the pre-feasibility study.

Capital Cost Estimates

Rex has estimated the up-front capital costs of the stage one project to range from AUD\$650 million to AUD\$800 million.

In summary, allowance has been made in the initial estimates of capital costs for the following:

Processing Plant – A range of processing plant options have been considered during the conceptual study, with the most detailed design and cost work completed on a processing plant with an initial capacity of 7.5Mtpa followed by an expansion to full capacity of 15Mtpa in stage two. Options to expand stage one up to 9Mtpa and/or 18Mtpa in stage two will be considered during the pre-feasibility study.

Power – Hillside is located close to South Australia’s power grid. Options exist to expand the power capacity in the Hillside area, including access to power generated from a local wind farm which is also connected to the state power grid.

Water – Capacity currently exists within the state water grid to provide water for both Hillside and numerous other businesses and housing requirements in the region. Options considered in the conceptual study include an independent desalination plant or an expanded water pipeline to the Peninsula. Rex favours an approach where the development at Hillside could act as the catalyst to expand the main grid water into the Yorke Peninsula.

Mining pre-strip – Whilst some ore commences at depths as shallow of 10m beneath the surface, the larger tonnages do not commence until a depth of approximately 40m. The conceptual study makes an allowance in stage one for the removal of approximately 44Mt of waste rock before the commencement of large-scale mining and processing of the orebody. This waste removal is allocated as a capital cost and included as part of the capital costs for stage one. Some additional capital is also required as part of the pre-strip for stage two. This is estimated to be approximately 69Mt.

HILLSIDE CONCEPTUAL STUDY - Production and Operating costs

Mining Dilution

Mining dilution studies were completed over the entire Resource to create mineable blocks based on the size of the mining fleet contemplated for the open pit. On average, the results indicated that the orebody will be diluted by a factor of between 13% and 15%.

Operating Strip Ratio

The operating strip ratio is estimated to range between 3.9:1 and 4.2:1 for stage one and between 4.2:1 and 4.8:1 for stage two, after allowance for the removal of the pre-strip material.

Mining Cost Estimates

Benchmark studies, along with a detailed analysis of the likely mining costs specific to Hillside, were completed to estimate indicative mining costs per tonne. The results indicate mining costs per tonne of approximately AUD\$2.6/t for stage one and approximately AUD\$2.8/t for stage two.

Copper-Gold Recoveries

Metallurgical studies were completed on all known ore types at Hillside to identify the potential copper recoveries using a conventional processing plant. Results for the most dominant ore type (chalcopyrite ore) were exceptionally good with recoveries of 94% with minimal optimisation work required. Other minor sulphide ore zones also recovered well with results above 90%. Gold recoveries associated with the copper were in the order of 75% to 77%. Of the oxide copper zones, the total volume available was considered to be too small to justify an SXEW processing plant, therefore, flotation test work was completed to identify the ability to activate and float the oxide material. Current work indicates that recoveries of approximately 50% are achievable for the oxide material, however, further optimisation will be completed during the pre-feasibility study.

Processing Plant Operating Costs

Detailed cost estimates were completed for a processing plant facility operating at both 7.5Mtpa and 15Mtpa. Higher throughput rates of 9Mtpa and 18Mtpa will be reviewed in the pre-feasibility study

The conceptual study identified processing costs for stage one of AUD\$11.6/t and for stage two of AUD\$9.9/t. These costs are a total cost estimate for the recovery of a copper-gold concentrate and magnetite fines delivered to the Port of Ardrossan.

Administration/Other Costs

In addition to the mining and processing costs, all other associated costs were grouped and estimated to be AUD\$2.7/t for stage one and AUD\$1.5/t for stage two. These costs include project management, camp and other miscellaneous costs not directly attributable to mining or processing.

Magnetite Recoveries and Contribution

Similar to the Ernest Henry copper-gold deposit in Queensland, iron ore can be a valuable by-product. It is generated through the processing and recovery of magnetite ore which is mined with the copper and gold. The presence of substantial magnetite within the Hillside deposit, and the nearby port facilities, provides scope for the sale of a magnetite product.

The process of recovering the magnetite would involve regrinding of the tailings after the recovery of a copper-gold concentrate and then separating out a fine magnetite product which, based on initial test work, will have an iron grade of over 65% and with low impurities.

