



## CORPORATE DIRECTORY

### DIRECTORS

Paul Chapman (Chairperson)  
Steven Olsen (Managing Director)  
Richard Laufmann

### COMPANY SECRETARY

Janet Mason

### PRINCIPAL and REGISTERED OFFICE

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Ballarat Victoria 3350

### CONTACT DETAILS

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### SHARE REGISTRARS

Security Transfer Registrars  
Pty Ltd  
770 Canning Highway  
Applecross WA 6153

### AUDITORS

KPMG  
147 Collins Street  
Melbourne Victoria 3000

### BANKERS

ANZ Banking Group Limited  
927 Sturt Street  
Ballarat Victoria 3350

### LEGAL ADVISORS

Baker McKenzie  
181 William Sreet  
Melbourne Victoria 3000

### OPERATION LOCATIONS



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## > INTRODUCTION

Rex Minerals Ltd ("Rex") is an Australian minerals exploration and development company with a large-scale copper project in South Australia and a copper, gold and silver project in New South Wales. On South Australia's Yorke Peninsula, Rex seeks to discover multiple copper deposits leading to the development of a large, low-cost and long life mining operation. In New South Wales, Rex's Mt Carrington project has existing gold and silver Resources and a shallow copper discovery which may provide the Company with a shorter term development option. Rex is progressing with both projects to identify the optimal development paths that will lay the foundations for continued growth as a diversified exploration and mining company.

## > HIGHLIGHTS

Multiple large scale high grade copper intersections have been returned from drilling at the Hillside Project on the Yorke Peninsula in South Australia.

Assay results include:

- > 259m @ 1.7% copper and 0.4g/t gold
- > 60m @ 3.0% copper and 0.5g/t gold
- > 57m @ 1.5% copper and 0.4g/t gold
- > 51m @ 1.5% copper and 0.1g/t gold

A Resource update was completed at the Mt Carrington Project for a total Inferred Resource of:

- > 190,000 ounces of gold, and
- > 10.5 million ounces of silver

A new shallow high grade copper discovery was made at Mt Carrington with drilling results of 18.7m @ 5.9% copper and 10.1m @ 6.3% copper.

The Company exercised an option to purchase 100% of the Mt Carrington Project

The Company successfully raised a total of \$11.1 million during difficult economic conditions in order to maintain progress at its projects.

## > GOALS FOR 2010

- > **Resource** : At the Hillside copper project define an initial Inferred Resource estimate.
- > **Scale** : At Hillside identify and scope potential extensions of the copper mineralisation within 500m of the surface.
- > **New Discovery** : Make at least one new large scale copper discovery along the Pine Point Copper Belt.
- > **Scale** : At Mt Carrington identify the potential for the copper, gold and silver mineralisation within 200m of the surface.
- > **Resource** : At Mt Carrington define a new copper Resource and/or increase the gold and silver Resource.
- > **Economics** : Initiate scoping studies at Hillside and Mt Carrington.

## LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

For the year ended 30 June 2009

Dear Fellow Shareholder,

At the Company's IPO in September 2007, the foundation was laid down for Rex to test a number of large scale targets with a substantial drilling program planned for each project area. The underlying premise to this strategy was that almost all mineral discoveries require a substantial amount of drilling and re-interpretation before the potential can be realised. This strategy was made even more important during the past year as the global financial crisis took hold.

Whilst many explorers stopped drilling, Rex through its drilling alliance with Tinline Drilling continued with its drilling campaign at the Hillside copper project in South Australia. It was at close to the peak of the global financial crisis that drill hole HDD018 returned high grade assay results (in January 2009) over a substantial length, which indicated the beginnings of what is now emerging as a substantial copper discovery. Since that time drilling has continued to produce a number of thick and high grade copper intersections, with the rewards from the strategy undertaken by Rex since the IPO now delivering results.

With every new discovery comes a phase of rapid learning about the key features associated with each mineral deposit. There are many examples from other similar deposits that geologists can use to aid the discovery process, but each deposit will typically have a number of important characteristics that are unique.

On the Yorke Peninsula, Rex has tested a wide range of theories about the copper mineralisation situated there, with some exciting results returned in terms of the scale of copper mineralisation that could ultimately be discovered. The initial targeting was focussed on the gravity features that were defined in the area (one method used to discover the Prominent Hill deposit), which produced large scale, but lower grade copper results initially. It was the continuation of some of these early drill holes underneath the adjacent magnetic anomaly that ultimately led to the discovery of thick and high grade zones of copper mineralisation. The copper mineralisation was found to be closely associated with magnetite (cause of the magnetic anomaly), and recent high resolution magnetic surveys have shown that a number of high intensity linear magnetic anomalies over a substantial strike length are yet to be drill tested at Hillside. Therefore our belief is that the Hillside project alone could deliver a new large scale mining opportunity for Rex.

However, the evolution of Rex's growth is not just restricted to the Hillside Project. The Pine Point Copper Belt is a large geological zone that extends for over 60km within Rex's Exploration Licence on the Yorke Peninsula. Key exploration criteria has been recognised within the Pine Point Copper Belt, based on government magnetic surveys, gravity surveys and a number of high grade historical copper mines. These criteria all support our view that the potential for multiple large scale copper targets in this region is very high. Rex is now moving into a very exciting and rapid growth phase as exploration expands to cover the entire Pine Point Copper Belt over the following year.

In addition, exploration at the Mt Carrington copper-gold-silver project is continuing to uncover the potential in this area. Rex's work this year has shown that the existing shallow copper-gold-silver Resources defined to date are part of a much larger mineral system, with strong evidence for the presence of large scale mineralisation in the project area. This project therefore fits within our original strategy of working on projects that have large scale potential which could support the development of a new mining operation.

The capital raisings completed over the first half of 2009 were crucial in achieving success from our exploration effort. Rex is now well financed, with a solid capital structure and with 100% ownership of two projects that contain large scale growth opportunities.

In the year ahead Rex is looking to move to a new level of copper exploration on the Yorke Peninsula. The potential that has been uncovered at both Hillside and further along the Pine Point Copper Belt has revealed a new frontier of copper exploration and discovery on the Yorke Peninsula. Rex will focus its attention on both the initial definition of a Resource at Hillside, along with proving up the regional copper potential that could all feed into a new large scale mining operation.

At Mt Carrington, results are also leading Rex towards identifying a new large scale project. The shallow Resources and high grade copper results are encouraging and Rex will continue exploring the shallow potential at Mt Carrington.

We look forward to your further support over the following year as we expand our exploration programs and expect to deliver a continuous stream of new and exciting exploration results leading towards the development of a new mining operation.

Yours sincerely,



**Paul Chapman**  
Chairman



**Steven Olsen**  
Managing Director

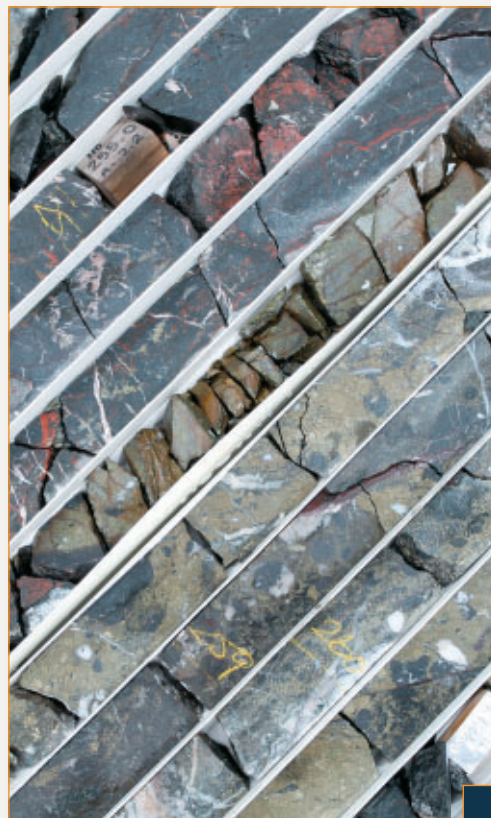
## > REX MINERALS LTD

### REVIEW OF OPERATIONS For the year ended 30 June 2009

#### SUMMARY

Rex has consolidated its activities down to two major projects during the year with the following important milestones achieved.

October 2008	Sale of Victorian Gold assets (St Arnaud and North Creswick) for \$1.5 million.
December 2008	Complete Resource upgrade at the Mt Carrington project, NSW, for a total Inferred Resource of: 190,000 ounces of gold, and 10.5 million ounces of silver
January 2009	Large scale and high grade copper mineralisation discovered at Hillside, South Australia, including: 259m @ 1.7% copper and 0.4g/t gold from 205m in drill hole HDD 018W1.
March 2009	Complete capital raising of \$5.51 million at a share price of \$0.40. This was the first capital raising since the company's IPO in September 2007 where a total of \$7.0 million was raised at a share price of \$0.25.
March 2009	Discovered new high grade and shallow copper mineralisation at Mt Carrington with results of: 18.9m @ 5.9% copper from 52.25m and 10.1m @ 6.3% copper from 88.0m in drill hole KYD001.
April 2009	Further large scale and high grade copper intersected at Hillside including: 57m @ 1.5% copper and 0.4g/t gold from 381m in drill hole HDD023.
April 2009	Exercise option to purchase 100% of the Mt Carrington project.
May 2009	Complete capital raising of \$5.6 million at a share price of \$0.70.
June 2009	Complete financial year with \$12.3 Million cash and 100% ownership of two large scale projects hosting new copper discoveries over the past year.



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### EXPLORATION PROJECTS For the year ended 30 June 2009

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#### PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA

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Rex has 100% ownership over a 60km section of the highly prospective Pine Point Copper Belt ('PPCB') on the Yorke Peninsula of South Australia, between the townships of Pine Point, Ardrossan and White Cliffs. The features which attracted Rex to the area and underpin its current focus include:

**Historic finds :** Multiple historical high-grade copper deposits exist along the PPCB.

**Thin cover :** Most of the Pine Point Copper Belt is 'hidden' by a thin layer of cover rocks (approx. 10m to 50m thick).

**Multiple targets :** A range of prospects and targets exist along the 60 km section of the copper belt.

**Scale :** Large scale and high-grade copper mineralisation has now been discovered (Hillside) at one of many 'hidden' targets along the PPCB.

**Setting :** The copper discovered to date is associated with magnetite, which in high concentrations will produce magnetic anomalies on detailed surveys allowing Rex to 'see through' the cover rocks to focus on new targets.

**Modern Techniques :** Detailed high resolution magnetic surveys have the potential to redefine in much greater detail a large number of copper targets.

**Infrastructure :** The proximity to Adelaide (1.5hrs by car) and the location of a major highway along the entire length of the Peninsula and the nearby ports will assist the economics of new developments.

**Power :** The area is connected to the State's main power grid.

The exploration activity to date on the Pine Point Copper belt has largely been focussed at the Hillside project. The discovery of large scale copper mineralisation at Hillside has important implications for additional copper mineralisation along the Pine Point Copper Belt. The most important exploration tool which is considered to have the ability to focus the drilling towards the highest concentrations of copper at Hillside is a detailed magnetic survey. A large (1000km<sup>2</sup>) high resolution magnetic survey has been planned for September 2009 to cover the entire Pine Point Copper Belt that lies within Rex's Exploration Licences on the Yorke Peninsula.

#### HILLSIDE COPPER-GOLD PROJECT, SOUTH AUSTRALIA

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Following on from the early indications that Rex had discovered a large scale IOCG (Iron-Oxide-Copper-Gold) type of deposit at Hillside, Rex received further confirmation of this in the form of multiple large scale and high grade copper intersections. Table 1 is a summary of the significant drill intersections that were returned during the year from the Hillside project. Of particular significance is that high grade copper mineralisation has now been broadly identified in exploration drilling over a large magnetic anomaly which has a total length of over two kilometres (Figure 3).

