2017
ANNUAL REPORT

REX Minerals Ltd

ABN 12 124 960 523

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REX Minerals Ltd

CORPORATE DIRECTORY

DIRECTORS
Dr David Carland (Non-Executive Chairman)
Mr Richard Laufmann (CEO and Managing Director)
Mr Alister Maitland (Non-Executive Director)
Mr Mitchell H Hooke AM (Non-Executive Director)

COMPANY SECRETARY
Ms Kay Donehue

PRINCIPAL and REGISTERED OFFICE
Level 19, 11 Waymouth Street
Adelaide, South Australia 5000

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Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Telephone: +61 (0) 3 9415 4000 (investors)
1300 850 505 (investors within Australia)

AUDITORS
KPMG Australia
151 Pirie Street
Adelaide, South Australia 5000

BANKERS
ANZ Banking Group Limited
Level 21, 11 Waymouth Street
Adelaide, South Australia 5000

Ord Minnett Limited
Level 23, 120 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS
Baker McKenzie
Level 19, 181 William Street
Melbourne, Victoria 3000

OPERATION LOCATIONS

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REX MINERALS LTD

LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

For the year ended 30 June 2017

ABN 12 124 960 523

A Level 19, 11 Waymouth Street
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Dear Fellow Shareholder,

Last year was difficult for the resources sector, typified by the lack of certainty and confidence in the market outlook. This reality, coupled with the outstanding status of several key hurdles for Rex, summarised our operational environment during the year.

This year, ongoing global uncertainty *(political/geographical/social)* underpins continued volatility in almost every aspect of our business landscape, providing a situation where market disruption *(energy policy)* and transformational change *(banking/finance)* continue to be the new norm.

Despite this backdrop, we have steadily progressed, in a meaningful way. Corporately we continue to retain 100% ownership of the Hillside Project, remain debt free and have increased our cash-at-hand. All the while, copper prices have edged slowly higher as the emerging supply gap starts to bite.

In February 2017, the South Australian Government's Department of Premier and Cabinet (mining regulatory branch) issued its assessment report on the revised Hillside Project. This report outlined the conditions and the way forward for our Program for Environment Protection and Rehabilitation (PEPR) submission. Once this was received, management focused on delivering a compliant submission which, by any measure, is likely to be one of the most comprehensive ever completed in South Australia.

In working toward completion, a key requirement is consultation. Our management team is actively engaged with our stakeholders and policy-makers to ensure comprehensive and ongoing consultation. In doing so, and upon request from the community, we applied for an extension for submission of the PEPR from mid-September until February 2018.

Through this, the Board's strategy has not changed. We continue to focus our resources on actions, which put the Company in the best possible position to leverage our exploration portfolio and seek maximum value from our Hillside Project. We continue to monitor the outlook for copper concentrate, and we are assessing several options to position the Hillside Project to benefit from the long-standing forecast supply gap that is beginning to be reflected in the steadily increasing copper price. This positive sentiment is being accompanied by increasing interest from end users, financiers and suppliers, as the market begins to re-focus on copper development opportunities.

The Hillside Project remains of great importance to both the Company and South Australia because it can create substantial benefits for shareholders, the local community and the state of South Australia. We will continue to work with the community of the Yorke Peninsula to ensure the Hillside Project strikes the right balance for all stakeholders.

Yours sincerely,

Dr David Carland
Chairman

Mr Richard Laufmann
Chief Executive Officer

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA

Rex Minerals Ltd's (Rex or the Company) flagship Hillside Project is situated 12 kilometres south of the township of Ardrossan on the Yorke Peninsula, South Australia (Figure 1). This Project was the first test of a larger theory that iron-oxide-copper-gold (IOCG) style mineralisation could exist underneath the thin cover rocks on the Yorke Peninsula. This re-interpretation was rewarded with the discovery at Hillside by Rex in 2008.

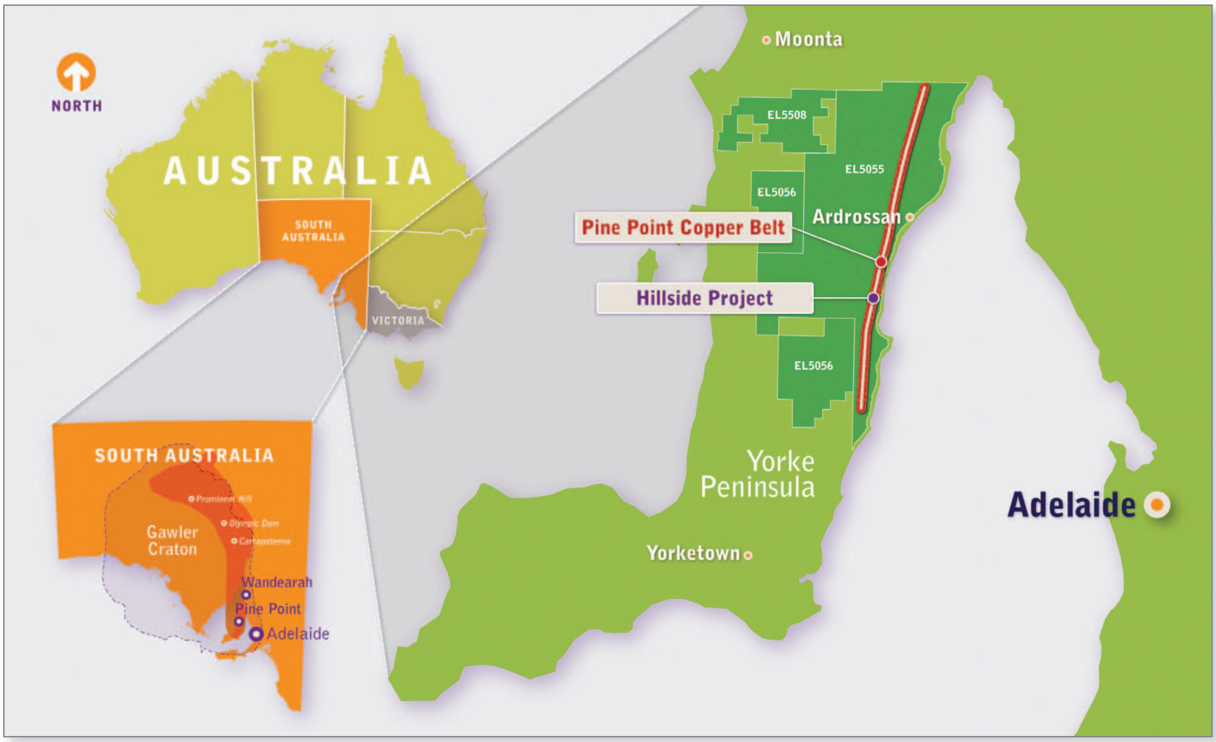

Figure 1: Location of the Hillside Project and Rex's exploration licences on the Yorke Peninsula.

From initial targeting, the Hillside Project has grown into a substantial deposit and ranks as one of the most significant recent discoveries in Australia (Figure 2).