The cost associated with the separation of the magnetite is estimated to be in the order of AUD\$30 to AUD\$40 per tonne. When calculating the cost per tonne of the recovered magnetite, including transport and loading at either the local Ardrossan port facility or to Port Adelaide, the total indicative cost is between AUD\$50 and AUD\$60 per tonne.

At current spot prices of US\$170/t for iron ore fines, significant additional cash flow can be generated at Hillside. Should iron ore prices fall by as much as 50%, it is expected that the recovery of magnetite would still generate positive operating cash flows.

As a result of the economic review on iron ore production, the diluted Hillside model was re-assessed in terms of the available metal (copper, gold and iron ore) for each mining block. Therefore, greater value was attributable to each mining block and this provides further economic advantages in terms of large-scale mining. During the pre-feasibility study, further work will be undertaken to optimise the deposit by reviewing the distribution of copper, gold and magnetite throughout the orebody in more detail.

Open Pit Optimisation

Whittle open pit optimisation was completed on the diluted block model to assess the optimal open pit design. The mining sequence was also scheduled to ensure that the capability of delivering ore to the processing plant at the required level was possible. Figures 2 to 4 (pages 8 and 9) show the open pit design identified from the optimisation work for both stage one and stage two.

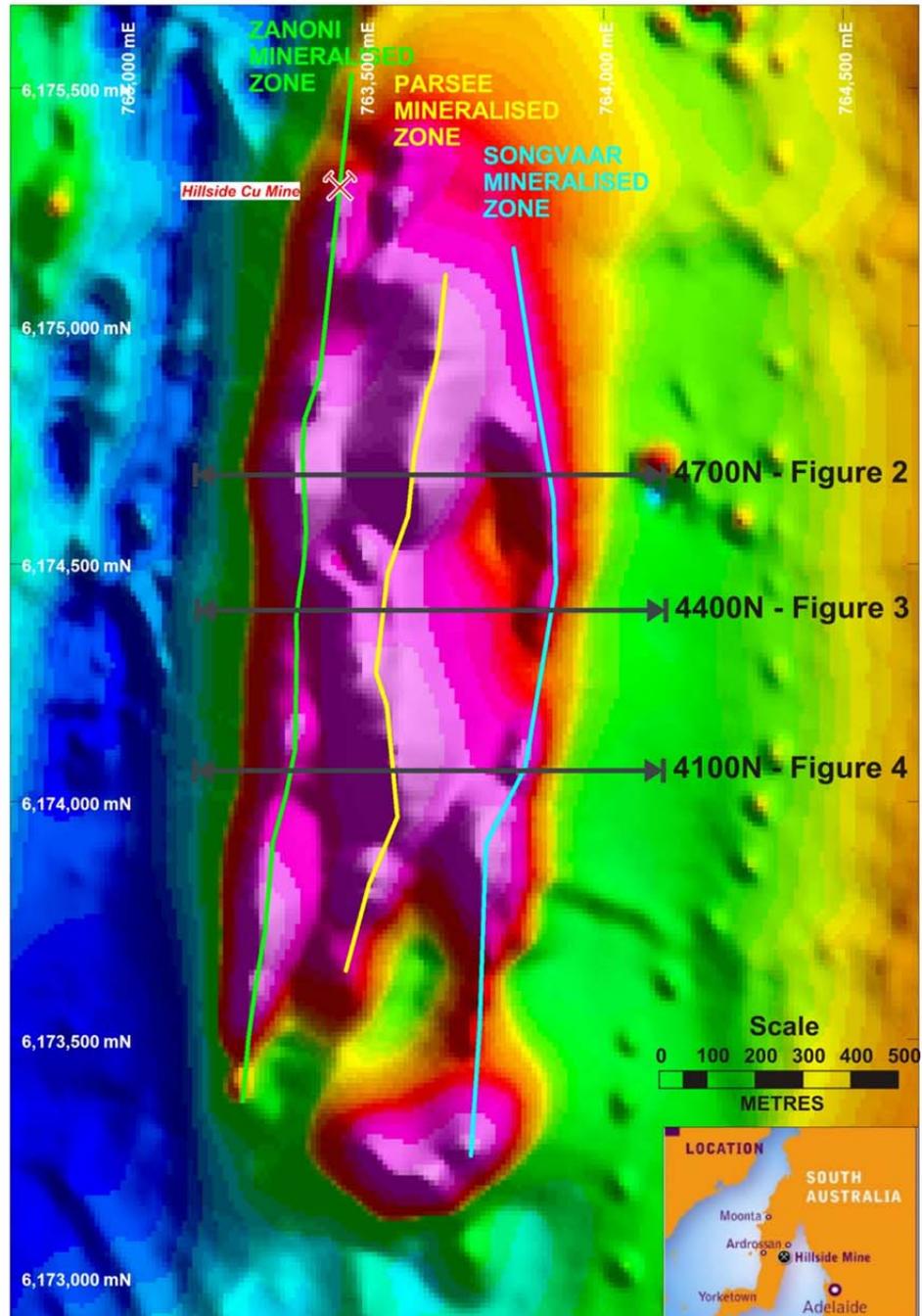


Figure 1: Plan view of Hillside based on the magnetic image, showing the location of the cross sections identified in figures 2-4.

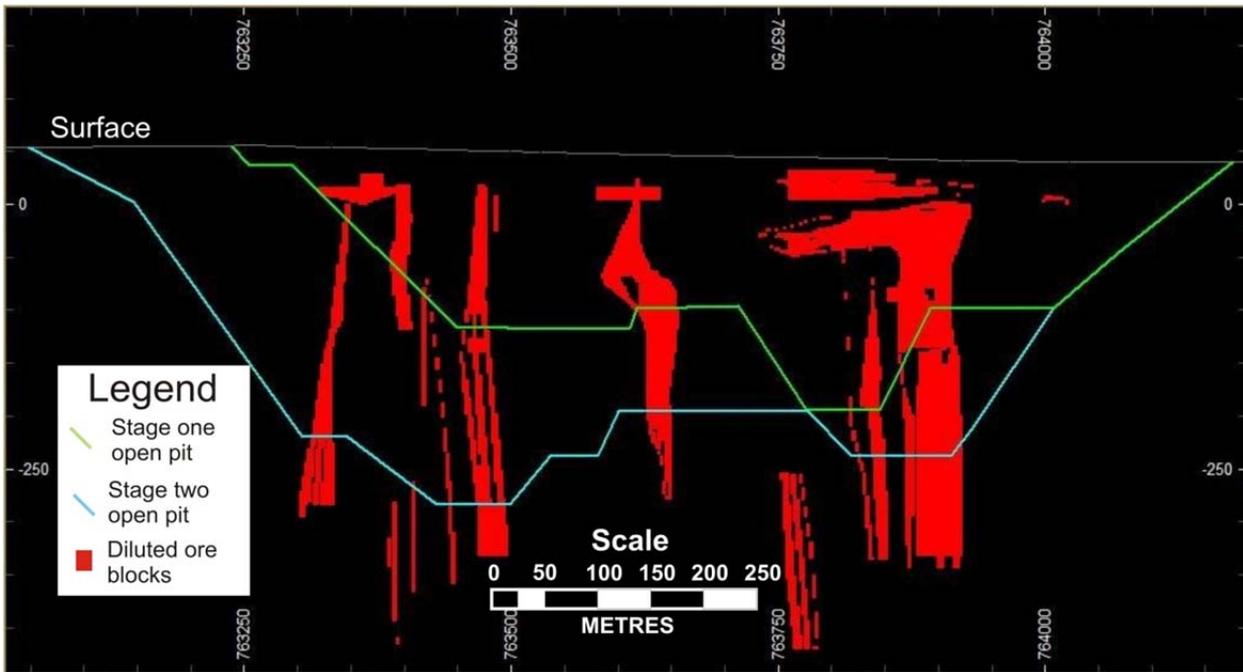


Figure 2: Cross section 4700N at Hillside showing diluted mining blocks in stage one and stage two open pit.