All of the drilling completed to date at Hillside shows a strong correlation between copper and magnetite. Magnetite is the mineral which has been identified as the cause of the magnetic anomalies at Hillside. (This relationship is similar to many other copper-gold deposits such as the Ernest Henry deposit in Queensland).

It was therefore considered important to define the magnetic anomalies at Hillside in as much detail as possible, to optimise the subsequent drilling program. To this end a new high resolution airborne magnetic survey was recently completed which has dramatically improved the resolution of the magnetic data at Hillside, and enabled Rex geologists to locate a number of new high priority target areas.

The magnetic survey has identified three distinct north-south oriented structures which are interpreted to extend for up to 1.6km each (Figure 4). Drilling to date has focussed on the central section of the westernmost structure which corresponds with the Zanoni Fault. Within the Zanoni structure, as well as the other two structures to the east, there are a number of locations that have yet to be tested, which Rex considers are important targets (Figure 4). Testing of these targets is considered to give Rex the best opportunity of determining the extent of the copper mineralisation between 20m and 500m of the surface at Hillside.

Rex is planning to test a number of important targets at Hillside, over the remainder of 2009 and into 2010, that were defined from the new magnetic image. The results from this drilling campaign should enable Rex to make an initial scoping assessment of the copper dimensions and grade between 20m and 500m depth, which in turn will allow the drilling campaign to be focussed on the areas with the highest potential to deliver an initial Resource estimate by mid 2010.

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**EXPLORATION PROJECTS (continued)** For the year ended 30 June 2009

**HILLSIDE COPPER-GOLD PROJECT, SOUTH AUSTRALIA (continued)**

Hole Number	From (m)	To (m)	Interval (m)	Copper (%)	Gold (g/t)	Structure
HDD009	364	369	5	1.1	0.3	Zanoni
HDD010	235	239	4	2.4	0.2	Zanoni
HDD011	301	306	5	3.0	0.7	Zanoni
HDD012	300	306	6	1.9	0.5	Zanoni
HDD013	516	532	16	1.4	0.2	Zanoni
HDD015	303	305	2	2.4	0.3	Zanoni
HDD017	334	336	2	1.7	0.1	Zanoni
HDD018	205	280	75*	3.3	0.8	Zanoni
	447	452	5	3.5	0.6	Zanoni
HDD018W1 including including	205	464	259*	1.7	0.4	Zanoni
	252	280	28*	4.1	1.3	Zanoni
	416	442	26*	4.4	0.9	Zanoni
HDD020	182	184	2	1.1	0.2	Zanoni
HDD023 including	381	438	57	1.5	0.4	Zanoni
	400	405	5.0	9.6	2.1	Zanoni
HDD024	413	499	86	0.6	0.1	Zanoni
HDD024W1	413	499	86	0.6	0.1	Zanoni
HDD024W2	400	498	98	0.5	0.1	Zanoni
HDD025	465	508	43	0.4	–	Zanoni
HDD026 including	257	525	268	0.7	0.2	Zanoni
	350	372	22	3.2	0.7	Zanoni
HDD013	492	499	7	2.0	0.3	Dart
HDD015	220	225	5	1.0	0.3	Dart
HDD017	170	173	3	1.9	0.2	Dart
HDD023	270	286	16	0.6	–	Dart
HDD024W1	671	691	20	0.6	0.05	Dart
HDD024W2	609	660	51	1.5	0.1	Dart
HDD023	459	546	87	0.3	–	Marion
HDD022	56	68	12	2.0	0.4	Marion

Table 1: Summary of drilling results from the Hillside for the 2008/2009 financial year.

\* Denotes reported intersections are not true width.

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**EXPLORATION PROJECTS (continued)** For the year ended 30 June 2009

**HILLSIDE COPPER-GOLD PROJECT, SOUTH AUSTRALIA (continued)**

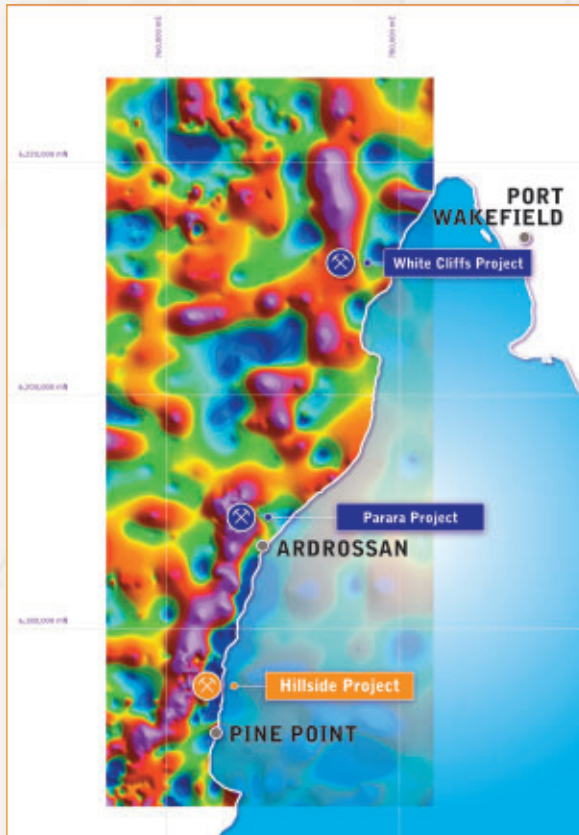


Figure 1: Residual Gravity Image for the Pine Point Copper Belt.

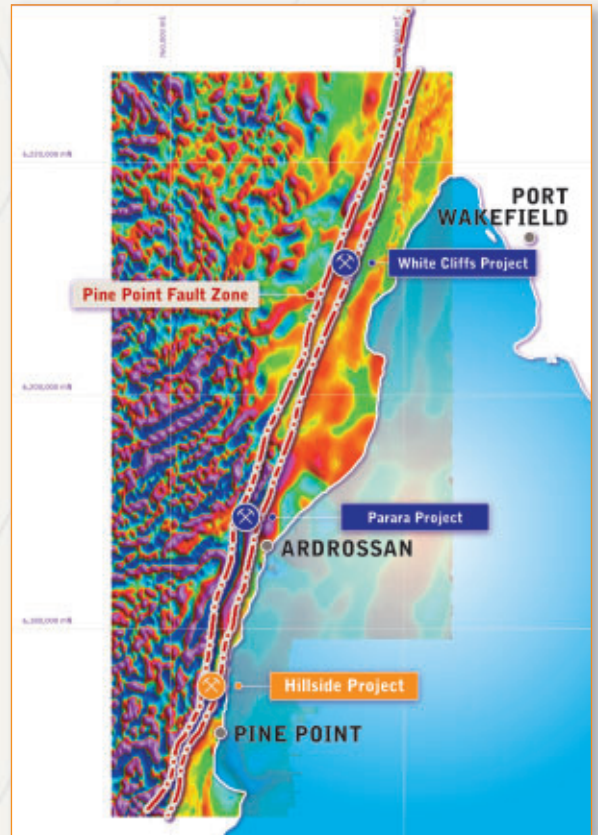
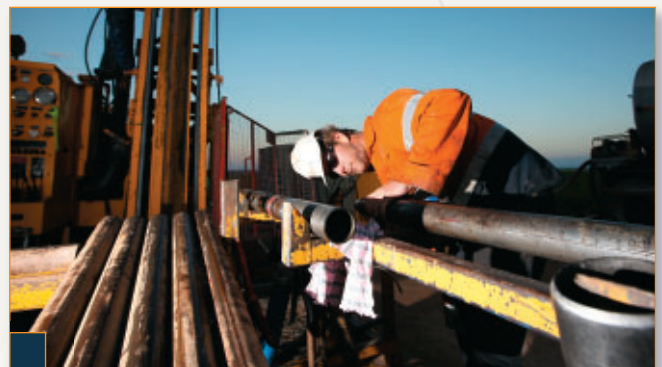


Figure 2: Residual Magnetic Image for the Pine Point Copper Belt, showing the location of the Pine Point Fault.





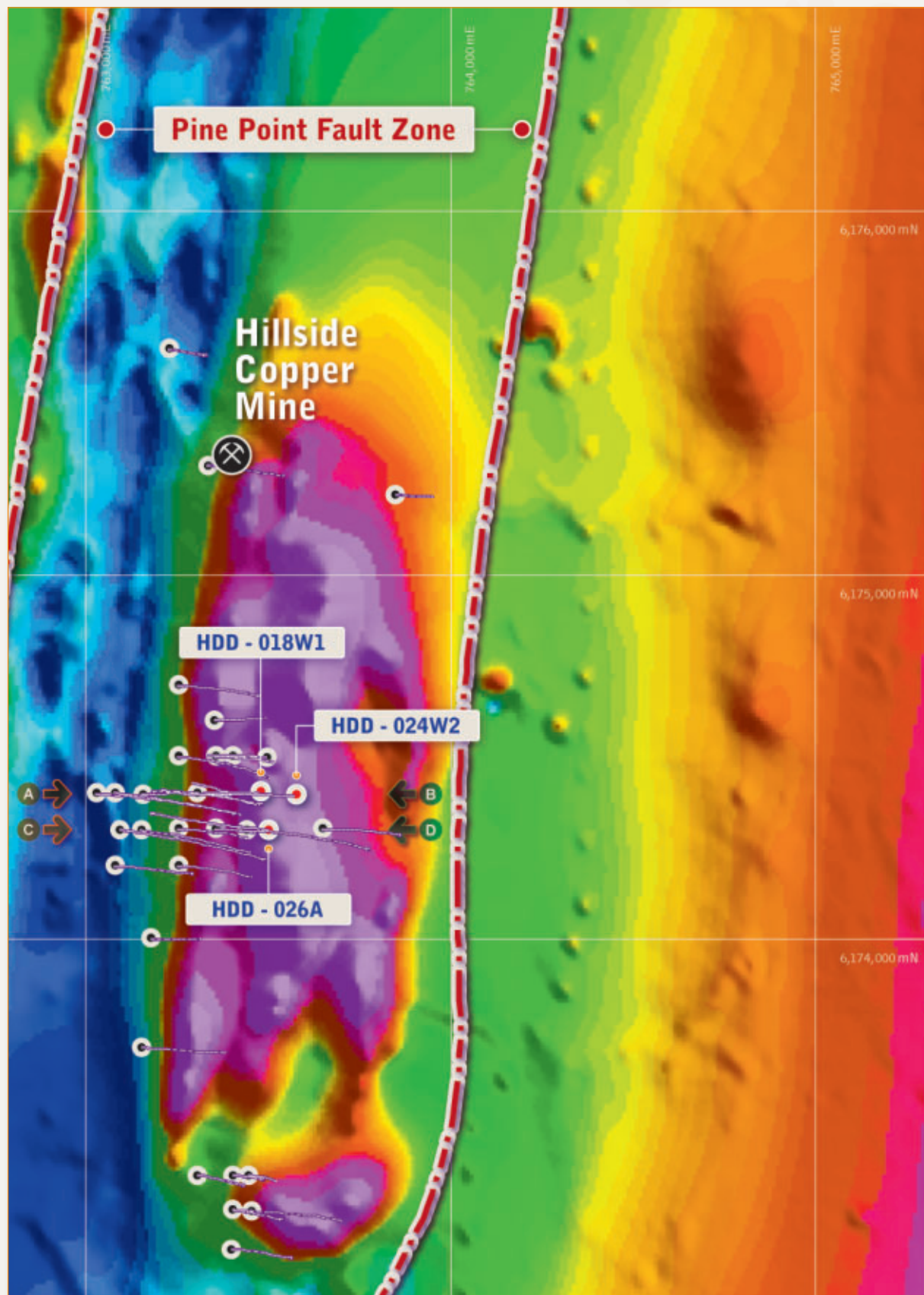


Figure 3: Hillside Project high resolution magnetics and drillhole locations.