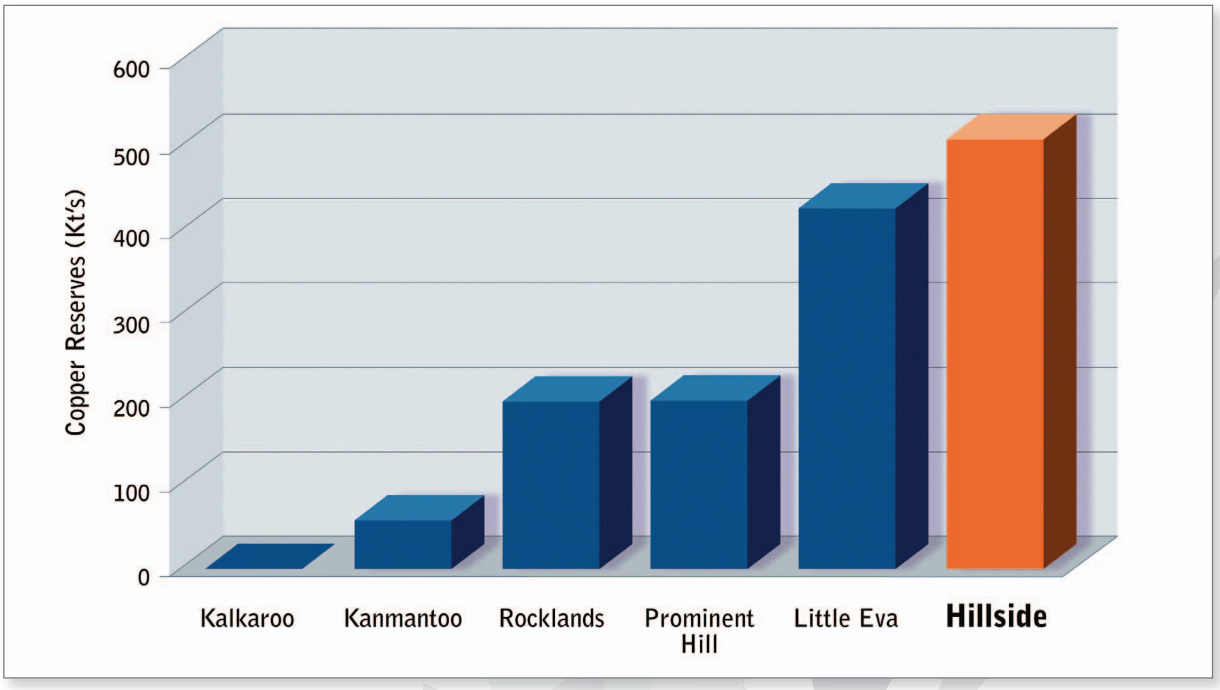

Figure 2: Hillside Ore Reserve in Comparison with other Australian Copper Open Pit Ore Reserves*.
* Source: Publically available data as at 24 August 2017.

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

The Company completed its Extended Feasibility Study (EFS) on the Hillside Project in 2015. The Mineral Resource, Ore Reserve and EFS assumptions announced by the Company on 25 May 2015 continue to apply and have not materially changed.

The Hillside Project is planned around an open pit mine, initially with a 13-year mine life, producing approximately 35,000 tonnes of copper in concentrate and 24,000 ounces of gold per annum. Rex's Hillside Project will:

- export its concentrate through the port of Adelaide;
- draw its labour force from the surrounding country towns; and
- connect to South Australia's main power grid and water network.

> THE CASE FOR COPPER

Rex owns 100% of the significant Hillside Ore Reserve and Mineral Resource. In regard to this, the outlook for copper is crucial to gauging our Company's future. Along with much of the mainstream commentary, it is worthwhile re-stating why we think that a positive outlook for copper is both justified and expected.

Additional demand for copper will be generated by:

- China's One Belt, One Road (OBOR) – the largest economic initiative, (with new railways, ports, energy systems and telecommunications networks), since the opening up of China. A clear indicator of a planned increase in copper consumption, linked to the OBOR infrastructure requirements, already manifesting in significant increases in China's smelting capacity.
- The pursuit of policies to reduce carbon emissions which is forcing electrification of motor vehicles on a global scale. This has the impact of at least a three-fold increase in copper usage per vehicle.
- The gap between future copper supply and demand cannot be closed at current copper prices due to:
  - > very few new copper projects can be justified at prices below US$3.00/lb;
  - > declining ore grades in operating mines; and
  - > exhaustion of ore reserves.

Analysis of copper demand and supply leads to the conclusion that the outlook for copper should be very good. There is no question that demand and prices are going to increase – only when and by how much.

With little fanfare, these market realities have already begun to impact and, quietly, the copper price has edged its way higher in response (Figure 3).

Figure 3: One year historical Copper Price*.

* Source: Publically available data as at 24 August 2017.

> REGULATORY APPROVALS AND COMMUNITY

Rex holds approved Mining Lease 6438, Extractive Minerals Lease 6439 and Miscellaneous Purposes Licence 146 (collectively referred to as the "Hillside ML") for the Hillside Project.

In June 2016 and following completion of the EFS, Rex provided the Government Regulator with additional detailed information regarding the revisions to the Hillside Project to show that the Project is consistent with the Hillside ML and the conditions granted in 2014. While many aspects of the Hillside Project have not changed compared to the original ML proposal, including the overall method of operation, some areas have changed. These include:

- a reduced area (or footprint) from direct operations;
- an initial 13+ year mine life, based on the Ore Reserve (proved and probable) of 82M tonnes;
- a focus on copper-gold extraction;
- lower water and power use; and
- apart from an approved road diversion, power line and water pipeline, no off-site infrastructure impacts.

In early 2017, the Regulator provided the Company with an updated Assessment Report on the revised Hillside Project. This Report confirmed that the Regulator determined the Hillside Project can be operated in compliance with the existing Hillside ML conditions, noting areas where some additional information will be required in the submission of the Program for Environment Protection and Rehabilitation (PEPR).

The PEPR is a significant document covering areas such as environmental outcomes and strategies, description of operations and consultation, as well as related management plans for the Hillside Project. The Company attends weekly meetings with the Regulator to review progress and secure feedback.

In addition to the PEPR, Rex is also required to submit a Social Management Plan (SMP), which outlines the Company's commitment to local community and other stakeholders, and provides a description of measures to be implemented by the Company to manage social impact and enhance social benefit.

Rex CEO, Richard Laufmann and Kate Van Schaik (HMCV) presenting to Social Management Plan workshop.

> REGULATORY APPROVALS AND COMMUNITY (CONTINUED)

Rex continues to meet and engage directly with government groups, local landowners and community members in the Hillside Project region. A key part of the consultation process is working through the Hillside Mine Community Voice (HMCV) which comprises representatives of landowners, business owners, interest groups, regional groups and Rex.

The HMCV has co-ordinated reviews of the SMP and PEPR-related management plans through meetings of five working groups (established in response to the approval of the Hillside ML) and through public meetings held in the region.

As part of this consultation process, Rex's technical team and specialist consultants have provided a series of presentations and responded to extensive questions regarding the Hillside Project, the SMP and PEPR-related management plans. These responses are publically available along with outcomes of the HMCV meetings.

During this process, the Company has received valuable feedback. Rex would like to express its appreciation to the Hillside community, and in particular to the members of the HMCV, for their significant efforts and contribution to date.

> OTHER ACTIVITIES

During the year, the Company's resources were dedicated to a significant body of work in relation to a review undertaken by the Federal Regulator for Research and Development (R&D) expenditure registrations.

A Post Registration Certificate for Finding was issued to the Company in February 2017, providing certainty over the R&D registrations lodged to date. This resulted in a refundable cash incentive to the Company of approximately $3.3 million from the Australian Taxation Office.

Hillside Project looking south towards Black Point.

TENEMENT SCHEDULE As at 30 June 2017

Tenement	Location	Lease Status	Area Type	Current Area	Grant Date
EL5056	Moonta South	Granted	km²	416	02/08/2012
EL5055	Moonta South	Granted	km²	1,262	02/08/2012
EL5683	Moonta South	Granted	km²	21	10/06/2015
EL5508	Moonta South	Granted	km²	74	05/11/2014
EL5981	Moonta South	Granted	km²	122	23/06/2017
EL5133	Wandearah	Granted	km²	72	01/08/2012
EL5883	Wandearah	Granted	km²	29	13/10/2016
EL5070	Cowell	Granted	km²	42	24/10/2012
ML6438	Hillside	Granted	Ha	2,998	16/09/2014
EML6439	Hillside	Granted	Ha	225	16/09/2014
MPL146	Hillside	Granted	Ha	94	16/09/2014

Hillside Project - core storage area.