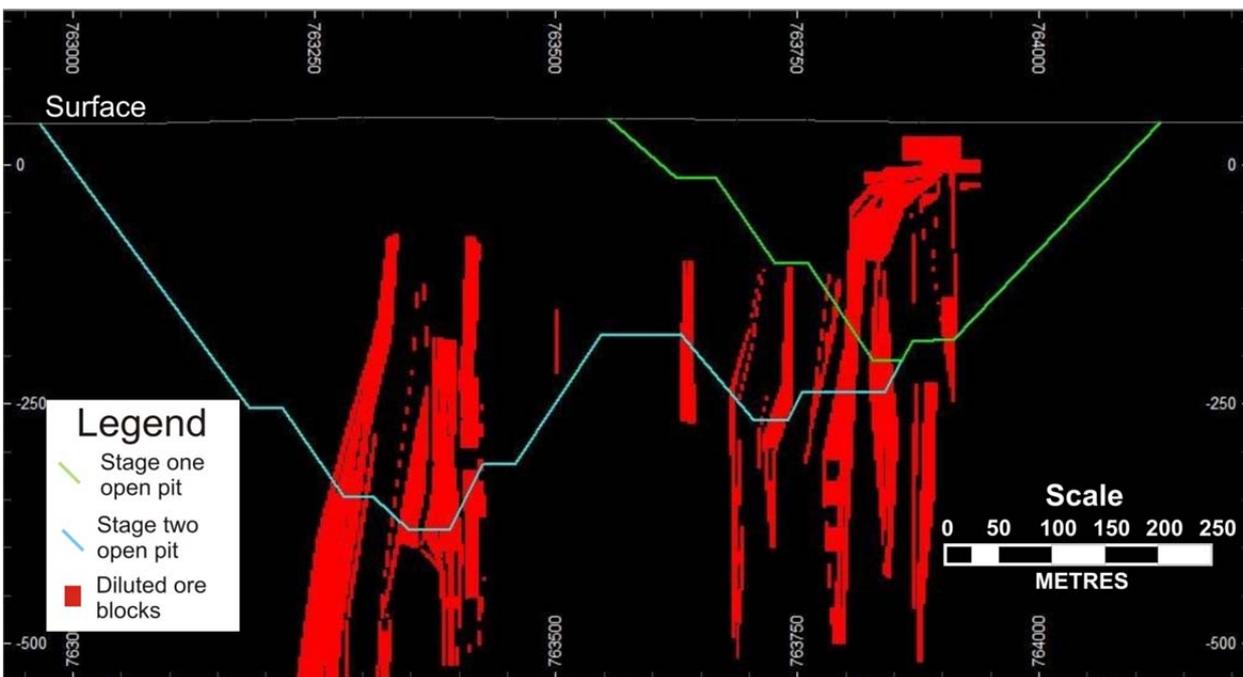


Figure 3: Cross section 4400N at Hillside showing diluted mining blocks in stage one and stage two open pit.