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EXPLORATION PROJECTS (continued) For the year ended 30 June 2009

HILLSIDE COPPER-GOLD PROJECT, SOUTH AUSTRALIA (continued)

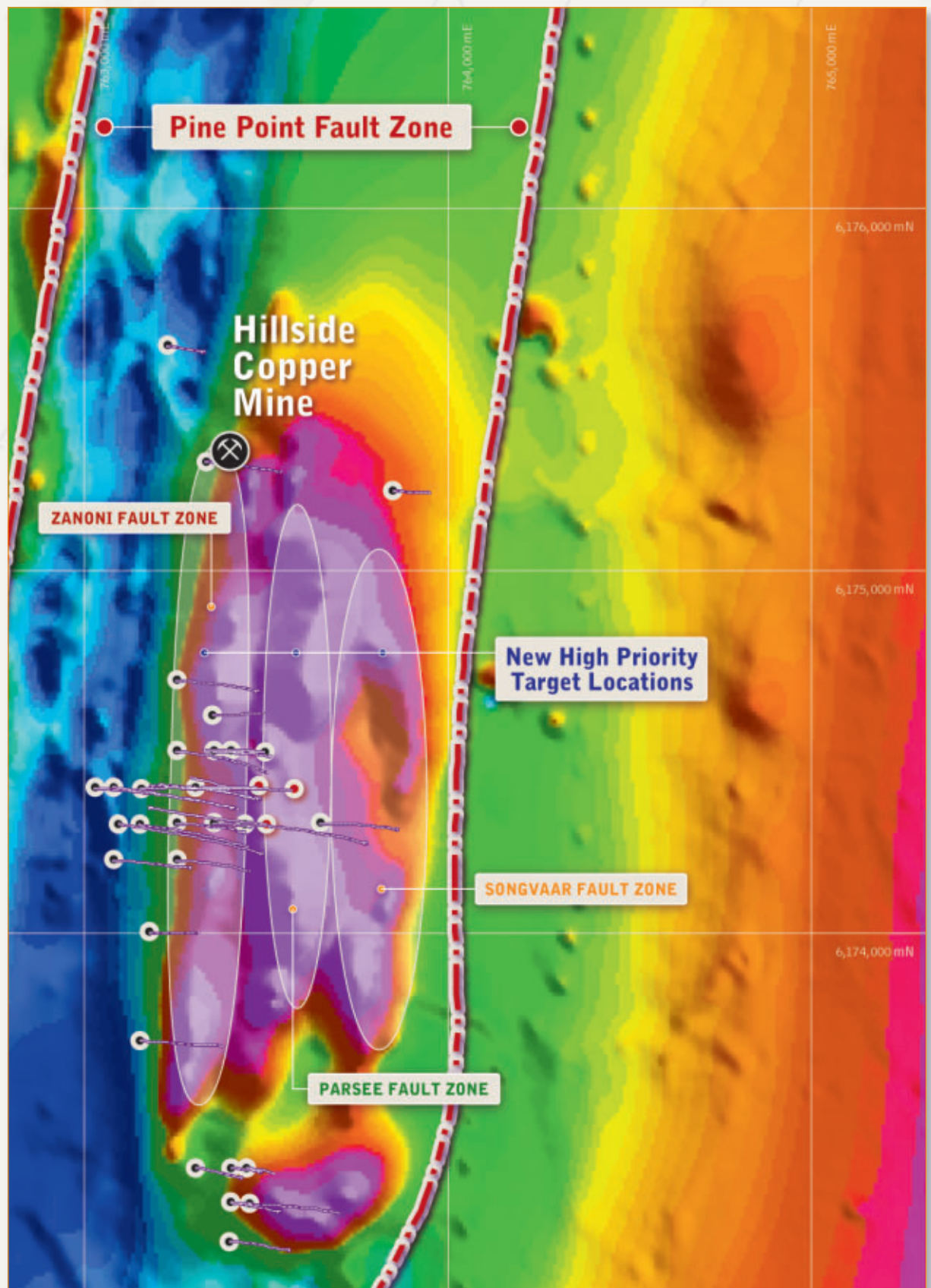


Figure 4: Hillside Project high resolution magnetics with target zones defined – Zanoni, Parsee and Songvaar.

HILLSIDE COPPER-GOLD PROJECT, SOUTH AUSTRALIA (continued)

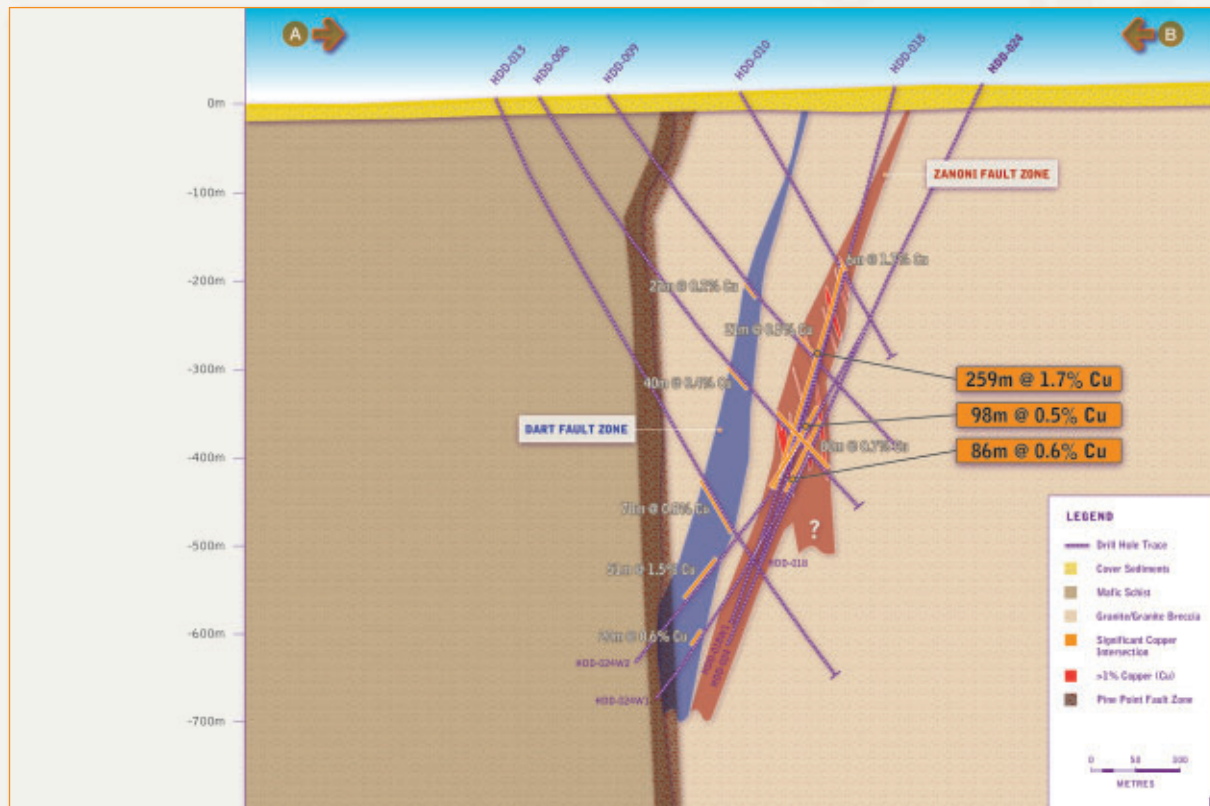


Figure 5: Geological Cross Section 74400N ('AB') with drillholes and defined copper zones.

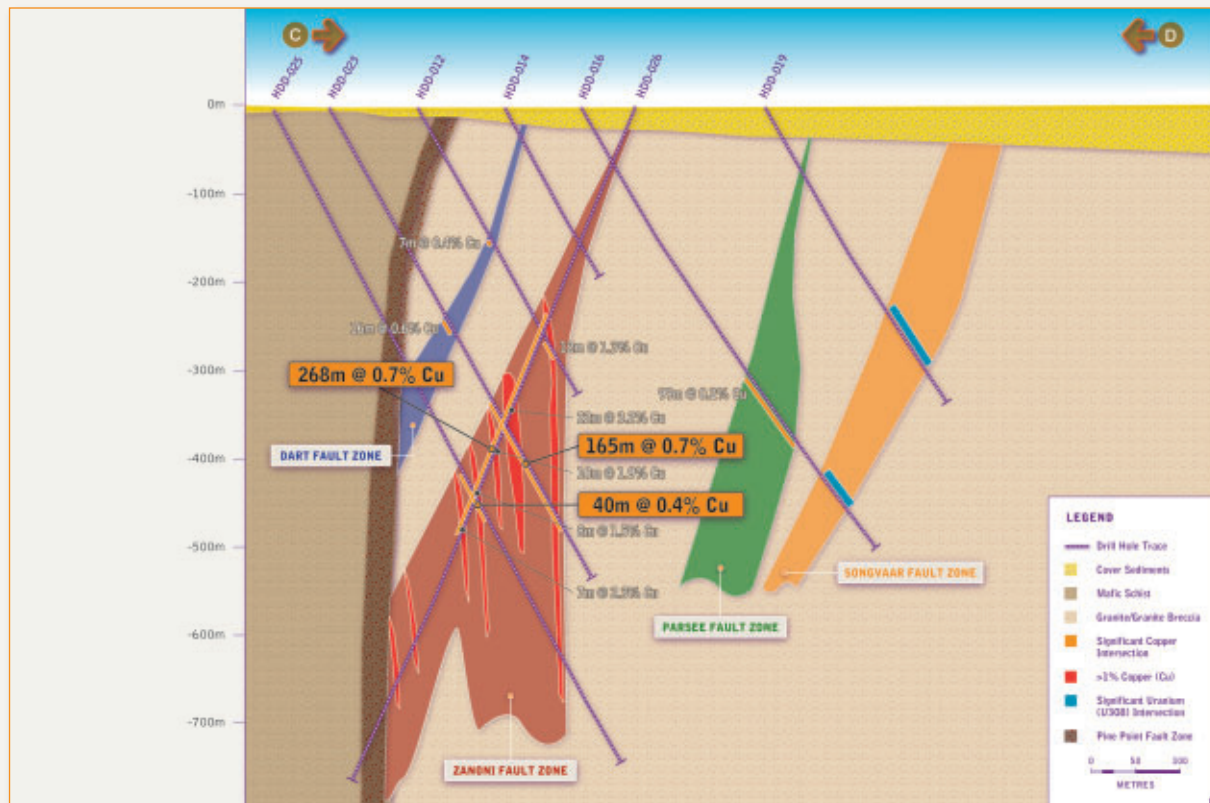


Figure 6: Geological Cross Section 74300N ('CD') with drillholes and defined copper zones.

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### EXPLORATION PROJECTS (continued) For the year ended 30 June 2009

#### WANDEARAH COPPER-GOLD PROJECT, SOUTH AUSTRALIA

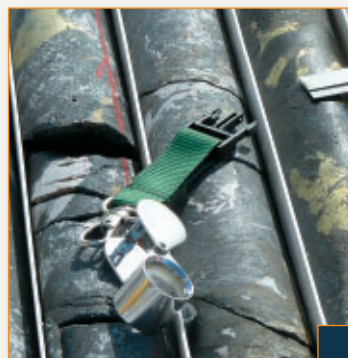
The Wandearah project in South Australia comprises two Exploration Licences which have large scale copper-gold potential. Historical drilling at Wandearah has confirmed the presence of low grade copper mineralisation and iron-oxide alteration similar to that observed at Prominent Hill and Olympic Dam. Although this project exists underneath 300m of cover sediments, combined gravity and magnetic anomalies on the project suggest that a massive mineralised IOCG system could exist in basement rocks. The lateral expression of the Olympic Dam deposit, one of the world's largest copper deposits could easily fit within the gravity and magnetic signatures that exist at Wandearah.