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DIRECTORS' REPORT

For the year ended 30 June 2017

The Directors present their report together with the consolidated financial statements of the Group comprising of Rex Minerals Ltd (the Company) and its subsidiaries (the Group or Rex), for the financial year ended 30 June 2017 and the auditors' report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Dr David Carland Chairman Independent Non-Executive Director (PhD (Econometrics), MEc, BEc (Hons), MAICD)	Dr David Carland has been a Director since 12 December 2013 and was appointed Chairman of Rex Minerals on 1 January 2014. Dr Carland also serves as a member of the Company's Audit Committee and its Remuneration Committee. Dr Carland has over 30 years of investment banking and commercial experience in both the private sector and government. He is the Executive Director of Australian Resources Development Limited, a company focused on the provision of specialised advice and assistance on the structuring, financing and developing of energy and resource projects. Dr Carland was the co-founder and part-owner of BurnVoir Corporate Finance Limited (BurnVoir), an independent specialist investment banking firm focusing on the energy, resource and infrastructure sectors. Prior to establishing BurnVoir, Dr Carland was executive vice president and head of energy and power at Bankers Trust, and before that, he was deputy managing director and head of corporate finance at UBS Australia. He was previously a non-executive director of Indophil Resources NL. Dr Carland has held senior executive roles with the CRA Group (now Rio Tinto), including management of the commercial arrangements for the purchase of the Gladstone Power Station. His roles have seen him based in the US and London.
Mr Richard Laufmann Chief Executive Officer and Managing Director (B.Eng (Mining), MAusIMM, MAICD)	Mr Richard Laufmann is a founding Director of Rex Minerals and was formerly a non-executive director (since 2007). He was appointed Chief Executive Officer and Managing Director (CEO) of the Company on 23 April 2015. Mr Laufmann is a mining engineer with broad experience in the resources sector, both corporate and operational. Mr Laufmann's most recent engagement was for seven years as chief executive officer of Indophil Resources NL (until January 2015, an ASX listed company with a large copper-gold Joint Venture in the Philippines) and prior to that, five years as chief executive officer of Ballarat Goldfields NL. Mr Laufmann also previously led WMC Resources Limited's gold business as general manager – operations.
Mr Alister Maitland Independent Non-Executive Director (B.Com, FAICD, FAIM, SF Fin)	Mr Alister Maitland was appointed a Director of Rex Minerals on 16 September 2011. He is Chairman of the Audit Committee and a member of the Remuneration Committee. Mr Maitland is a former executive director of ANZ Banking Group with a background in international finance. His banking experience extended beyond Australasia to cover Asia, the Sub Continent, the Middle East, Europe and America. His professional experience has included global business expansion, internal and external consulting, treasury projects and international political agendas. As chief executive of ANZ Bank for New Zealand, he was responsible to the local board for the country's operations. He has been a non-executive director of a number of publicly-listed ASX companies and Government bodies covering a wide range of activities including property services, mining, banking, asset management and health. He is a former chairman of Ballarat Goldfields NL, director of Lihir Gold Ltd and Malayan Banking Berhad (Maybank).

DIRECTORS (CONTINUED)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Mitchell Hooke AM Independent Non-Executive Director (B.Rur.Sc., UNE, MAIA, MAICD)	Mr Mitchell H Hooke was appointed a Director of Rex Minerals on 4 August 2015. He is Chairman of the Remuneration Committee and a member of the Audit Committee. Mr Hooke is globally-recognised for his in-depth knowledge and strategic leadership in Australian and global public policy advocacy, as well as delivering on practical operational issues in the development of economic, social and environmental policy and practice across the minerals, agriculture, and food and grocery industries in Australia and internationally. Mr Hooke was the chief executive officer of the Minerals Council of Australia from mid-2002 until the end of 2013. He is the Chairman of Partners in Performance International, and with a long and strong rural background, he is an Independent Director of Grain Producers Australia Limited, the national not-for-profit body representing Australia's broadacre grain, pulse and oilseed producers. He is also a Non-Executive Director of coal-based technology company GTL Energy Ltd, and was formerly a non-executive director of Elgin National Industries – a then private equity minerals resources engineering and construction management and mining equipment company based in the USA. In September 2016, Mr Hooke was appointed a member of the Advisory Board of Micromine Ltd, and in June 2017, he was appointed a Director of The Menzies Research Centre Ltd. Mr Hooke was awarded an Order of Australia (AM) in the 2016 Australia Day Honours. The citation recognises Mr Hooke for significant services to business, particularly to the mining and minerals sector, to policy development, research and trade, and to the indigenous community.

COMPANY SECRETARY

Ms Kay Donehue

(GradDipACG, GIA(Cert), AGIA, ICSA, AAICD, Chartered Secretary)

Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector. Ms Donehue is an Associate of the Governance Institute of Australia. She is also the Company Secretary of Indophil Resources Pty Ltd and prior to that held a range of roles with Lafayette Mining Limited and WMC Resources Limited.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each Director were:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings [2]	
	A	B	A	B	A	B
Dr David Carland	5	5	2	2	–	–
Mr Richard Laufmann [1]	5	5	2	2	–	–
Mr Alister Maitland	5	5	2	2	–	–
Mr Mitchell Hooke	5	5	2	2	–	–

A – Number of meetings attended.

B – Number of meetings held during the year whilst the Director held office.

[1] *Mr Laufmann is not a member of the Committees but attends meetings as appropriate by invitation.*

[2] *Any matters for consideration by the Remuneration Committee were managed directly by the Board and accordingly, no separate meetings were held by the Remuneration Committee during the year.*

CORPORATE GOVERNANCE STATEMENT

Rex has adopted comprehensive systems of control and accountability as the basis for the administration and compliance of effective and practical corporate governance. These systems are reviewed regularly and revised if appropriate.

The Board is committed to administering the Company's policies and procedures with transparency and integrity, pursuing the genuine spirit of good corporate governance practice. To the extent they are applicable, Rex has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 3rd Edition*. As the Company's activities transform in size, nature and scope, additional corporate governance structures will be considered by the Board and assessed as to their relevance.

In accordance with the ASX Principles and Recommendations and the ASX Listing Rules, the Corporate Governance Statement and a more detailed discussion of the Company's approach can be found on its website:
www.rexminerals.com.au/company-profile.

This Corporate Governance Statement is dated 30 June 2017 and was approved by the Board on 14 September 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was minerals exploration, evaluation and development in Australia. Rex intends to make the best use of, and fully exploit, the Hillside Resource, and remains committed to the development of the Hillside Project. There were no significant changes in the nature of the Group's principal activities during the year.

The Group's principal objective is to create value through the discovery and development of mineral resources.
Our strategy to deliver on this objective is to:

- finalise our PEPR to ensure all approvals are in place so that the Hillside Project is positioned to start up coincident with the copper supply deficit currently emerging;
- evolve the pool of corporate and financing options available;
- optimise the Hillside Project through:
  - capital cost reductions by competitive retender of plant and equipment;
  - an operating effectiveness review; and
- further evolve the exploration target portfolio, in what we now consider as a highly-prospective IOCG land package.

OPERATING AND FINANCIAL REVIEW

The income statement shows a loss after tax of $0.8 million (2016: loss $5.1 million) for the year. The Group has no bank debt. As at 30 June 2017, the Group had a cash position of $5.4 million (2016: $3.2 million) and no funds on deposit (2016: $3.0 million). Operating activities resulted in a cash outflow for the year of $0.8 million (2016: cash outflow of $4.7 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2017 that have significantly affected the Group's operations, results or state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group is working towards the development of the Hillside Project and continued minerals exploration on the tenements owned or controlled by the Group.

Other than that which is disclosed throughout the Annual Report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group's operations are subject to environmental regulation in respect of mineral tenements relating to exploration activities on those tenements. No breaches of any environmental requirements were recorded during the financial year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company provides insurance to cover legal liability and expenses for the Directors and Executive Officers of the Company. The Directors and Officers Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the Officers in their capacity as Officers. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with Directors and Executive Officers to indemnify these individuals against any claims and related expenses, which arise as a result of their work in their respective capacities.

The Company has not provided any insurance or indemnity for the auditor of the Company.

NON-AUDIT SERVICES

During the year, KPMG Australia (KPMG), the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with and did not compromise, the auditor independence requirements of the *Corporations Act 2001*. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in '*APES 110 Code of Ethics for Professional Accountants*', as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of amounts paid to the auditor of the Group, KPMG and its related practices for audit and non-audit services during the year, are set out below.