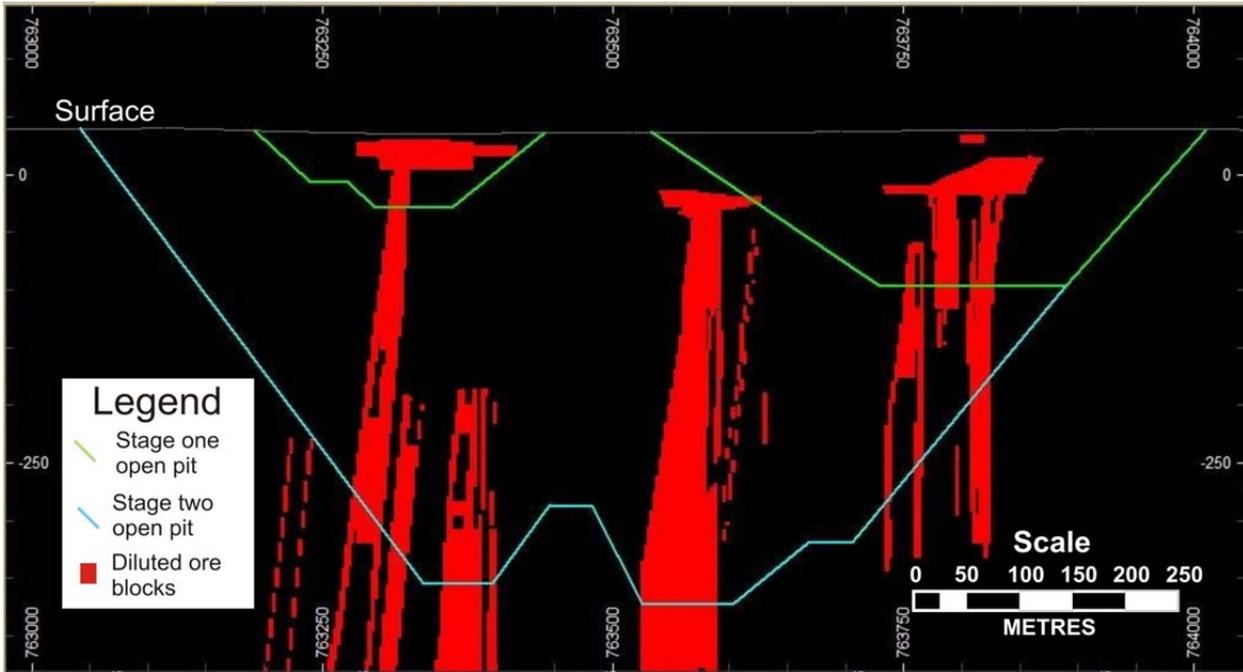


Figure 4: Cross section 4100N at Hillside showing diluted mining blocks in stage one and stage two open pit.

HILLSIDE CONCEPTUAL STUDY - Commodity Price Assumptions

A review of the current commodity price forecasts from analysts world-wide indicate a trend of lower commodity prices over the life of the project compared with current spot prices. However, despite the consensus for lower commodity prices, there remains the potential for prices to move in either a positive or negative direction throughout the life of the project due the significant economic uncertainty that exists with the major economies across the globe and their associated currencies.

In addition, the exchange rate can have a considerable impact on the cost structure of the project, particularly when benchmarking Hillside compared to other projects across the globe in \$US terms.

The approach taken for the conceptual study was to look at the current commodity prices (taken at 18 July, 2011) and compare the results with the current cost structure of existing copper projects across the globe. This was then compared with a base case analysis which looked at commodity prices and an AUD:USD exchange rate which are closer to longer term forecasts.

The spot commodity prices and exchange rate, and the base case commodity prices and exchange rate used for the conceptual study are summarised in table 4. A further analysis was undertaken to see the impact on just lower commodity prices, whilst maintaining the same exchange rate as the base case (see table 4).

Table 4: Projected cash costs after magnetite and gold by-product credits, based on spot and base case commodity prices and exchange rates used in the conceptual study.

| | Spot Price* | Base Case | Price Sensitivity |
|----------------------------------|-------------|-----------|-------------------|
| Copper (\$US/lb) | 4.38 | 3.20 | 3.00 |
| Gold (\$US/oz) | 1595 | 1200 | 1000 |
| Magnetite (\$US/t) | 170 | 120 | 100 |
| AUD:US | 1.06 | 0.80 | 0.80 |
| Cash Costs (C1) Stage one | US\$0.8 | US\$0.7 | US\$1.0 |
| Cash Costs (C1) Stage two | US\$1.2 | US\$1.0 | US\$1.3 |

*Spot prices taken at 18 July, 2011

Under the base case analysis the contribution of each commodity in terms of total revenue is approximately:

| | |
|------------|-----|
| Copper: | 65% |
| Magnetite: | 24% |
| Gold: | 11% |

Copper is clearly the most valuable commodity associated with the Hillside project, however, the inclusion of magnetite as a saleable product has a considerable positive impact on the overall economics and helps to de-risk the project by providing additional revenue diversification.

The results indicate that for both the base case, spot prices or somewhere in between, the cash costs for the project as defined in the conceptual study is between US\$0.70 and US\$0.80 for stage one and between US\$1.0 and US\$1.20 for stage two. For comparison, GFMS estimates that average cash costs for copper mines worldwide in 2010 were US\$1.12 (after by-product credits). Based on the data from GFMS, Rex's base case estimate for Hillside would lie in the lower quartile for cash costs in stage one and close to the 50th percentile in stage two (see figure 5). In essence the results from the conceptual study indicated that the cash costs for the Hillside project are likely to be close to the world average.