In the year ended June 2009 Rex completed a detailed geophysical gravity survey over the project, followed by a single vertical diamond drill hole. The gravity survey highlighted the presence of a number of strong north-west and northerly trending structural features which appear to constrain the area of several gravity anomalies at their intersection points. Several targets have been identified from this survey within an area of 12km x 6km.

A single diamond drill hole was completed to test one of the gravity-structural targets in late 2008. The hole was drilled to 707m and intersected a sequence of carbonaceous sediments and conglomerate before passing into basement sediments at 465m, displaying weak pervasive hematite alteration and veining, minor brecciation and thin granitic intrusions. No significant alteration was encountered and assay results were generally low. A thick zone of weak copper mineralisation was noted at 130m down hole depth within graphitic sediments, which may represent an alternative viable copper target of the 'Mt Gunson' style.

#### COWELL PROJECT, SOUTH AUSTRALIA

The Cowell project in South Australia comprises a single Exploration Licence which has copper-gold and uranium potential. Initial geological interpretation also indicated there may be potential for Haematite and Magnetite Iron Ore, similar to the deposits mined in the Middleback Ranges to the north. On this premise a total of six holes were drilled in mid 2008 to test for both Haematite and Magnetite Iron Ore. Drilling intersected a thick sequence of magnetite-bearing metamorphic gneiss beneath 50m of cover sediments, however low Fe analyses were returned. Drilling did return anomalous copper and uranium assays related to fluorite-bearing granites.



**MT CARRINGTON GOLD-SILVER PROJECT, NEW SOUTH WALES**

At the Mt Carrington Project in NSW, Rex completed a comprehensive review of the drilling and geological information leading to an updated Resource estimate which was completed in December 2008. The results from this work are summarised in Table 2 below.

Verification drilling of the Resources was also completed in early 2009, and the discovery of shallow high grade copper mineralisation in drilling during this program has also presented a new opportunity for Rex at Mt Carrington. Extensive copper mineralisation has been previously identified at Mt Carrington but not thoroughly evaluated, and consequently the results from drill hole KYDD001 (intersecting 18.7m @ 5.9% copper and 10.1m @ 6.3% copper) which were announced in March 2009, indicate that the shallow copper potential could add significant value to the development options at Mt Carrington.

<b>MT CARRINGTON INFERRED RESOURCES</b>					
<b>Gold Resources</b>					
Deposit	Tonnes	Gold Grade (g/t)	Gold Ounces	Silver Grade (g/t)	Silver Ounces
Strauss	1,150,000	2.1	78,000	5.0	185,000
Kylo	1,370,000	1.6	71,000	3.2	141,000
Guy Bell	160,000	2.5	13,000	4.9	25,000
<b>Sub-Total</b>	<b>2,680,000</b>	<b>1.9</b>	<b>162,000</b>	<b>4.1</b>	<b>351,000</b>
<b>Silver Resources</b>					
Deposit	Tonnes	Gold Grade (g/t)	Gold Ounces	Silver Grade (g/t)	Silver Ounces
Lady Hampden	1,070,000	0.8	28,000	59	2,030,000
White Rock	4,080,000	–	–	62	8,134,000
<b>Sub-Total</b>	<b>5,150,000</b>		<b>28,000</b>	<b>61</b>	<b>10,164,000</b>
<b>Total</b>	<b>7,830,000</b>		<b>190,000</b>		<b>10,515,000</b>

**Table 2:** Summary of the Mt Carrington Inferred Resource estimate completed by Rex Minerals in December 2008. All gold Resources have been produced using a lower cut-off of 0.5g/t and all silver Resources have been produced using a lower cut-off of 25g/t.

The gold Resources at Mt Carrington predominantly occur within three deposits (Kylo, Strauss and Guy Bell) that are in close proximity to each other and to existing infrastructure which previous operations at Mt Carrington had established, and which can form part of a new development opportunity in the future. This infrastructure includes access to mains power, a fresh water dam, a tailings dam and a cleared plant site (previous processing plant was removed).

The deposits display considerable potential for further extensions to each of the existing gold Resources at depth and along strike. A number of areas have yet to be tested in between the existing deposits, providing opportunities to increase the shallow Resources that are amenable to open pit mining within the existing mine site area.

The silver Resources and additional exploration potential provide a unique opportunity and exposure to the silver price. The largest silver Resource at Mt Carrington is at White Rock which contains 8.5Mozs of silver with additional drilling outside the resource indicating that the silver mineralisation extends well beyond the existing Resource (Figure 7).

In addition to the shallow copper, gold and silver potential at Mt Carrington, there is some geological evidence that the Mt Carrington field has large scale potential at depth. In order to effectively test this potential within a meaningful time frame Rex has committed to complete an extensive program of detailed Induced Polarisation (IP) surveys, a detailed magnetic survey, and a large scale regional review of the geology, collating the work of the numerous companies that have explored Mt Carrington over the past 30 years or more. This work will be followed up by intermittent drillings programs testing the high priority targets that have been uncovered through 2010.

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**EXPLORATION PROJECTS (continued)** For the year ended 30 June 2009

**MT CARRINGTON GOLD-SILVER PROJECT, NEW SOUTH WALES (continued)**

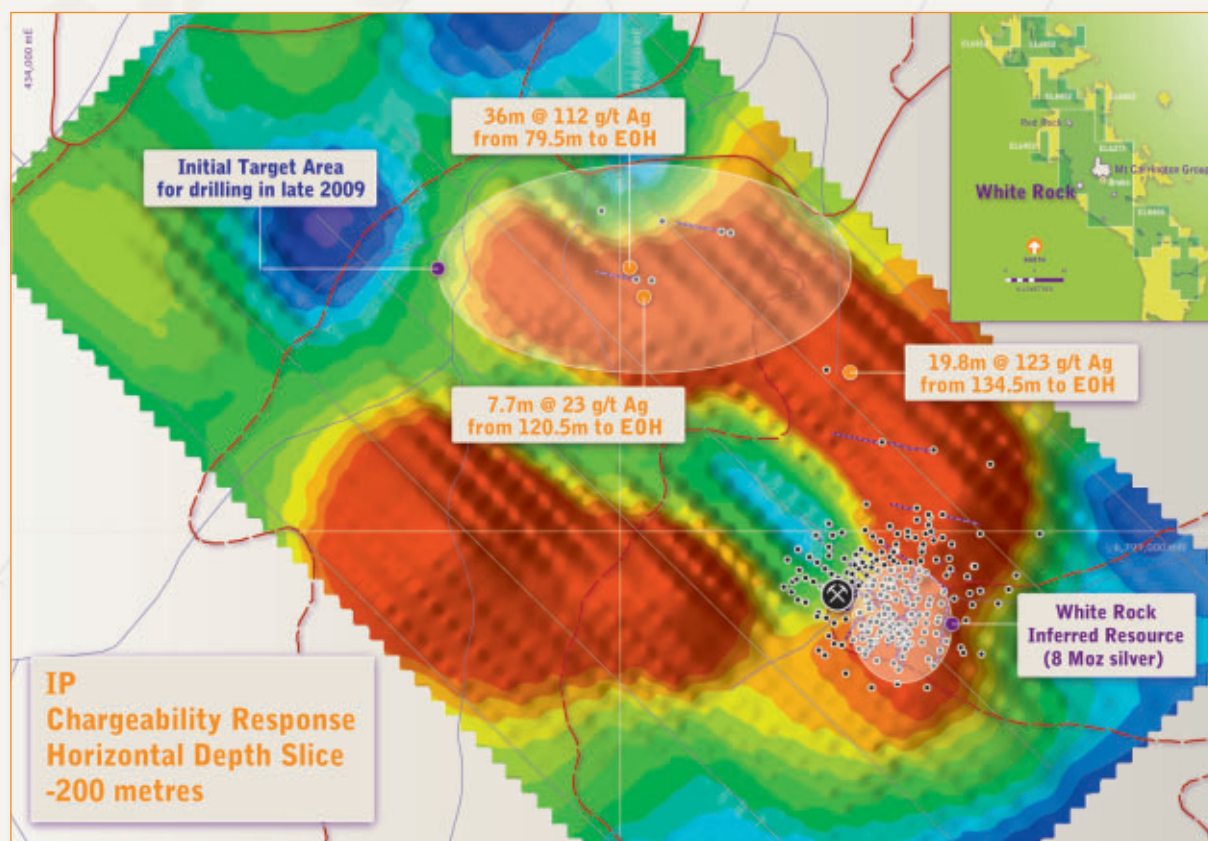


Figure 7: White Rock Project IP Chargeability Image showing area of the Inferred Silver Resource.



**TENEMENT SCHEDULE** For the year ended 30 June 2009

Tenement	Locality	Lease Status	Area Type	Current Area	Grant Date
EL3875	Moonta South	Granted	km <sup>2</sup>	422	02/08/2007
EL3874	Moonta South	Granted	km <sup>2</sup>	1262	02/08/2007
EL3116	Moonta South	Granted	km <sup>2</sup>	27	04/08/2003
EL3876	Wandearah	Granted	km <sup>2</sup>	127	02/08/2007
EL3459	Wandearah	Granted	km <sup>2</sup>	81	29/11/2005
EL3418	Cowell	Granted	km <sup>2</sup>	85	16/09/2005

## > REX MINERALS LTD

### DIRECTORS' REPORT For the year ended 30 June 2009

The Directors present their report together with the financial report of Rex Minerals Limited ("the Company") and of the Group, being the Company and its subsidiaries, and the Group's interest in associates and jointly controlled entities for the financial year ended 30 June 2009 and the auditors' report thereon.

#### 1. 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
<p>Mr Paul Chapman  <b>Independent Chairperson</b>            (B.Comm, ACA, Grad.Dip. Tax, CFPT(Snr), MAICD, SAFin)</p>	<p>Mr Paul Chapman is a chartered accountant and has over twenty years resources experience gained in Australia and the US. He has worked in a number of commodity businesses including gold, nickel, manganese, bauxite/alumina and oil/gas.</p> <p>Mr Chapman has held senior management roles in public companies of various sizes and is Chairman of ASX listed uranium explorer Encounter Resources Ltd and Chairman of listed explorer Silver Lake Resources Ltd. Director since 2007.</p>
<p>Mr Richard Laufmann  <b>Independent Non-Executive Director</b>            (B.Eng (Mining), MAusIMM, MAICD)</p>	<p>Mr Richard Laufmann is a mining engineer with a proven track record in the resources sector both in Australia and overseas.</p> <p>He was Managing Director of Ballarat Goldfields NL from 2002 until 2007, at which time Ballarat Goldfields merged with Lihir Gold Limited. Mr Laufmann also previously led WMC Resources Limited's Gold Business as General Manager – Operations. His extensive operational experience includes three years as General Manager of St Ives Gold in Western Australia. Mr Laufmann is currently the Managing Director of Indophil Resources, an ASX listed company operating in the Philippines. Director since 2007.</p>
<p>Mr Steven Olsen  <b>Managing Director</b>            (B.Sc.(Hons), M.Sc.(MinEx), Grad.Dip (F&amp;I), MAusIMM)</p>	<p>Mr Steven Olsen has over 16 years experience in the resources industry with a background of 14 years working as a mine geologist and exploration geologist, predominantly in Western Australia and Canada, on nickel and gold deposits. Mr Olsen has had continued exploration success for both nickel and gold mineralisation throughout his career.</p> <p>From 2002 to 2007, Mr Olsen was Chief Geologist at Ballarat Goldfields NL (BGF), leading the geological team at BGF which developed a highly successful geological model creating a Resource base of 1.4Mozs and the ongoing conversion of exploration targets to Resources. Director since 2007.</p>

#### 2. COMPANY SECRETARY

Ms Amber Rivamonte, CPA, B.Bus (Acc) was appointed to the position of Company Secretary and CFO in July 2007. Ms Rivamonte previously held the role of Company Secretary for four years at Ballarat Goldfields NL and has over 15 years experience in the financial management of public listed exploration companies.