	2017 $	**2016 $**
Audit and review of financial statements	48,175	46,125
Other services – review of research and development claim	30,000	20,000

REMUNERATION REPORT – AUDITED

The Directors present the Remuneration Report for the year ended 30 June 2017, outlining key aspects of the remuneration policy and framework and the remuneration awarded during the year.

In 2016, the Board and Management took a reduction in salaries to preserve cash and were issued with options under the Option Incentive Plan approved at the 2015 Annual General Meeting.

REMUNERATION REPORT – AUDITED (CONTINUED)

Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key Management Personnel (KMP) comprise the Directors of the Company and Senior Executives for the Group. KMP have authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Compensation packages may include a mix of fixed and variable compensation, and short-term and long-term performance-based incentives.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles), as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually through a process that considers individual, segment and overall performance of the Group. Market research provides analysis and guidance for compensation.

Performance linked compensation

Performance linked compensation may include both short-term and long-term incentives, and is designed to reward senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive is an 'at risk' bonus provided in the form of cash, while the long-term incentive is provided as options over ordinary shares of the Company pursuant to the terms and conditions of the options.

Short-term incentive

The short-term incentive (STI) is a discretionary bonus provided in the form of cash. At the end of the financial year, the Board assesses the performance of the Group and individuals.

The Board determines and approves the cash incentive to be paid to the individuals. During the year, no STI cash bonuses were paid or payable.

Long-term incentive

The long-term incentive (LTI) is provided as options over ordinary shares of the Group. The Board believes the LTI is an important component of a comprehensive remuneration strategy. It aligns participants' interests with those of shareholders by linking their overall total rewards to the long-term success of the Company and helps retain cash funds within the Company.

The Board received shareholder approval for an Option Incentive Plan at the Annual General Meeting on 30 November 2015. The plan is administered by the Board which has the discretion to determine eligibility to participate in the plan.

Consequences of performance on shareholder wealth

The variable components of the Group's Executives' remuneration (the STI and LTI) seek to encourage alignment of management performance and shareholders' interests by linking remuneration to the performance of the Group. Whilst the Remuneration Committee takes into consideration the indices detailed below, the Board acknowledges that as an exploration and development company, the use of such indices does not fully reflect the Group's performance.

	2017 $	2016 $	2015 $	2014 $	2013 $
Net loss attributable to equity holders of the parent (million)	0.8	5.1	8.7	17.0	39.5
Closing share price at financial year's end	0.056	0.051	0.105	0.305	0.338

REMUNERATION REPORT – AUDITED (CONTINUED)

Service agreements

In line with Group policy, the Group has entered into contracts with each of its Executive Officers, and they are capable of termination on up to three months' notice. The Group retains the right to terminate a contract immediately by making payment in lieu of notice. Executive Officers are also entitled to receive (on termination of employment) their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. The employment contract provides for no additional entitlement on termination in the event of removal for misconduct or gross negligence.

The employment contract outlines the components of compensation paid to the Executive Officers, but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to meet the principles of the compensation policy. There is currently no STI plan offered to Executive Officers. The Company has established an Option Incentive Plan, and the Board may invite Executive Officers to participate under the terms and conditions of the plan as an LTI.

Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 Annual General Meeting, is not to exceed $500,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies.

The Chairman and Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board activities and membership of Board committees.

REMUNERATION REPORT – AUDITED (CONTINUED)

Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2017 are as follows:

	Fixed remuneration				Variable remuneration		Remuneration mix		
	Short-term		Post employment	Long-term	Share based payments				
	Salary & fees [(a)] $	STI cash bonus [(b)] $	Super-annuation $	Long service leave [(c)] $	Fair value options [(d)] $	Total $	Fixed	Variable at risk LTI	Bonus proportion of remuneration performance related %
Non-Executive Directors									
Dr David Carland, Chairman	100,000	–	9,500	–	10,964	120,464	91%	9%	–
Mr Alister Maitland	60,000	–	5,700	–	10,964	76,664	86%	14%	–
Mr Mitchell Hooke	60,000	–	5,700	–	10,964	76,664	86%	14%	–
Managing Director									
Mr Richard Laufmann, CEO	269,230	–	23,750	3,090	32,893	328,963	90%	10%	–
Executives									
Mr Greg Hall, Project Director	269,160	–	23,750	1,682	16,447	311,039	95%	5%	–
Ms Amber Rivamonte, CFO [1]	273,000	–	–	–	16,447	289,447	94%	6%	–
Total compensation KMP:	1,031,390	–	68,400	4,772	98,679	1,203,241			

Notes in relation to the table of Directors' and Executive Officers' remuneration

(a) Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers it includes cash salary and accrued annual leave entitlements.

(b) No STI cash bonuses were accrued or payable in relation to the 2017 financial year.

(c) Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.

(d) The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.

1. Ms Rivamonte is engaged through a consultancy agreement.

REMUNERATION REPORT – AUDITED (CONTINUED)

Directors' and Executive Officers' remuneration (Continued)

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2016 are as follows:

	Fixed remuneration				Variable remuneration		Remuneration mix		
	Short-term		Post employment	Long-term	Share based payments				
	Salary & fees (a) $	STI cash bonus (b) $	Super-annuation $	Long service leave (c) $	Fair value options (d) $	Total $	Fixed	Variable at risk LTI	Bonus proportion of remuneration performance related %
Non-Executive Directors									
Dr David Carland, Chairman	110,000	–	10,450	–	8,010	128,460	94%	6%	–
Mr Alister Maitland	70,000	–	6,650	–	8,010	84,660	91%	9%	–
Mr Mitchell Hooke [1]	63,027	–	5,987	–	8,010	77,024	90%	10%	–
Managing Director									
Mr Richard Laufmann, CEO	269,231	–	23,750	422	24,031	317,434	92%	8%	–
Executives									
Mr Greg Hall, Project Director [2]	189,790	–	16,746	156	12,016	218,708	95%	5%	–
Ms Amber Rivamonte, CFO [3]	182,000	–	–	–	12,016	194,016	94%	6%	–
Total compensation KMP:	884,048	–	63,583	578	72,093	1,020,302			

Notes in relation to the table of Directors' and Executive Officers' remuneration

(a) *Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers it includes cash salary and accrued annual leave entitlements.*

(b) *No STI cash bonuses were accrued or payable in relation to the 2016 financial year.*

(c) *Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.*

(d) *The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.*

1. *Mr Hooke was appointed a Non-Executive Director on 4 August 2015.*
2. *Mr Hall was appointed Project Director on 19 October 2015.*
3. *Ms Rivamonte was appointed CFO on 1 November 2015 and is engaged through a consultancy agreement.*

REMUNERATION REPORT – AUDITED (CONTINUED)

Shares under option

All options refer to unquoted options over ordinary shares of Rex Minerals Ltd, which are exercisable on a one-for-one basis under the terms and conditions of the Option Incentive Plan. The options do not entitle the holder to participate in any share issue of the Company. All options expire on the earlier of their expiry date or in the case of termination, as defined in the terms and conditions of the plan.

No options have been granted during or since the end of the financial year. At the date of this report, there were 16.8 million unquoted options over ordinary shares of the Company. During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

Reconciliation of options and ordinary shares held by Key Management Personnel (KMP)

Options

The table below shows a reconciliation of unquoted options over ordinary shares in the Company held directly, indirectly or beneficially by each KMP including their related parties, during the financial year. No options have been granted, lapsed, were forfeited or exercised during the year.

The fair value of the options is calculated at the date of grant, using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date.