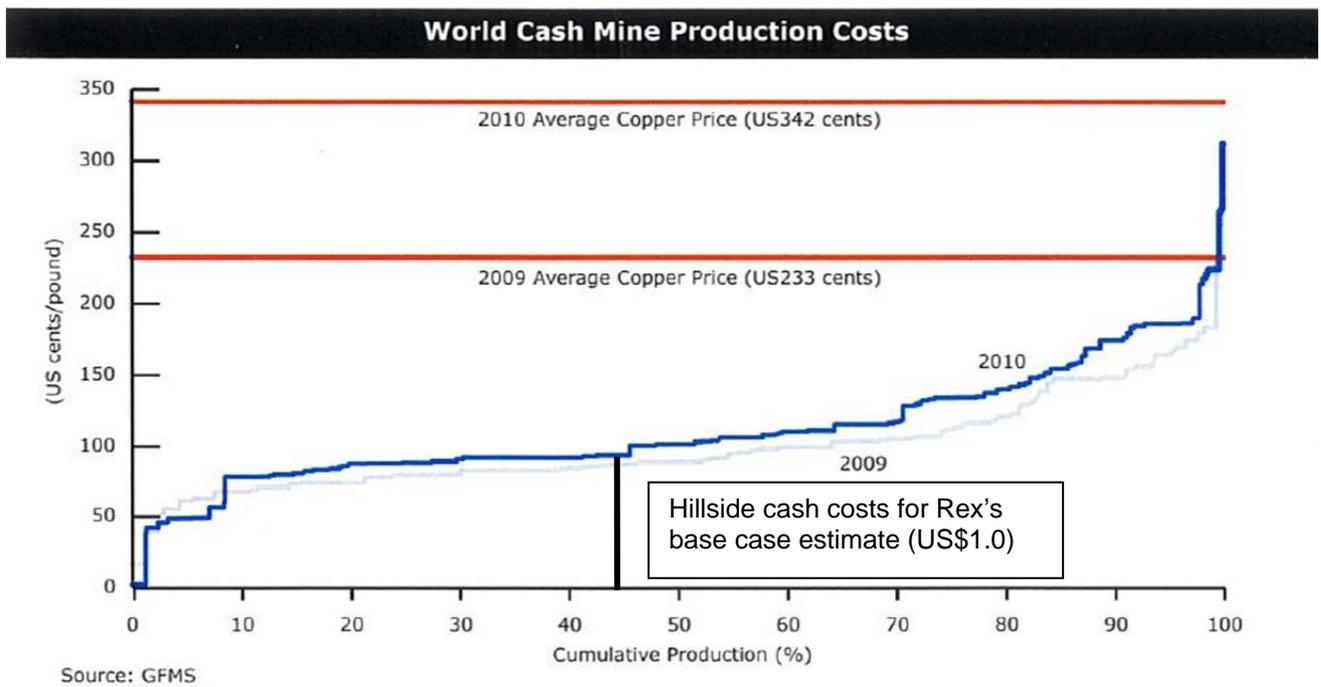


Figure 5: World Cash Mine Production Costs as estimated by GFMS (Copper Survey 2011).

HILLSIDE CONCEPTUAL STUDY - Regional impact on the Local Community

A review of the regional economic impact of a new large-scale mining operation on the Yorke Peninsula was completed as part of the conceptual mining study. Based on this work, a new mining operation could provide for significant economic diversity for the local businesses in the region and be an important catalyst for additional long-term infrastructure into the region. The studies also suggest that a new mining operation can comfortably co-exist with the existing rural and tourism industries that currently dominate the economy and land use on the Yorke Peninsula.

Tourism is focussed along the coast and within the Inness National Park to the south and the historic Moonta copper mining precinct. Tourism contributes approximately \$150 million pa to the regional economy. Agriculture forms the largest part of the economy, growing predominantly grain and pulses which generate between \$200 – 400 million pa depending on the seasonal and market conditions. Agriculture occupies more than 90% of the Yorke Peninsula.

Initial calculations suggest that the Hillside project will affect less than 0.3% of the area now used for agricultural production on the Peninsula (approximately 1500 Hectares). While this land will not be generating income from agriculture during mining, it has the potential to generate twice the Peninsula’s total annual income while in production. In addition, the mining operation is projected to provide for over 600 direct full-time jobs, with the total regional impact creating up to 2 or 3 times this amount.

Beyond the mine life, a number of options have been investigated for returning the land to productive use. The feasibility studies will assess the best options for returning the land to productive use post mining.