Ms Janet Mason, CPA, B.Bus (Acc) was appointed Acting Company Secretary and CFO in December 2008, whilst Ms Rivamonte is on 12 months leave. Ms Mason has 15 years experience in the mining industry, including 11 years with WMC in a number of finance roles.

## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

#### 3. DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr Paul Chapman	16	17	2	2
Mr Richard Laufmann	15	17	2	2
Mr Steven Olsen	17	17	2	2

A – Number of meetings attended.

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

#### 4. CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Recommendation	Comment
<p><b>4.1 Lay solid foundations for management and oversight</b></p> <p>4.1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.</p>	<p>The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The respective roles and responsibilities of the Board and the Managing Director are set out in the Company's Board Charter.</p> <p>The primary responsibility of the Board is to protect and advance the interest of shareholders. To fulfil this role, the Board has overall responsibility for developing and approving the Company's corporate strategy and monitoring implementation of the strategy, appointing the Managing Director, monitoring senior executives' performance and approving the Company's risk and audit framework. The Board is also responsible for the Company's general corporate governance matters, including matters such as disclosures and the appointment and monitoring of any committees set up by the Board.</p> <p>The Managing Director has primary responsibility to the Board for the affairs of the Company. The Managing Director's responsibilities include implementing and monitoring (together with the Board) the strategic and financial plans for the Company, managing the appointment of senior executive positions, being the primary channel of communication and point of contact between the senior executives and the Board, providing strong leadership to, and effective management of, the Company and otherwise carrying out the day to day management of the Company.</p>



4. CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation	Comment
4.1.1 Continued.	<p>This recommendation is also satisfied in as much as should a new Director be appointed, the Company's Board Charter and other corporate governance documentation together with updated financial statements will be given to the new Directors together with a formal letter of appointment which will set out details in respect of, amongst other matters:</p> <ul style="list-style-type: none"> <li>&gt; the Company's financial, strategic, operational and risk management position</li> <li>&gt; each Director's rights, duties and responsibilities; and</li> <li>&gt; the role of the Board and senior executives</li> </ul>
4.1.2 Companies should disclose the process for evaluating the performance of senior executives.	<p>The Company's goals for the year are set out in the Annual Report and these are used as the basis for evaluating performance of senior executives. Performance evaluations are undertaken annually, in June, by the Managing Director. The Managing Director's performance evaluation is also undertaken annually, in June, by the Board.</p>
<b>4.2 Structure the Board to add value</b>	
4.2.1 A majority of the Board should be independent Directors.	This recommendation is satisfied.
4.2.2 The Chair should be an independent Director.	This recommendation is satisfied.
4.2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	This recommendation is satisfied.
4.2.4 The Board should establish a Nomination Committee.	<p>The Board has not adopted a charter relevant to the specific functions of a nomination committee. Given the size of the Company and the Board, and the start up nature and straight forward structure of the Company, the Directors consider that any efficiencies achieved by the establishment of a nomination committee would be minimal, thereby not making its establishment cost effective. The Company has Board processes in place which raise issues that would otherwise be considered by a nomination committee.</p>
4.2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	<p>The Directors consider that due to the size of the Company and its Board, such a formal review procedure is not appropriate at this point in time and has instead adopted a self evaluation process to measure it's own performance. This recommendation is satisfied in as much as the details have been included in the Annual Report and the Board Charter.</p>

## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

#### 4. CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation	Comment
<b>4.3 Promoting ethical and responsible decision making</b>	
<p>4.3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>&gt; the practises necessary to maintain confidence in the Company's integrity.</li> <li>&gt; the practises necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.</li> <li>&gt; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>This recommendation is satisfied. The Company's Code of Conduct sets out the Company's expectations for the conduct of the Company's Directors, senior executives and employees, including in relation to business conduct, personal and professional conduct (such as confidentiality, personal behaviour and respect for others).</p>
<p>4.3.2 Companies should establish a policy concerning trading in Company securities by Directors, senior executives and employees and disclose the policy or a summary of that policy.</p>	<p>This recommendation is satisfied. The Company's Share Trading Policy sets out the Company's policy regarding the trading of securities in the Company, by Directors, senior executives and certain others. This provides details of the Company's Insider Trading Policy as well as various other matters relating to institutional investors and journalists, as well as various other matters.</p>
<b>4.4 Safeguard integrity in financial reporting</b>	
4.4.1 The Board should establish an Audit Committee.	This recommendation is satisfied.
4.4.2 The Audit Committee should be structured so that it: Consists only of non-executive Directors; Consists of a majority of independent Directors; Is chaired by an independent Chair who is not chair of the Board; Has at least 3 members.	The members of the Audit Committee are Paul Chapman and Richard Laufmann, who are both independent Directors. Richard Laufmann is an independent Chair of the Audit Committee (and he is not Chair of the Board). Given the size of the Company and the Board, and the start up nature and straight forward structure of the Company, the Directors consider that the Audit Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.
4.4.3 The Audit Committee should have a formal charter.	This recommendation is satisfied.
<b>4.5 Make timely and balanced disclosure</b>	
4.5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	This recommendation is satisfied. The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Company's Continuous Disclose Policy sets out the Company's policies and procedures with regard to the reporting of material price sensitive information to the ASX subject to confidentiality carve-out aspects and the Company's procedures in this regard.

4. CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation	Comment
<b>4.6 Respect the rights of shareholders</b>	
4.6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>The Company places a high priority on communications with its Shareholders. Although the Company does not have a standalone communications policy, the Company considers that its Continuous Disclosure Policy, together with disclosure through the following means, should be sufficient to promote effective communications with shareholders:</p> <ul style="list-style-type: none"> <li>&gt; announcements released through to the ASX company announcements platform;</li> <li>&gt; notices of meetings to shareholders; and</li> <li>&gt; provision of all relevant documentation released on the Company's website.</li> </ul>
<b>4.7 Recognise and manage risk</b>	
4.7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Although there is no standalone risk management policy, the Board Charter provides that it is the Board's responsibility to approve the Company's risk and audit framework, systems of risk management and internal control, as well approving compliance with any risk and audit policies and protocols in place at the time.
4.7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	This recommendation is satisfied.
<b>4.8 Remunerate fairly and responsibly</b>	
4.8.1 The Board should establish a Remuneration Committee.	This recommendation is not satisfied. Given the size of the Company and the Board, and the start up nature and straight forward structure of the Company, the Directors consider that any efficiencies achieved by the establishment of a remuneration committee would be minimal, not making its establishment cost effective.
4.8.2 Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives.	This recommendation is satisfied. However, Board members are entitled to options as set out in this Annual Report having regard to the small number of the Company's management team.

## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

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#### 5. PRINCIPAL ACTIVITIES

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The principal activity of the Group during the course of the financial year was minerals exploration in Australia. There were no significant changes in the nature of the Group's principal activities during the year.

Rex is a diversified exploration company. Rex's strategy is to discover large scale mineral Resources in locations with important strategic advantages and in commodities that are in high demand. Headquartered in Ballarat, Victoria, Rex has ownership of projects covering the commodities of Copper, Gold, Silver and Iron. The projects are located in South Australia and New South Wales and are within geological terrains that are known for their endowment in these commodities. Rex applies its extensive technical experience and existing drilling capacity to progress its projects, laying solid foundations for long term growth, enabling Rex to forge ahead as a diversified exploration and mining company.

##### 5.1 Objectives

The Group's principal objective is to create value through the discovery, development and mining of mineral resources. To progress with the Group's primary objective, the following targets have been set for 2010 and later financial years.

- > Define an initial Inferred Resource estimate for the Hillside copper project, South Australia.
- > Identify the potential extents of the copper mineralisation at Hillside within 500m of the surface.
- > Make at least one new large scale copper discovery along the Pine Point Copper Belt.
- > Identify the potential for the copper, gold and silver mineralisation at Mt Carrington within 200m of the surface.
- > Define a new copper Resource and/or increase the gold and silver Resource at Mt Carrington.

#### 6. OPERATING AND FINANCIAL REVIEW

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The income statement shows a loss after tax of \$1,851,166 (2008 loss: \$857,987) for the year. The Group has no bank debt. As at 30 June 2009 the Group had a cash position of \$12,286,067 (2008: \$3,876,807). Operating activities incurred a cash outflow for the year of \$829,394 (2008: \$804,247).

#### 7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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In the opinion of the Directors there were no further significant changes in the state of affairs of the Group during the year ended 30 June 2009.

#### 8. DIVIDENDS PAID OR RECOMMENDED

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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.

#### 9. EVENTS SUBSEQUENT TO REPORTING DATE

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Subsequent to 30 June 2009 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 and unusual 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.

#### 10. LIKELY DEVELOPMENTS

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Likely developments are the continued minerals exploration on the tenements owned or controlled by the Group.

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.

## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

#### 11. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Rex Minerals Limited	
	Ordinary shares	Options over ordinary shares
Mr Paul Chapman	2,500,000	1,000,000
Mr Richard Laufmann	2,500,000	1,000,000
Mr Steven Olsen	4,500,000	1,500,000

#### 12. SHARE OPTIONS

##### 12.1 Options granted to Directors and Officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Directors and to the following of the five most highly remunerated Officers of the Company as part of their remuneration:

All options were granted during the financial year. No options have been granted since the end of the financial year.

	Number of options granted	Exercise price	Expiry date
<b>Directors</b>			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Steven Olsen	–	–	–
<b>Executives</b>			
Ms Amber Rivamonte	–	–	–
Mr Geoffrey Lowe	–	–	–
Ms Janet Mason	120,000	\$0.41	30 June 2011

##### 12.2 Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
30 June 2011	\$0.25	5,200,000
30 June 2011	\$0.30	1,500,000
30 June 2011	\$0.365	150,000
30 June 2011	\$0.41	180,000
31 May 2012	\$0.70	300,000
<b>Total</b>		<b>7,330,000</b>

All options expire on the expiry date, unless the options have not vested and the employee is terminated then options will lapse.

## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

#### 12. SHARE OPTIONS (continued)

##### 12.3 Shares issued on exercise of options

During the financial year, the Company did not issue ordinary shares as a result of the exercise of options. Since the end of the financial year, the Company has issued 530,000 options resulting from the exercise of options.

#### 13. 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 the Directors and certain 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.

#### 14. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, did not provide any non-audit services to the Company (2008: \$16,500).

#### 15. REMUNERATION REPORT – AUDITED

##### 15.1 Principles of compensation

Remuneration is referred to as compensation through this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including Directors of the Company and other Executives. Key management personnel comprise the Directors of the Company and Executives for the Company and the Group including the five most highly remunerated Company and Group Executives.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board obtains independent advice of the appropriateness of compensation packages of both the Company and the Group given trends in comparative companies and the objectives of the Company's compensation strategy.

	2009	2008
Net loss attributable to equity holders of the parent	\$1,851,166	\$857,987
Change in share price	\$0.295	\$0.010

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

##### 15.1.1 Fixed compensation

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

Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition external consultants provide analysis and advice to ensure the Directors' and Senior Executives' compensation is competitive in the market place.