Name	Held at 1 July 2016	Number of options granted	Number of options vested	% of options vested	Held at 30 June 2017	Fair value of options granted	Fair value of options expensed in 2017	Maximum fair value of options yet to vest or be expensed
Dr David Carland	1,000,000	–	333,333	33	1,000,000	$25,100	$10,964	$6,125
Mr Alister Maitland	1,000,000	–	333,333	33	1,000,000	$25,100	$10,964	$6,125
Mr Mitchell Hooke	1,000,000	–	333,333	33	1,000,000	$25,100	$10,964	$6,125
Mr Richard Laufmann	3,000,000	–	1,000,000	33	3,000,000	$75,300	$32,893	$18,376
Mr Greg Hall	1,500,000	–	500,000	33	1,500,000	$37,650	$16,447	$9,188
Ms Amber Rivamonte	1,500,000	–	500,000	33	1,500,000	$37,650	$16,447	$9,188

The table below shows a reconciliation of unquoted options over ordinary shares in the Company held directly, indirectly or beneficially by each KMP including their related parties, during the 2016 financial year. No options vested, lapsed, were forfeited or exercised during the 2016 financial year.

Name	Held at 1 July 2015 or date appointed	Number of options granted	Number and % of options vested	Held at 30 June 2016	Fair value of options granted	Fair value of options expensed in 2016	Maximum fair value of options yet to vest or be expensed
Dr David Carland	–	1,000,000	–	1,000,000	$25,100	$8,010	$17,090
Mr Alister Maitland	–	1,000,000	–	1,000,000	$25,100	$8,010	$17,090
Mr Mitchell Hooke	–	1,000,000	–	1,000,000	$25,100	$8,010	$17,090
Mr Richard Laufmann	–	3,000,000	–	3,000,000	$75,300	$24,031	$51,269
Mr Greg Hall	–	1,500,000	–	1,500,000	$37,650	$12,016	$25,634
Ms Amber Rivamonte	–	1,500,000	–	1,500,000	$37,650	$12,016	$25,634

REMUNERATION REPORT – AUDITED (CONTINUED)

Reconciliation of options and ordinary shares held by Key Management Personnel (KMP) (Continued)

Options (Continued)

A total of nine million options were granted as compensation to KMP during the 2016 financial year as detailed below.

Grant date	22 December 2015
Fair value per option at grant date	2.51 cents
Exercise price per option	6.3 cents
Premium to closing share price prior to grant date	12.5%
Expiry date	30 November 2019

Options will vest in three equal tranches as follows:

- Tranche 1 – one third vest on 30 November 2016, during the financial year ending 30 June 2017;
- Tranche 2 – one third vest on 30 November 2017, during the financial year ending 30 June 2018;
- Tranche 3 – one third vest on 30 November 2018, during the financial year ending 30 June 2019.

All options expire on the earlier of their expiry date or in the case of termination as defined in the Option Incentive Plan. On termination, in the event that a KMP is deemed to be a good leaver, then all unvested options will immediately vest. In the event that a KMP is deemed to be a bad leaver, the options (whether vested or unvested) expire shortly thereafter.

Shareholdings

The table below shows a reconciliation of ordinary shares in the Company held, directly, indirectly or beneficially by each KMP including their related parties, during the financial year.

Name	Held at 1 July 2016	Received on exercise of option	Purchased or sold during the year	Held at 30 June 2017
Dr David Carland	268,330	–	–	268,330
Mr Alister Maitland	202,000	–	–	202,000
Mr Mitchell Hooke	105,143	–	–	105,143
Mr Richard Laufmann	3,541,666	–	–	3,541,666
Mr Greg Hall	–	–	–	–
Ms Amber Rivamonte	850,000	–	–	850,000

At the date of this report, there has been no movement in shares in the Company held directly, indirectly or beneficially by each KMP including their related parties, since the end of the financial year.

Other transactions with Key Management Personnel (KMP)

KMP hold positions in other companies that result in them having control or significant influence over those companies.

During the year, a KMP related company transacted with the Group. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related companies on an arm's length basis.

Rounding

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and in accordance with that Financial Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated. All currencies are in Australian dollars unless stated otherwise.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 41 and forms part of the Directors' Report for the year ended 30 June 2017.

Dated at Melbourne this 14th day of September 2017
Signed in accordance with a resolution of the Directors:

Mr Richard Laufmann Chief Executive Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2017 $000	2016 $000
Current assets			
Cash and cash equivalents	7(a)	5,440	3,205
Term deposits	7(b)	–	3,000
Trade and other receivables		280	238
Prepayments		51	107
Total current assets		5,771	6,550
Non-current assets			
Exploration and evaluation expenditure		1,645	1,645
Property, plant and equipment	9	15,085	15,316
Water infrastructure		4,076	4,076
Total non-current assets		20,806	21,037
Total assets		26,577	27,587
Current liabilities			
Trade and other payables	10	259	756
Employee benefits		298	171
Provisions		36	36
Total current liabilities		593	963
Non-current liabilities			
Trade and other payables	10	424	500
Employee benefits		149	105
Total non-current liabilities		573	605
Total liabilities		1,166	1,568
Net assets		25,411	26,019
Equity			
Issued capital	11(a)	189,566	189,566
Reserves	11(c)	319	135
Accumulated losses		(164,474)	(163,682)
Total equity		25,411	26,019

The notes on pages 23 to 39 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June

	Note	2017 $000	2016 $000
Finance income		227	181
Administrative expenses		(828)	(1,488)
Depreciation expense	9	(234)	(386)
Employee benefits expense	12	(2,261)	(2,317)
Marketing expenses		(61)	(121)
Exploration and evaluation		(948)	(922)
Loss on disposal of fixed assets		–	(11)
Loss before tax		**(4,105)**	**(5,064)**
Income tax benefit	13	3,313	–
Total loss for the period after tax		**(792)**	**(5,064)**
Other comprehensive income		–	–
Total comprehensive loss attributable to members of Rex Minerals Ltd		**(792)**	**(5,064)**
Loss per share attributable to members of Rex Minerals Ltd			
Basic loss per share (cents)	14	(0.36)	(2.30)
Diluted loss per share (cents)	14	(0.36)	(2.30)

The notes on pages 23 to 39 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June

		Attributable to equity holders of the Group			
	Note	Share capital $000	Share based payments reserve $000	Accumulated losses $000	Total equity $000
Balance at 1 July 2016		189,566	135	(163,682)	26,019
Share based payments	11(c)	–	184	–	184
Total comprehensive loss for the period		–	–	(792)	(792)
Balance at 30 June 2017		**189,566**	**319**	**(164,474)**	**25,411**
Balance at 1 July 2015		189,566	–	(158,618)	30,948
Share based payments	11(c)	–	135	–	135
Total comprehensive loss for the period		–	–	(5,064)	(5,064)
Balance at 30 June 2016		**189,566**	**135**	**(163,682)**	**26,019**

The notes on pages 23 to 39 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,393)	(2,696)
Exploration and evaluation payments		(904)	(2,234)
Interest received		222	207
Research and development incentive received		3,313	–
Net cash used in operating activities	15	**(762)**	**(4,723)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(3)	(7)
Proceeds from sale of property, plant and equipment		–	5
Proceeds from term deposits	7(b)	3,000	–
Net cash from/(used in) investing activities		**2,997**	**(2)**
Cash flows from financing activities			
Net cash from financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		2,235	(4,725)
Cash and cash equivalents at beginning of the period		3,205	7,930
Cash and cash equivalents at period end	7(a)	**5,440**	**3,205**

The notes on pages 23 to 39 are an integral part of these financial statements.

1. REPORTING ENTITY

Rex Minerals Ltd (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 19, 11 Waymouth Street, Adelaide, South Australia 5000. The Group financial statements as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for profit entity primarily involved in minerals exploration and evaluation in Australia.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). They were approved by the Board of Directors on 14 September 2017.

(b) Basis of measurement

The Group financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the functional currency of all entities in the Group.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Rounding Instrument, all financial information is presented in Australian dollars and has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes and their related accounting policies:

- Note 9 — Recoverable value of non-current assets
- Note 16 — Share based payments
- Notes 19 and 20 — Commitments and contingencies

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements, and have been applied consistently by Group entities. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period.

The adoption of these new and revised Australian Accounting Standards has had no significant impact on the Group's accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Group financial statements.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Sales of financial assets are accounted for at trade date, ie. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(A) Receivables – other debtors

Other debtors are measured at amortised cost using the effective interest method, less impairment losses. Other debtors are reviewed on an ongoing basis for any indicators of impairment.
An impairment loss is recognised for debts which are known to be uncollectable. An impairment allowance is raised for any doubtful accounts.