Table 5: Summary of regional impact from the Hillside mine based on the conceptual study results (AUD\$).

| Industry /Infrastructure | Current regional estimates | Conceptual study implications | Post mining legacy |
|--------------------------|--|--|--|
| Agriculture | \$200-400M annual revenue | Reduced annual revenue by \$1M or less. | Productive use |
| Tourism | \$150M annual revenue | \$150 annual revenue | Increased capacity |
| Mining | Existing dolomite, limestone and sand mining | Base case estimate of over \$800M of new annual revenue | Expanded economy |
| Power | Adequate capacity for existing needs | Increase capacity and improved infrastructure | Increased capacity |
| Water | Limited capacity restricting new business/residential growth | Significant increase in water supply and improved infrastructure | Increase water supply |
| Accommodation | Limited capacity during peak holiday periods | Increase population, increased accommodation/housing stocks | Increased accommodation, housing stock |

NB: This information relates to the Yorke Peninsular statistical division

Feasibility Studies and Production start-up

Based on the framework established in the conceptual study, Rex will now commence the pre-feasibility study at Hillside. This work program is anticipated to take up to 12 months before progressing into a definitive feasibility study, where the key details will be defined and the approvals process will commence.

Rex anticipates that the approvals process and a definitive feasibility study will be completed in 2013 before the commencement of development for stage one. Construction is anticipated to take at least 18 months, with production scheduled to commence in 2015.

In tandem with the feasibility studies at Hillside, Rex will continue to expand on the existing Resource base at Hillside, particularly to the north of the project, where the current information shows that the Resource is open across all three major structures. The regional program will also continue, with an emphasis placed on the large targets that exist in close proximity to Hillside.

Multiple open pit projects in the region are the key to realising Rex's vision of producing over 100,000t of copper per annum.

Conclusions

The Resource definition drilling and conceptual study completed by Rex over the past 12 months has set the scene for a new copper project on the Yorke Peninsula. The next twelve months will narrow the focus and options available for the development of the Hillside project.

The options for development from what has been defined to date still represents only a small subset of the total portfolio of copper potential that Rex considers will be available for development in the future. Drilling results from regional targets including Equis, Parara plus other historical copper mines, indicate that copper mineralisation is extensive underneath the cover rocks. In addition to the Hillside project, Rex is also focused on the discovery of new copper-gold deposits in the region. It is important to note that the detailed magnetic and gravity surveys completed recently by Rex were not available when exploration first commenced at Hillside.

In essence, the Hillside project is one of the smaller targets in the region and a number of important larger anomalies need to be tested for their copper-gold-magnetite potential before key infrastructure is built. This regional exploration program is very important for optimising the mining opportunity available on the Yorke Peninsula for all of our key stakeholders, including shareholders, the local community and the State as a whole.

As such, Rex has started to systematically test the high priority targets, particularly those close to Hillside that can form an immediate part of the mine plan.

It remains the long held belief at Rex that the copper deposits in the area could lead to the development of a mining operation that produces over 100,000t of copper plus associated gold and magnetite for many decades into the future. Ever since Rex started drilling, this has been the vision of the Company and our efforts to date have reinforced the potential of the Yorke Peninsula to deliver this outcome.

¹ *The results contained within this announcement from the Hillside conceptual study contain “forward-looking statements”. All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement”.*

About Rex

Rex is an Australian minerals exploration company focussed on the discovery and development of a large-scale, low-cost and long-life copper-gold mining operation on the Yorke Peninsula in South Australia.

The presence of copper on the Yorke Peninsula was first highlighted by a number of small and high grade historical copper mines that exist within a large regional fault known as the Pine Point Fault Zone. Rex considers that most of the copper was not discovered by early prospectors as it lies underneath 10 to 50 metres of cover sediments which were effectively "hidden" from earlier explorers.

Rex commenced exploring at Hillside in late 2007, soon after listing on the ASX, ultimately leading to the discovery of large-scale copper mineralisation. Rex commenced Resource definition drilling at Hillside in January 2010 and recently completed an updated Mineral Resource estimate in July 2011 of 217Mt @ 0.7% copper, 0.2g/t gold and 12.4% Iron for a total of 1.5Mt copper and 1.4Mozs gold.

Rex has also completed a conceptual mining study at Hillside that defines a 12 year mine plan for the project ramping up to over 70,000t of copper production with significant gold and magnetite by-product credits. Beyond the existing mine plan the vision at Rex is to have a staged development process leading to a mining operation that can produce over 100,000t copper per annum for many decades.



Competent Persons Report

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Patrick Say who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Rex Minerals Ltd. Mr Say has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Say consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.