##### 15.1.2 Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives.

##### 15.1.3 Short-term incentive bonus

The short-term incentive (STI) is a discretionary bonus provided in the form of cash, which is calculated based on an assessment of key performance indicators, including share price performance, business growth, exploration success and safety, environment and community issues.

15. REMUNERATION REPORT – AUDITED (continued)

15.1 Principles of compensation (continued)

15.1.4 Long-term incentive

The long-term incentive (LTI) is provided as options over ordinary shares of the Company. Options granted to employees currently only have service conditions attached to them, due to the nature of the Company at this time; the Board believes this is appropriate.

15.1.5 Service agreements

It is the Group's policy that employment contracts for key management personnel, excluding the Chief Executive Officer are unlimited in term but capable of termination on 3 months' notice and that the Group retains the right to terminate the contract immediately, by making payment equal to 3 months' pay in lieu of notice.

The Group has entered into contracts with each key management person, excluding the Chief Executive Officer, that are capable of termination on three month's notice. The Group retains the right to terminate a contract immediately by making payment equal to three month's pay in lieu of notice. The key management personnel 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 outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the Senior Executive and any changes required to meet the principles of the compensation policy.

Mr Steven Olsen, Chief Executive Officer, has a contract of employment dated 1 July 2007 with the Company and terminates on the 30 June 2010. The contract specifies the duties and obligations to be fulfilled by the Chief Executive Officer and provides that the Board and Chief Executive Officer will consult and agree objectives for achievement each year.

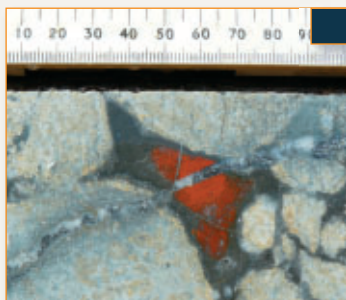
The Chief Executive Officer has no entitlement to termination payment in the event of removal for misconduct or gross negligence.

Discretionary bonus payments are allowable under the current management employment contracts including the Chief Executive Officer for meeting and/or exceeding performance milestones and upon approval by the Board.

**Non-Executive Directors**

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2007 AGM, is not to exceed \$300,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' base fees are presently \$95,000 per annum.

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



15. REMUNERATION REPORT – AUDITED (continued)

15.2 Directors' and Executive Officers' remuneration (Company and Group)

Details of the nature and amount of each major element of remuneration of each Director of the Company, each of the five named Company Executives and relevant Group Executives who receive the highest remuneration and other key management personnel are:

		Short-term				Post-employment		Share-based payments		Total \$	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees \$	STI cash bonus \$ <sup>(A)</sup>	Non-monetary benefits \$	Total \$	Super-annuation benefits \$	Termination benefits \$	Fair Value Options \$ <sup>(B)</sup>				
<b>Directors</b>												
<b>Non-Executive Directors</b>												
	2009	50,000	–	–	50,000	4,500	–	–	54,500	–	–	
	2008	50,000	–	–	50,000	4,500	–	–	54,500	–	–	
	2009	45,000	–	–	45,000	4,050	–	–	49,050	–	–	
	2008	45,000	–	–	45,000	4,050	–	–	49,050	–	–	
<b>Executive Directors</b>												
	2009	216,000	15,000	–	231,000	19,440	–	–	250,440	6.0	–	
	2008	200,000	–	–	200,000	18,000	–	–	218,000	–	–	
<b>Executives</b>												
	2009	87,192	–	–	87,192	7,847	–	12,626	107,666	–	11.7	
	2008	144,423	–	–	144,423	12,998	–	59,974	217,395	–	27.5	
	2009	170,000	–	20,000	190,000	15,300	–	12,626	217,926	–	5.8	
	2008	119,359	15,000	20,000	154,359	10,742	–	59,974	225,075	6.6	26.6	
	2009	84,038	–	–	84,038	7,563	–	35,520	127,122	–	27.9	
	2008	–	–	–	–	–	–	–	–	–	–	
Total compensation: key management personnel (Company and Group)		2009	652,230	15,000	20,000	687,230	58,700	–	60,772	806,703	–	–
		2008	558,782	15,000	20,000	593,782	50,290	–	119,948	764,020	–	–



## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

#### 15. REMUNERATION REPORT – AUDITED (continued)

##### 15.2 Directors' and Executive Officers' remuneration (Company and Group) (continued)

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

- A. The short-term incentive bonus is for performance during the respective financial year using the criteria set out in the Remuneration Report. The amount was finally determined after performance reviews were completed and approved by the Board. No amounts vest in future years in respect of the bonuses paid.
- B. The fair value of the unlisted options granted has been calculated at the date of grant based upon the Black Scholes option pricing model. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option life	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate
31st July 2007	3.92 years	\$0.121	\$0.25	\$0.25	55%	6.15%
13th Feb 2009	2.37 years	\$0.296	\$0.41	\$0.51	90%	2.85%

##### 15.3 Equity Instruments

All options refer to options over ordinary shares of Rex Minerals Ltd, which are exercisable on a one-for-one basis.

###### 15.3.1 Options and rights over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that were vested during the reporting period are as follows:

	Number of options granted during 2009	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2009
<b>Directors</b>						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Steven Olsen	–	–	–	–	–	–
<b>Executives</b>						
Ms Amber Rivamonte	–	–	–	–	–	200,000
Mr Geoffrey Lowe	–	–	–	–	–	200,000
Ms Janet Mason	120,000	13 Feb 2009	\$0.296	\$0.41	30 June 2011	80,000

	Number of options granted during 2008	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2008
<b>Directors</b>						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Steven Olsen	–	–	–	–	–	–
<b>Executives</b>						
Ms Amber Rivamonte	600,000	31 July 2007	\$0.121	\$0.25	30 June 2011	200,000
Mr Geoffrey Lowe	600,000	31 July 2007	\$0.121	\$0.25	30 June 2011	200,000
Ms Janet Mason	–	–	–	–	–	–

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

## > REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2009

#### 15. REMUNERATION REPORT – AUDITED (continued)

##### 15.3 Equity Instruments (continued)

##### 15.3.2 Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

##### 15.3.3 Exercise of options granted as compensation

During the reporting period, no options were exercised in regards to previously granted compensation.

##### 15.3.4 Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person, and each of the five named Company Executives and Group Executives is detailed below.

	Granted in year \$ (A)	Value of Options Exercised in year \$ (B)	Lapsed in year \$ (C)
<b>Directors</b>			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Steven Olsen	–	–	–
<b>Executives</b>			
Ms Amber Rivamonte	–	–	–
Mr Geoffrey Lowe	–	–	–
Ms Janet Mason	35,520	–	–
	<b>35,520</b>	<b>–</b>	<b>–</b>

(A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option pricing model as described in note 24. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(B) There were no options exercised during this year.

(C) No options lapsed during the year.

#### 16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 52 and forms part of the Directors' Report for the year ended 30 June 2009.

Dated at Melbourne this 29th day of September 2009.

Signed in accordance with a resolution of the Directors:



Steven Olsen  
Managing Director

## > REX MINERALS LTD

### BALANCE SHEETS As at 30 June 2009

		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		2009	2008	2009	2008
		\$	\$	\$	\$
	Note				
<b>Current Assets</b>					
Cash assets	7	12,286,067	3,876,807	12,286,067	3,876,807
Receivables	8	24,720	133,719	24,720	133,719
Other assets	9	1,271,008	304,576	1,271,008	304,576
<b>Total current assets</b>		<b>13,581,795</b>	<b>4,315,102</b>	<b>13,581,795</b>	<b>4,315,102</b>
<b>Non-current assets</b>					
Receivables	8	–	–	8,966,435	5,084,069
Investments	10	–	–	30	30
Exploration and evaluation expenditure	11	9,127,523	5,207,774	–	196,160
Property, plant and equipment	13	165,636	336,128	165,636	155,987
<b>Total non-current assets</b>		<b>9,293,159</b>	<b>5,543,902</b>	<b>9,132,101</b>	<b>5,436,246</b>
<b>Total assets</b>		<b>22,874,954</b>	<b>9,859,004</b>	<b>22,713,896</b>	<b>9,751,348</b>
<b>Current Liabilities</b>					
Trade payables	14	228,042	312,176	66,584	203,470
Non cash drilling accruals	15	–	827,713	–	827,713
Employee benefits	16	82,938	29,474	82,938	29,474
<b>Total current liabilities</b>		<b>310,980</b>	<b>1,169,363</b>	<b>149,522</b>	<b>1,060,657</b>
<b>Total liabilities</b>		<b>310,980</b>	<b>1,169,363</b>	<b>149,522</b>	<b>1,060,657</b>
<b>Net assets</b>		<b>22,563,974</b>	<b>8,689,641</b>	<b>22,564,374</b>	<b>8,690,691</b>
<b>Equity</b>					
Issued capital	17(i)	24,711,046	9,195,395	24,711,046	9,195,395
Reserves	17(iii)	552,130	362,781	552,130	362,781
Accumulated losses		(2,699,202)	(868,535)	(2,698,802)	(867,485)
<b>Total equity</b>		<b>22,563,974</b>	<b>8,689,641</b>	<b>22,564,374</b>	<b>8,690,691</b>

The notes on pages 30 to 50 are an integral part of these financial statements.

## > REX MINERALS LTD

### INCOME STATEMENTS For the year ended 30 June 2009

		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Note</b>				
Finance income	18	246,809	192,415	246,809	192,415
Administrative expenses		(334,667)	(310,579)	(334,667)	(310,579)
Depreciation expense		(39,321)	(24,751)	(39,070)	(24,751)
Employee benefits expense	19	(700,981)	(646,007)	(700,981)	(646,007)
Marketing expenses		(135,189)	(69,065)	(135,189)	(69,065)
Loss on sale of subsidiary	20	(887,817)	–	(888,718)	–
<b>Loss before tax</b>		<b>(1,851,166)</b>	<b>(857,987)</b>	<b>(1,851,816)</b>	<b>(857,987)</b>
Income tax (expense) benefit	21	–	–	–	–
<b>Loss for the period</b>		<b>(1,851,166)</b>	<b>(857,987)</b>	<b>(1,851,816)</b>	<b>(857,987)</b>
<b>Loss per share attributable to ordinary equity holders</b>					
Basic and diluted loss per share (cents)	22	(3.13)	(1.91)	(3.13)	(1.91)

The notes on pages 30 to 50 are an integral part of these financial statements.

> **REX MINERALS LTD**

**STATEMENTS OF CHANGES IN EQUITY** For the year ended 30 June 2009

**Attributable to equity holders of the Group**

	Share Capital Reserves \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2007	776,950	–	(10,548)	766,402
Issue of ordinary shares	8,418,445	–	–	8,418,445
Issue of ordinary shares	–	362,781	–	362,781
Loss for the period	–	–	(857,987)	(857,987)
<b>Balance at 30 June 2008</b>	<b>9,195,395</b>	<b>362,781</b>	<b>(868,535)</b>	<b>8,689,641</b>
Balance at 1 July 2008	9,195,395	362,781	(868,535)	8,689,641
Issue of ordinary shares	15,515,651	–	–	15,515,651
Issue of ordinary shares	–	189,349	20,499	209,848
Loss for the period	–	–	(1,851,166)	(1,851,166)
<b>Balance at 30 June 2009</b>	<b>24,711,046</b>	<b>552,130</b>	<b>(2,699,202)</b>	<b>22,563,974</b>

**Attributable to equity holders of the Company**

	Share Capital Reserves \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2007	776,950	–	(9,498)	767,452
Issue of ordinary shares	8,418,445	–	–	8,418,445
Issue of ordinary shares	–	362,781	–	362,781
Loss for the period	–	–	(857,987)	(857,987)
<b>Balance at 30 June 2008</b>	<b>9,195,395</b>	<b>362,781</b>	<b>(867,485)</b>	<b>8,690,691</b>
Balance at 1 July 2008	9,195,395	362,781	(867,485)	8,690,691
Issue of ordinary shares	15,515,651	–	–	15,515,651
Issue of ordinary shares	–	189,349	20,499	209,848
Loss for the period	–	–	(1,851,816)	(1,851,816)
<b>Balance at 30 June 2008</b>	<b>24,711,046</b>	<b>552,130</b>	<b>(2,698,802)</b>	<b>22,564,374</b>

The notes on pages 30 to 50 are an integral part of these financial statements.