(B) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(C) Term deposits

Term deposits comprise cash balances and call deposits with an original maturity of more than three months.

(D) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment (PP&E) are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of PP&E is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of PP&E are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss for items of PP&E on a straight-line basis over the estimated useful lives of each part of an item of PP&E.

The estimated useful lives for the current and comparative periods are as follows:

- Plant and equipment 3 – 10 years
- Buildings 10 – 20 years

Land is not depreciated.

Water infrastructure will be depreciated over the life of the Hillside Project, upon commencement of production.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Exploration and evaluation

Exploration and evaluation expenditure, excluding the costs of acquisition, are expensed within the profit and loss as incurred.

Costs incurred in acquiring rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects are capitalised as incurred and assessed for impairment triggers annually.

(e) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment (Continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent obligations resulting from employee services provided to the reporting date, and are calculated at undiscounted amounts based on remuneration, wage and salary rates that the Company expects to pay as at reporting date including related on-costs such as workers compensation insurance and payroll tax.

(ii) Long-term benefits

The Group's obligation in respect of long service leave is measured as the present value of the future benefit expected to be paid to employees that has been earned in return for their service in the current and prior periods. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Australian corporate bond rates.

(iii) Share based payments

Equity-based compensation is recognised as an expense in respect of the services received.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the participants become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(g) Revenue Recognition

Revenue is recognised in the statement of profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Tax

(i) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities, will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development benefits are recognised in the year the benefit is received.

(ii) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Rex Minerals Ltd. The tax consolidated group has entered into tax funding and tax sharing agreements.

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(j) Earnings/loss per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the consolidated entity's chief operating decision-maker.

An operating segment is a component of the Group that engages in exploration activities which incurs expenses. An operating segment's expenditures are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance.

Segment expenditure that is reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire PP&E.

(l) Restoration and rehabilitation provision

Obligations to restore and rehabilitate certain areas of property may arise from time to time as a result of the Group's activities. A provision for rehabilitation and restoration is recognised in respect of the estimated cost of rehabilitation, decommissioning and restoration of areas of disturbance existing at reporting date, but not yet rehabilitated. Rehabilitation activities include dismantling infrastructure, removal and treatment of waste material, and land rehabilitation, including recontouring, top-soiling and revegetation of the disturbed area. Provisions for the cost of the rehabilitation program are recognised at the time that environmental disturbance occurs (or is acquired).

A corresponding asset is recognised in PP&E or exploration and evaluation assets only to the extent that it is probable that future economic benefits associated with the rehabilitation, will flow to the entity. Determining the cost of rehabilitation and restoration of the area of disturbance requires the use of significant estimates and assumptions, including: the timing of the cash flows and expected life of the relevant area of interest, the application of relevant environmental legislation, and the future expected costs of rehabilitation, decommissioning and restoration. Changes in the estimates and assumptions used to determine the cost of rehabilitation, decommissioning and restoration could have a material impact on the carrying value of the site restoration provision and related asset. The provision is updated based on the facts and circumstances at the reporting date.

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these consolidated financial statements:

- AASB 9 Financial Instruments will be effective for the Group's 2019 financial statements. The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and sets out new rules for hedge accounting. It is likely to affect the Group's accounting for its financial assets and financial liabilities. The new standard is not expected to have significant impact on the financial statements.
- AASB 15 Revenue from Contracts with Customers which will be effective for the Group's 2019 financial statements. The new standard is not expected to have significant impact on the financial statements.
- AASB 16 Leases removes the classification of leases as either operating or finances leases for the lessee, effectively treating all leases on balance sheet. Short-term leases and leases of low value assets are exempt from the lease accounting requirements. These amendments will be effective for the Group's 2020 financial statements with early adoption permitted. The Group has not yet decided when to adopt AASB 16 and has not yet determined the potential effect of the standard.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(c) Share based payments

The fair value of options granted to participants as compensation is independently measured using a Black-Scholes option pricing model. Measurement inputs include the exercise price of the options, the term of the options, the vesting and performance criteria, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share (based on an evaluation of the Company's historical volatility), expected term of the instruments (based on historical experience and general option holder behaviour), the expected dividend yield and the risk-free interest rate (based on government bonds) for the term of the option.

5. FINANCIAL RISK MANAGEMENT

(a) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain an adequate capital base sufficient to maintain future exploration and progress of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities, and currently has no external borrowings.

The Group encourages employees and contractors to be shareholders through the Option Incentive Plan.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash balances.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. To this end, actual cash flows and forecast future cash flows are reported to and monitored by the Board on a periodic basis.

(d) Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates), interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

6. SEGMENT REPORTING

The consolidated entity operates in one geographical segment, being South Australia and one industry, minerals mining and exploration.

7. CASH ASSETS

(a) Cash and cash equivalents

	2017 $000	2016 $000
Bank balances and short-term deposits	5,440	3,205
Cash and cash equivalents in the statement of cash flows	**5,440**	**3,205**

(b) Term deposits

	2017 $000	2016 $000
Term deposits*	–	3,000
Total term deposits	**–**	**3,000**

*Term Deposits comprise cash balances with an original maturity of more than three months.

The Group's total cash and funds on deposit of $5,440,000 (2016: $6,205,000) is exposed to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 17.

8. DEFERRED TAX ASSETS (DTA) AND DEFERRED TAX LIABILITIES (DTL)

	2017 $000	2016 $000
Exploration and evaluation assets	(494)	(494)
Property, plant and equipment	(121)	(152)
Provisions	114	260
Equity costs	43	85
Net DTA/(DTL)	**(458)**	**(301)**
Tax losses recognised to the extent of the DTL	458	301
	–	–

Tax losses do not expire under current tax legislation. A DTA has not been recognised in respect of these items because it is not probable within the immediate future, that taxable profits will be available, against which the Company can utilise the benefits. The DTA not recognised is $50,142,000 (2016: $48,360,000).

9. PROPERTY, PLANT AND EQUIPMENT

2017	Land and buildings $000	Plant and equipment $000	Total $000
Cost			
Balance at 1 July 2016	15,074	2,118	17,192
Additions	–	3	3
Balance at 30 June 2017	**15,074**	**2,121**	**17,195**
Depreciation and impairment losses			
Balance at 1 July 2016	230	1,646	1,876
Depreciation	87	147	234
Balance at 30 June 2017	**317**	**1,793**	**2,110**
Carrying amounts			
At 1 July 2016	14,844	472	15,316
At 30 June 2017	**14,757**	**328**	**15,085**

2016	Land and buildings $000	Plant and equipment $000	Total $000
Cost			
Balance at 1 July 2015	15,084	2,256	17,340
Additions	–	7	7
Disposals	(10)	(145)	(155)
Balance at 30 June 2016	**15,074**	**2,118**	**17,192**
Depreciation and impairment losses			
Balance at 1 July 2015	142	1,487	1,629
Depreciation	88	298	386
Disposals	–	(139)	(139)
Balance at 30 June 2016	**230**	**1,646**	**1,876**
Carrying amounts			
At 1 July 2015	14,942	769	15,711
At 30 June 2016	**14,844**	**472**	**15,316**

10. TRADE AND OTHER PAYABLES

	2017 $000	2016 $000
Current		
Trade payables	13	–
Accrued expenses	246	756
Total current trade and other payables	**259**	**756**
Non-current		
Accrued expenses – lease incentive	424	500
Total non-current trade and other payables	**424**	**500**
Total trade and other payables	**683**	**1,256**

11. EQUITY

(a) Movements in shares on issue:

	Number of shares	$000
Opening balance at 1 July 2016	220,519,784	189,566
Closing balance at 30 June 2017	220,519,784	189,566
Opening balance at 1 July 2015	220,519,784	189,566
Closing balance at 30 June 2016	220,519,784	189,566

(b) Movements in options on issue:

	Date of issue	Number of options	Exercise price $	Expiry date
Opening balance as at 1 July 2016		16,800,000		
Closing balance as at 30 June 2017		16,800,000		
Opening balance as at 1 July 2015		–		
Option issue	22/12/2015	16,800,000	0.063	30/11/2019
Closing balance as at 30 June 2016		16,800,000		

(c) Movements in share based payment reserve:

	$000
Opening balance at 1 July 2016	135
Share based payments	184
Closing balance at 30 June 2017	319
Opening balance at 1 July 2015	–
Share based payments	135
Closing balance at 30 June 2016	135

This share based payment reserve is used to recognise the fair value of options issued to participants for options granted which have not been exercised.