## > REX MINERALS LTD

### STATEMENTS OF CASH FLOWS For the year ended 30 June 2009

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	\$	\$	\$	\$
Note				
<b>Cash flows from operating activities</b>				
Cash paid to suppliers and employees	(1,076,203)	(996,662)	(1,706,203)	(996,662)
Interest received	246,809	192,415	246,809	192,415
<b>Net cash (used in) from operating activities</b> 23	<b>(829,394)</b>	<b>(804,247)</b>	<b>(829,394)</b>	<b>(804,247)</b>
<b>Cash flows from investing activities</b>				
Exploration and evaluation payments	(2,759,247)	(2,055,616)	–	(181,012)
Acquisition of property, plant and equipment	(48,719)	(364,171)	(48,719)	(180,738)
Proceeds from sale of investments	1,411,969	–	1,411,969	–
<b>Net cash from (used in) investing activities</b>	<b>(1,395,997)</b>	<b>(2,419,787)</b>	<b>1,363,250</b>	<b>(361,750)</b>
<b>Cash flows from financing activities</b>				
Funds advanced to controlled entities	–	–	(2,759,247)	(2,058,037)
Proceeds from issue of share capital	11,110,000	7,155,000	11,110,000	7,155,000
Payment of transaction costs	(475,349)	(486,555)	(475,349)	(486,555)
<b>Net cash from (used in) financing activities</b>	<b>10,634,651</b>	<b>6,668,445</b>	<b>7,875,404</b>	<b>4,610,408</b>
<b>Net increase in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of the period	3,876,807	432,396	3,876,807	432,396
<b>Cash and cash equivalents at period end</b> 7	<b>12,286,067</b>	<b>3,876,807</b>	<b>12,286,067</b>	<b>3,876,807</b>

The notes on pages 30 to 50 are an integral part of these financial statements.

> **REX MINERALS LTD**

Drill : Discover : Define



## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. REPORTING ENTITY

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Rex Minerals Limited (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is 209 Dana Street, Ballarat, Victoria, 3350. The Group financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily is involved in minerals exploration.

#### 2. BASIS OF PREPARATION

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##### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 29 September 2009.

##### (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 Company's functional currency and the functional currency of the Group.

##### (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:

- > note 24 – measurement of share-based payments
- > notes 19 and 27 – employee benefits and contingencies
- > note 11 – exploration and evaluation expenditure

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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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.

##### (a) Basis of consolidation

###### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

###### (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.



**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Financial instruments**

**(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity, 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, i.e., 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.

**(i) Receivables – other debtors**

Other debtors are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment allowance is raised for any doubtful accounts.

**(ii) Receivables – sale of non-current assets**

The net gain (loss) on the sale of goods is included as revenue or expense at the date control of the assets passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

**(iii) Cash and cash equivalents**

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

**(iv) Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Company 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.

**(c) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment are recognised in profit or loss as incurred.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (c) Property, plant and equipment (continued)

###### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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

>	buildings	40 years
>	vehicles	5 years

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

##### (d) Exploration and evaluation

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- > the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- > activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- > sufficient data exists to determine technical feasibility and commercial viability; and
- > facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

##### (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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Impairment (continued)**

**(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets, and deferred tax 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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 generates 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 twelve months of the reporting date represent obligations resulting from employee's services provided to reporting date, 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) Share-based payments**

Equity-based compensation will be recognised as an expense in respect of the services received, or as capitalised exploration expenditure as appropriate.

The fair value of options granted is recognised as an asset or expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees became 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-tradable 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 income statement 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 GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revaluations.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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##### (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.

###### (ii) Tax consolidation

The Company has not chosen to implement tax consolidation at this time.

###### (iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (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 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 per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS 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 EPS 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, which comprise share options granted to employees.

##### (k) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**(I) New standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- > Revised AASB 3 **Business Combinations** changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements.
- > AASB 8 **Operating Segments** introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- > Revised AASB 101 **Presentation of Financial Statements** introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.
- > AASB 2008-1 **Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations** changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amending standard on the Group's financial report.

**4. DETERMINATION OF FAIR VALUES**

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A number of the Group's accounting policies and disclosures require the determination of fair value 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.

**(i) 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.

**(ii) 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.

**(iii) Share-based payments**

Equity-based compensation will be recognised as an expense in respect of the services received, or as capitalised exploration expenditure as appropriate.

The fair value of options granted is recognised as an asset or expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees became 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 non-tradable 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.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. FINANCIAL RISK MANAGEMENT

##### (i) 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 a strong capital base sufficient to maintain future exploration and development 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 to be shareholders through the Employee Share Option 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.

##### (ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

##### (iii) Guarantees

Group policy is to provide financial guarantees only to wholly-owned subsidiaries.

##### (iv) 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.

##### (v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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 Company operates predominantly in one geographical segment, being Australia, and one industry, mineral mining and exploration.

#### 7. CASH ASSETS

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bank balances	12,286,067	3,876,807	12,286,067	3,876,807
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>12,286,067</b>	<b>3,876,807</b>	<b>12,286,067</b>	<b>3,876,807</b>

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

> **REX MINERALS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. RECEIVABLES**

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Other receivables	24,720	133,719	24,720	133,719
<b>Total current receivables</b>	<b>24,720</b>	<b>133,719</b>	<b>24,720</b>	<b>133,719</b>
<b>Non-current</b>				
Loans to subsidiaries (i)	–	–	8,966,435	5,084,069
<b>Total non-current receivables</b>	<b>–</b>	<b>–</b>	<b>8,966,435</b>	<b>5,084,069</b>

(i) The recovery of the carrying value of loans to controlled entities is dependent on the successful development and commercial exploitation, or sale of interest held by controlled entities.

**9. OTHER ASSETS**

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Prepayments	9,468	9,018	9,468	9,018
Drilling contract prepayments (i)	1,261,540	295,558	1,261,540	295,558
<b>Total other assets</b>	<b>1,271,008</b>	<b>304,576</b>	<b>1,271,008</b>	<b>304,576</b>

(i) Refer to note 15 for further details of the drilling contract.

**10. INVESTMENTS IN SUBSIDIARIES**

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Investments in subsidiaries	–	–	30	30
<b>Total investments</b>	<b>–</b>	<b>–</b>	<b>30</b>	<b>30</b>

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 11. EXPLORATION AND EVALUATION EXPENDITURE

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>				
Balance at 1 July	5,207,774	200,000	196,160	–
Acquisitions	350,000	2,224,071	–	150,000
Additions	5,691,191	2,783,703	–	46,160
Disposals	(2,121,442)	–	(196,160)	–
Balance at 30 June	9,127,523	5,207,774	–	196,160
<b>Amortisation and impairment losses</b>				
Balance at 1 July	–	–	–	–
Balance at 30 June	–	–	–	–
<b>Carrying amounts</b>				
At 1 July	5,207,774	200,000	196,160	–
At 30 June	9,127,523	5,207,774	–	196,160

The recoverability of the carry amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

#### 12. UNRECOGNISED DEFERRED TAX ASSETS

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net deferred tax assets have not been recognised in respect of the following				
Tax losses	5,470,741	2,935,453	1,231,227	819,455
<b>Total tax assets / (liabilities) not recognised</b>	<b>5,470,741</b>	<b>2,935,453</b>	<b>1,231,227</b>	<b>819,455</b>

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.



## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 13. PROPERTY, PLANT AND EQUIPMENT

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Cost</b>				
Balance at 1 July	364,171	–	180,738	–
Acquisitions	48,719	364,171	48,719	180,738
Disposals	(183,433)	–	–	–
Balance at 30 June	229,457	364,171	229,457	180,738
<b>Depreciation and impairment losses</b>				
Balance at 1 July	28,043	–	24,751	–
Depreciation charge for the year	39,321	24,751	39,070	24,751
Depreciation charged to exploration projects	1,545	3,292	–	–
Disposals	(5,088)	–	–	–
Balance at 30 June	63,821	28,043	63,821	24,751
<b>Carrying amounts</b>				
At 1 July	336,128	–	155,987	–
At 30 June	165,636	336,128	165,636	155,987

#### 14. TRADE PAYABLES

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Other trade payables and accrued expenses	228,042	312,176	66,584	203,470
<b>Total current trade and other payables</b>	<b>228,042</b>	<b>312,176</b>	<b>66,584</b>	<b>203,470</b>

#### 15. NON CASH DRILLING ACCRUALS

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Drilling contract accrual payable in fully paid ordinary shares	–	827,713	–	827,713
<b>Total non cash drilling accruals</b>	<b>–</b>	<b>827,713</b>	<b>–</b>	<b>827,713</b>

On 23 July 2007, the Company entered into an agreement with Tiline Drilling Pty Ltd ("Tiline") pursuant to which Tiline agreed to provide the Company with certain drilling and related services. The services to be provided are for a period of 672 days of drilling. The services comprise all activities and costs associated with diamond and percussion drilling. The Company agreed to pay Tiline as follows:

- (a) A cash payment of \$1,000,000 (plus GST). This amount was originally capitalised as a prepayment. As at 30 June 2009 the balance included in prepayments, refer to note 9, relates to drilling days yet to be provided to the Company.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 15. NON CASH DRILLING ACCRUALS (continued)

- (b) The issue to Titeline Property Pty Ltd of 6,000,000 shares. The shares issuable to Titeline under this agreement have all been issued during the period July 2008 to June 2009. Shares that have been issued for drilling days yet to be provided have been capitalised as a prepayment, refer note 9.
- (c) The issue to Titeline Property Pty Ltd of 1,000,000 options over shares at an exercise price of \$0.25 per option exercisable at any time before 30 June 2011. These options are only exercisable by Titeline after the agreement has been completed to the satisfaction of the Company. These options have been issued and vest as the drilling days are provided to the Company. To the extent that services have been rendered in satisfaction of these options, they have been charged to the share based payments reserve.