12. EMPLOYEE BENEFITS EXPENSE

	2017 $000	2016 $000
Wages and salaries	1,961	2,159
Share based payments	129	94
Increase/(decrease) in liability for annual leave	127	39
Increase/(decrease) in liability for long service leave	44	25
Total employee benefits expense	**2,261**	**2,317**

13. INCOME TAX BENEFIT
NUMERICAL RECONCILIATION BETWEEN TAX BENEFIT AND PRE-TAX ACCOUNTING LOSS

	2017 $000	2016 $000
Loss before tax for the period	(4,105)	(5,064)
Income tax using the domestic corporation tax rate of 30% (2016: 30%)	(1,231)	(1,519)
Non-deductible expenses	37	44
Research and development benefit	(3,313)	–
Net effect of tax losses not recognised	1,194	1,475
Total income tax expense/(benefit)	**(3,313)**	**–**

14. LOSS PER SHARE

	2017 cents	2016 cents
Loss per share		
Basic loss per share	(0.36)	(2.30)
Diluted loss per share	(0.36)	(2.30)

(a) **Basic loss per share**

The calculation of basic loss per share at 30 June 2017 was based on the loss attributable to ordinary equity holders of $792,000 (2016: $5,064,000) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2017 of 220,519,784 (2016: 220,519,784).

(b) **Diluted loss per share**

The calculation of diluted loss per share at 30 June 2017 is the same as basic diluted loss per share. In accordance with AASB 133 Earning per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to the Option Incentive Plan totalled 16,800,000 at 30 June 2017.

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Loss before tax for the period		(4,105)	(5,064)
Adjustments for non-cash items:			
Depreciation	9	234	386
Share based payments	11(c)	184	135
Adjustments for other items:			
(Profit)/loss on disposal of property plant and equipment		–	11
Research and development benefit received		3,313	–
Operating loss before changes in working capital and provisions		**(374)**	**(4,532)**
(Increase)/decrease in trade and other receivables		14	(4)
(Decrease)/increase in trade and other payables		(573)	(204)
(Decrease)/increase in employee benefits		171	64
(Decrease)/increase in provisions		–	(47)
Net cash (used in)/from operating activities		**(762)**	**(4,723)**

16. SHARE BASED PAYMENTS

(a) Description of share based payment arrangements

No options were granted during the financial year ending 30 June 2017.

The Board received shareholder approval for an Option Incentive Plan at the Annual General Meeting on 30 November 2015. The plan is administered by the Board, which has the discretion to determine eligibility to participate in the plan. The Board believes the issue of options is an important component of a comprehensive remuneration strategy. It aligns Option Incentive Plan participants' interests with those of shareholders by linking their overall total rewards to the long-term success of the Company and helps retain cash funds within the Company.

All options refer to unquoted options over ordinary shares of Rex Minerals Ltd, which are exercisable on a one-for-one basis under the terms and conditions of the Option Incentive Plan. The options do not entitle the holder to participate in any share issue of the Company. All options expire on the earlier of their expiry date or in the case of termination, as defined in the Option Incentive Plan.

The following options were granted during the financial year ending 30 June 2016:

Employees entitled	Grant date	Number of options	Expiry date
Key Management Personnel (KMP)	22/12/2015	9,000,000	30/11/2019
Other plan participants	22/12/2015	7,800,000	30/11/2019
Total		**16,800,000**	

All options are exercisable at a price of 6.3c each and options vest in three equal tranches as follows:

- Tranche 1 – one third vest on 30 November 2016, during the financial year ending 30 June 2017;
- Tranche 2 – one third vest on 30 November 2017, during the financial year ending 30 June 2018;
- Tranche 3 – one third vest on 30 November 2018, during the financial year ending 30 June 2019.

16. SHARE BASED PAYMENTS (CONTINUED)

(b) Measurement of fair values

The fair value of the unlisted options granted in the 2016 financial year were measured independently at the date of the grant based upon the Black-Scholes option pricing model. The inputs used in the measurement of the fair value at grant date are as follows:

	2016
Fair value at grant date (cents)	2.51
Share price at date of grant (cents)	5.6
Exercise price (cents)	6.3
Expected volatility (percentage)	70
Option life (years)	3.1
Risk free interest rate (percentage)	2.02

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to the future volatility due to publicly available information.

(c) Option expense

	2017 $000	2016 $000
Option expense	184	135
Total recognised as share based payments	**184**	**135**

(d) Outstanding options

At 30 June 2017, there were 16,800,000 unlisted options outstanding, at an exercise price of 6.3 cents.

17. FINANCIAL INSTRUMENTS

Exposure to credit risk and interest rate risks arise in the normal course of the Group's business.

(a) Credit risk

Management monitors the exposure to credit risk on an ongoing basis through monitoring the Group's counterparties. The Group does not require collateral in respect of financial assets.

At reporting date, cash is held with a number of reputable financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Fair value

The financial assets and financial liabilities included in assets and liabilities approximate their net fair values.

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

Financial liabilities Group	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1-2 years $000
2017				
Trade and other payables	683	(259)	(259)	(424)
	683	(259)	(259)	(424)
2016				
Trade and other payables	1,256	(756)	(756)	(500)
	1,256	(756)	(756)	(500)

17. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits.

At balance date, the Group had the following financial assets exposed to interest rate risk:

	2017 $000	2016 $000
Cash and cash equivalents	5,440	3,205
Term deposits	–	3,000
Total cash and term deposits	**5,440**	**6,205**

At balance date, the Group has no financial liabilities exposed to variable interest rate risks. The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date.
At 30 June 2017, if interest rates had moved, as illustrated in the table below, with all other variables constant, profit and or loss and equity would have been affected as follows:

	Profit or loss higher/(lower)		Equity higher/(lower)	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Group				
+1% (100 basis points)	54	87	–	–
–1% (100 basis points)	(54)	(87)	–	–

The movements in profit or loss are due to higher/lower interest earnings on cash balances and term deposits. The movements in equity are directly linked to movements in the Consolidated statement of profit or loss and other comprehensive income.

(e) Impairment losses

None of the Group's receivables are past due (2016: nil).

18. OPERATING LEASES

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 $000	2016 $000
Not later than one year	407	393
Later than one year but not later than five years	1,660	1,652
Greater than five years	657	1,072

The Group leases office space under an operating lease. The lease was for a period of 10 years (6.5 years remain), with an option to renew the lease after that date. Lease payments increase by a fixed percentage every year and are adjusted to the prevailing market rate after five years.

During the year, an amount of $429,000 was recognised as an expense in profit and loss in respect of the office lease above (2016: $430,000).

19. EXPLORATION EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements under the various exploration licences which are held. These obligations are expected to be fulfilled in the normal course of operations. Mining interests may be relinquished or joint ventured to reduce this amount. The State Government has the authority to defer, waive or amend the minimum expenditure requirements.

	2017 $000	2016 $000
Not later than one year	1,852	1,105
Later than one year but not later than five years	620	1,723

20. CONTINGENCIES

The Directors are of the opinion that there are no matters for which provision is required in relation to any contingencies, as it is not probable that a future sacrifice of economic benefit will be required or the amount is not capable of reliable measurement.

The Group's bankers have provided guarantees amounting to $20,000 to certain government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to $20,000 as at 30 June 2017 (2016: $20,000).

The Group's bankers have provided guarantees amounting to $228,000 regarding office leases as security over the Group's obligations regarding the leases held. Under the agreements, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to $228,000 as at 30 June 2017 (2016: $199,000).

21. RELATED PARTIES

(a) Parent and ultimate controlling party

	Country of Incorporation	Ownership Interest 2017	2016
Parent entity			
Rex Minerals Ltd	Australia		
Subsidiaries			
Rex Minerals (SA) Pty Ltd	Australia	100%	100%
Rex Minerals (Iron Ore) Pty Ltd	Australia	100%	100%
Rex Hillside (Property) Pty Ltd	Australia	100%	100%

21. RELATED PARTIES (CONTINUED)

(b) Transactions with Key Management Personnel (KMP)

(i) Loans to Directors

There were no loans advanced to Directors for the year ending 30 June 2017.

(ii) KMP compensation

KMP compensation comprised the following:

	2017 $	2016 $
Short-term benefits	1,031,390	884,048
Post-employment benefits	68,400	63,583
Share based payments	98,679	72,093
Other long-term benefits	4,772	578
	1,203,241	**1,020,302**

Information regarding individual Directors' and Executive Officers' compensation and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report on pages 12 to 18.

There have been no changes to KMP between 1 July 2017 and the date of this report.

(iii) Other KMP transactions

A number of KMP hold positions in other companies that result in them having control or significant influence over those companies.

During the year, a KMP related company transacted with the Group. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related companies on an arm's length basis.

Information regarding individual Directors' and Executive Officers' compensation are provided in the Remuneration Report section of the Directors' Report on pages 12 to 18.

The aggregate value of transactions and outstanding balances related to KMP companies were as follows:

	Transaction values year ended 30 June		Balance payable as at 30 June	
Transaction	**2017 $**	**2016 $**	**2017 $**	**2016 $**
Geological Services [1]	120,000	80,000	–	–

[1] During the year, geological consulting services were independently provided by a company jointly controlled by the Chief Financial Officer. The contract terms are based on normal market rates for this type of service and amounts are payable under normal market terms.

22. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2017, the parent company of the Group was Rex Minerals Ltd.

	2017 $000	2016 $000
Result of the parent entity		
Profit/(loss) for the period	(637)	(4,924)
Other comprehensive income	–	–
Total comprehensive income/(loss) for the period	**(637)**	**(4,924)**
Financial position of the parent entity at year end		
Current assets	5,772	6,550
Total assets	**20,444**	**21,333**
Current liabilities	530	935
Total liabilities	**1,103**	**1,539**
Total equity of the parent entity comprising of		
Share capital	189,566	189,566
Share based payments reserve	319	135
Accumulated losses	(170,544)	(169,907)
Total equity	**19,341**	**19,794**

Parent entity contingencies

The Parent entity's contingencies are the same as the Group's contingencies as detailed in Note 20.

23. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

24. AUDITORS' REMUNERATION

KPMG Australia	2017 $	2016 $
Audit services	48,175	46,125
Other services	30,000	20,000

During the current year, KPMG, the Company's auditor, provided non-audit services to the Group in the form of specialist R&D Tax Incentive services in relation to the Group's research and development claims.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Rex Minerals Ltd (the Company):
   (a) the consolidated financial statements and notes and the Remuneration Report in the Directors' Report, set out on pages 12 to 18, are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.
3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Mr Richard Laufmann
Chief Executive Officer

Dated this 14th day of September 2017

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Rex Minerals Limited for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Scott Fleming

Partner

Adelaide

14 September 2017

Independent Auditor's Report

To the shareholders of Rex Minerals Limited

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Rex Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Consolidated statement of financial position as at 30 June 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recoverable value of non-current assets

Property, plant and equipment $15.1m – Note 9

Water infrastructure $4.1m

Exploration and evaluation expenditure $1.6m

Collectively referred to as 'non-current assets'.

The key audit matter	How the matter was addressed in our audit
The Group's recoverable value of non-current assets is based on either the successful development of the Hillside project or sale of the non-current assets. The recoverable value of non-current assets is a key audit matter due to: • Significance of the balances to the financial statements (being 78% of total assets); and • The need for management to determine the appropriate basis of assessing recoverable value which can be either: – A 'value in use' assessment which requires significant judgement in determining the recoverable value of the Hillside project due to the use of a feasibility model which is highly sensitive to changes in assumptions; or – A 'fair value' assessment which is based on data sourced from third parties in relation to comparable transactions which are limited in number and frequency. For the year ended 30 June 2017, a fair value basis has been adopted to determine the recoverable value of the non-current assets.	Our procedures included: • Assessing the appropriateness of the methodology used to determine the value of assets with reference to Australian Accounting standards. • Testing the key controls over the Group's valuation process including Board authorisation of the recoverable value assessment. • Checking the Group's assessment of the fair value of property, plant and equipment to data sourced by the Group from an external valuer. • Checking the Group's assessment of fair value of the undeveloped ore resources to data sourced by the Group from an external valuer. • Assessing the scope, competence and objectivity of the Group's external valuers by gaining an understanding of their experience and qualifications. • Evaluating the scope, competence and objectivity of the Group's internal experts who produced the Resource Statement utilised within the valuation of undeveloped resources. • Obtaining details of comparable transactions involving the sale of undeveloped ore resources from our valuation specialists to inform our assessment of the Group's valuation of undeveloped ore resources. • Assessing the Group's disclosure against the requirements of Australian Accounting Standards.

Other Information

Other Information is financial and non-financial information in Rex Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Rex Minerals Limited for the year ended 30 June 2017, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 18 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Scott Fleming
Partner

Adelaide

14 September 2017

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) Listing Rules and not shown elsewhere in this report is set out below and the information was applicable as at 31 July 2017.

Distribution of ordinary shares

The number of shareholders, by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	685	317,720	0.14
1,001 – 5,000	1,326	3,800,201	1.72
5,001 – 10,000	715	5,720,867	2.59
10,001 – 100,000	1,303	45,894,479	20.81
100,001 – 999,999,999	323	164,786,517	74.73
Total	4,352	220,519,784	100.00

The number of shareholders holding less than a marketable parcel:	2,446	7,087,230

Twenty largest shareholders

The names of the twenty largest shareholdings of quoted ordinary shares are:

	Name	Number of Shares Held	% of Issued Capital
1.	Grand South Development Limited	11,785,777	5.34
2.	HSBC Custody Nominees (Australia)	6,572,986	2.98
3.	S & S Olsen Pty Ltd	5,752,000	2.61
4.	Greenstone Property Pty Ltd (Titeline Property A/C)	5,345,531	2.42
5.	Panjeta Investment Group Pty Ltd	4,530,000	2.05
6.	BNP Paribas Noms Pty Ltd (DRP)	4,303,366	1.95
7.	Stone Poneys Nominees Pty Ltd (Chapman Super Fund A/C)	3,644,833	1.65
8.	Mrs Natalie Laufmann	3,500,000	1.59
9.	Greenstone Property Pty Ltd	2,825,000	1.28
10.	United Overseas Service Management Ltd	2,513,399	1.14
11.	Mrs Vickie Jane Jones	2,240,000	1.02
12.	Dr Steven G Rodwell	2,164,240	0.98
13.	Ms Fei Chen	2,106,200	0.96
14.	Citicorp Nominees Pty Limited	1,991,292	0.90
15.	BNP Paribas Noms Pty Ltd (UOB KH P/L AC UOB KH DRP)	1,916,979	0.87
16.	HSBC Custody Nominees (Australia)	1,890,071	0.86
17.	Mr Parmjit Singh	1,600,000	0.73
18	Mr Paul Christopher Walker	1,515,024	0.69
19.	Aquara Nominees Pty Ltd (Aquara Super Fund A/C)	1,500,000	0.68
20.	Mrs Philippa Jean Laufmann (Laufmann Family A/C)	1,500,000	0.68
Total		69,196,698	31.38

Substantial shareholders

There is one substantial shareholder lodged with the Company:

Name	Number of Shares Held	% of Issued Capital
Grand South Development Limited	11,785,777	5.34

Voting rights

On a show of hands, every shareholder of fully-paid ordinary shares present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Stock exchange listing

Rex Minerals Ltd is listed on the ASX. The Company's ASX code is RXM.

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