#### 16. EMPLOYEE BENEFITS

	Group	Group	Company	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current</b>				
Liability for annual leave	82,938	29,474	82,938	29,474
<b>Total employee benefits</b>	<b>82,938</b>	<b>29,474</b>	<b>82,938</b>	<b>29,474</b>

#### 17. ISSUED CAPITAL

	Date of issue	No of shares	Issue price \$	\$
<b>(i) Movements in shares on issue:</b>				
<b>Opening balance at 1 July 2008</b>		<b>52,565,000</b>		<b>9,195,395</b>
Issue of ordinary shares – Titeline	21/10/2008	1,810,000	–	1,472,435
Issue of ordinary shares – Titeline	13/03/2009	4,190,000	–	3,408,565
Issue of ordinary shares – Capital Raising	13/03/2009	6,887,500	0.40	2,755,000
Less costs of the Capital Raising		–	–	(83,427)
Issue of ordinary shares – Capital Raising	23/04/2009	6,887,500	0.40	2,755,000
Less costs of the Capital Raising		–	–	(120,020)
Issue of ordinary shares – Capital Raising	27/05/2009	8,000,000	0.70	5,600,000
Less costs of the Capital Raising		–	–	(271,902)
<b>Closing balance at 30 June 2009</b>		<b>80,340,000</b>		<b>24,711,046</b>
<b>Opening balance at 1 July 2007</b>		<b>16,765,000</b>		<b>776,950</b>
Issue of ordinary shares – seed capital	20/07/2007	300,000	0.10	30,000
Issue of ordinary shares – to acquire EL4669	20/07/2007	500,000	0.25	125,000
Issue of ordinary shares – initial public offering (IPO)	13/09/2007	28,000,000	0.25	7,000,000
Less costs to the IPO issue		–	–	(486,555)
Issue of ordinary shares – to acquire all SA licences				
Issue of ordinary shares – to acquire EL4920	10/04/2008	1,000,000	0.25	250,000
<b>Closing balance at 30 June 2008</b>		<b>52,565,000</b>		<b>9,195,395</b>

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 17. ISSUED CAPITAL (continued)

	Date of issue	No of options	Exercise price \$	Expiry date
<b>(ii) Movements in options on issue:</b>				
<b>Opening balance at 1 July 2008</b>		<b>7,500,000</b>		
Lapsing of options – to employees (30/08/2009)	03/12/2007	(60,000)	0.365	30/06/2011
Lapsing of options – to employees (03/09/2009)	03/12/2007	(60,000)	0.365	30/06/2011
Issue of options – to employees	13/02/2009	180,000	0.41	30/06/2011
Issue of options – to employees	19/06/2009	300,000	0.70	31/05/2012
<b>Closing balance at 30 June 2008</b>		<b>7,860,000</b>		
<b>Opening balance at 1 July 2007</b>				
Issue of options – to acquire EL4669	20/07/2007	500,000	0.30	30/06/2011
Issue of options – to employees	20/07/2007	1,200,000	0.25	30/06/2011
Issue of options – to acquire all SA licences	13/09/2007	1,000,000	0.30	30/06/2011
Issue of options – for contract drilling services	13/09/2007	1,000,000	0.25	30/06/2011
Issue of options – to employees	03/12/2007	300,000	0.365	30/06/2011
<b>Closing balance at 30 June 2008</b>		<b>7,500,000</b>		

	\$
<b>(iii) Movements in share based payment reserve:</b>	
<b>Opening balance at 1 July 2008</b>	<b>362,781</b>
Employee share based payments – to employees	154,315
Options issued – for contract drilling services	55,533
Transferred to Retained Earnings	(20,499)
<b>Closing balance at 30 June 2009</b>	<b>552,130</b>
<b>Opening balance at 1 July 2007</b>	
Employee share based payments – to employees	168,974
Options issued – to acquire EL4669 and all SA licences	159,000
Options issued – for contract drilling services	34,807
<b>Closing balance at 30 June 2008</b>	<b>362,781</b>

#### 18. FINANCE INCOME AND EXPENSE

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$</b>	\$	<b>\$</b>	\$
Finance income – interest income on bank deposits	246,809	192,415	246,809	192,415
Finance expense	–	–	–	–
<b>Net finance income and expense</b>	<b>246,809</b>	<b>192,415</b>	<b>246,809</b>	<b>192,415</b>

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 19. EMPLOYEE BENEFITS EXPENSE

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Wages and salaries	578,011	561,149	578,011	561,149
Share based payments expense	69,505	55,384	69,505	55,384
Increase in liability for annual leave	53,465	29,474	53,465	29,474
<b>Total employee benefits expense</b>	<b>700,981</b>	<b>646,007</b>	<b>700,981</b>	<b>646,007</b>

#### 20. CONTROLLED ENTITY DISPOSAL

The following controlled entity was disposed of:

2009: On 20 November 2008, Rex Minerals (Victoria) Pty Ltd

2008: Nil

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Consideration</b>				
Cash Received	1,480,000	-	1,480,000	-
Disposal Costs	(68,031)	-	(68,031)	-
Inflow of cash	1,411,969	-	1,411,969	-
<b>Net Consideration</b>	<b>1,411,969</b>	<b>-</b>	<b>1,411,969</b>	<b>-</b>
<b>Carrying value of net assets of controlled entity disposed of:</b>				
Property, plant and equipment	178,344	-	-	-
Exploration and evaluation expenditure	2,121,442	-	-	-
NC Investment	-	-	10	-
Intercompany debt forgiveness	-	-	2,300,677	-
	2,299,786	-	2,300,687	-
<b>Loss on sale of controlled entity</b>	<b>(887,817)</b>	<b>-</b>	<b>(888,718)</b>	<b>-</b>

#### 21. INCOME TAX EXPENSE

##### NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING LOSS

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Loss for the period	(1,851,166)	(857,987)	(1,851,816)	(857,987)
Income tax using the domestic corporation tax rate of 30% (2008: 30%)	(555,350)	(257,396)	(555,545)	(257,396)
Increase in income tax due to: Non-deductible expenses	63,289	39,759	21,186	39,759
Decrease in income tax expense due to: Effect of tax losses not recognised	(492,061)	(217,637)	(534,359)	(217,637)
<b>Total income tax expense (benefit) on pre-tax net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 22. LOSS PER SHARE

	Group	Group
	2009	2008
	\$	\$
Loss per share		
Basic loss per share – cents	(3.13)	(1.91)
Diluted loss per share – cents	(3.13)	(1.91)

##### (a) Basic loss per share

The calculation of basic earnings (loss) per share (EPS) at 30 June 2009 was based on the loss attributable to ordinary equity holders of \$1,851,166 (2008: \$857,987) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2009 of 59,227,171 (2008: 44,852,124).

##### (b) Diluted loss per share

The calculation of diluted earnings (loss) per share at 30 June 2009 is the same as basic earnings per share.

#### 23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Group	Group	Company	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Loss for the period	(1,851,166)	(857,987)	(1,851,816)	(857,987)
Adjustments for non cash items:				
Depreciation	39,321	24,751	39,070	24,751
Share based payment transactions	69,505	55,384	69,505	55,384
Adjustments for other items:				
Loss on sale of subsidiary	887,817	–	888,718	–
<b>Operating loss before changes in working capital and provisions</b>	<b>(854,523)</b>	<b>(777,852)</b>	<b>(854,523)</b>	<b>(777,852)</b>
(Increase)/decrease in trade and other receivables	108,550	(137,737)	108,550	(137,737)
(Decrease)/increase in trade and other payables	(136,886)	102,712	(136,886)	102,712
(Decrease)/increase in employee benefits	53,464	8,630	53,464	8,630
<b>Net cash (used in) from operating activities</b>	<b>(829,395)</b>	<b>(804,247)</b>	<b>(829,395)</b>	<b>(804,247)</b>

During the financial year, the Group had the following non-cash investing and financing activities which are not reflected in the statement of cash flows (refer note 17):

- (a) Issue of options to employees, some of which have been capitalised as exploration expenditure.
- (b) Drilling services provided by Titeline drilling for a combination of share and option consideration.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 24. SHARE BASED PAYMENTS

The Company established a share option plan that entitles employees (other than Directors) to purchase shares in the Company.

The following options were granted during the financial year ending 30 June 2009:

Employees entitled	Grant date	No of options	Expiry date
Key management personnel (A)	13/02/2009	120,000	30/06/2011
Other employees (A)	13/02/2009	60,000	30/06/2011
Other employees (B)	19/06/2009	300,000	31/05/2012
<b>Total</b>		<b>480,000</b>	

The following options were granted during the financial year ending 30 June 2008:

Employees entitled	Grant date	No of options	Expiry date
Key management personnel (C)	20/07/2007	1,200,000	30/06/2011
Other employees (D)	03/12/2007	300,000	30/06/2011
<b>Total</b>		<b>1,500,000</b>	

There were no options exercised during the period, however 120,000 of options (D) lapsed during the year after two employees left the Company.

Key management personnel and employee options (A) are exercisable at a price of 41 cents each, vesting two thirds immediately, one third on 30 June 2009 and expiring on 30 June 2011. Employee options (B) are exercisable at a price of 70 cents each, have no vesting period and expire on 31 May 2012. Key management personnel options (C) are exercisable at a price of 25 cents each, employee options (D) are exercisable at a price of 36.5 cents each, vesting one third immediately, one third on 30 June 2008, one third on 30 June 2009 and expiring 30 June 2011. Each option entitles the holder to subscribe for 1 ordinary share in the Company.

All options vest on the vesting date, unless the options have not vested and the employee is terminated, in which case these options will lapse. These options do not entitle the holder to participate in any share issue of the Company or any other related entity.

#### (a) Fair value of share options and assumptions

The fair value of the unlisted options have been calculated at the date of the grant based upon the Black Scholes option pricing model. The fair value is allocated to each reporting evening over the period from grant date to vesting date. The value disclosed below (employee expenses) is the portion of the fair value of the options allocated to this reporting period.

Employees entitled	(A)	(B)	(C)	(D)
Fair value at grant date	\$0.2960	\$0.2235	\$0.1210	\$0.2070
Share price at date of grant*	\$0.51	\$0.57	\$0.25	\$0.365
Exercise price	\$0.41	\$0.70	\$0.25	\$0.365
Expected volatility	90%	70%	55%	55%
Option life (years)	2.37	2.50	3.92	3.57
Risk free interest rate	2.85%	4.36%	6.15%	6.17%

\*Issue price under the prospectus for options issued on or around the date the prospectus lodged with ASIC on 10 August 2007 and for the options issued following listing and trading the 5 day volume weighted average price.

The common method for valuing options is the Black Scholes option pricing model. Black Scholes option pricing model looks at the past share price as an indicator of the future share price. Black Scholes option pricing model assumes that high volatility in the share prices is an indicator for a higher valuation as there is a greater chance of the share price moving significantly (upwards or downwards). The model also assumes that the options are exercised at or near the expiry date of the options.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 24. SHARE BASED PAYMENTS (continued)

##### (b) Employee expenses

	<b>Group</b>	Group	<b>Company</b>	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Share options granted in 2008 – recognised in income statement	33,985	55,384	33,985	55,384
Share options granted in 2008 – capitalised to exploration projects	–	113,590	–	113,590
Share options granted in 2009 – recognised in income statement	35,520	–	35,520	–
Share options granted in 2009 – capitalised to exploration projects	84,810	–	84,810	–
<b>Total expense recognised as employee costs</b>	<b>154,315</b>	<b>168,974</b>	<b>154,315</b>	<b>168,974</b>

#### 25. FINANCIAL INSTRUMENTS

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

##### (a) Credit risk

Management monitors the exposure to credit risk on an ongoing basis. The Company does not require collateral in respect of financial assets. At reporting date, cash is held with a reputable financial institution. 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 net fair values.

##### (c) Liquidity risk

The following are the contractual maturities of financial liabilities excluding derivatives.

Financial liabilities <b>Group</b>	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1-2 years \$
<b>2009</b>				
Trade and other payables	228,042	(228,042)	(228,042)	–
	<b>228,042</b>	<b>(228,042)</b>	<b>(228,042)</b>	<b>–</b>
<b>2008</b>				
Trade and other payables	312,176	(312,176)	(312,176)	–
	<b>312,176</b>	<b>(312,176)</b>	<b>(312,176)</b>	<b>–</b>

Financial liabilities <b>Company</b>	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1-2 years \$
<b>2009</b>				
Trade and other payables	66,584	(66,584)	(66,584)	–
	<b>66,584</b>	<b>(66,584)</b>	<b>(66,584)</b>	<b>–</b>
<b>2008</b>				
Trade and other payables	203,470	(203,470)	(203,470)	–
	<b>203,470</b>	<b>(203,470)</b>	<b>(203,470)</b>	<b>–</b>

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 25. 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 variable interest rate risk:

	Group	Group	Company	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash and cash equivalents	12,286,067	3,876,807	12,286,067	3,876,807

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 2009, 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)
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Group</b>				
+1% (100 basis points)	48,021	24,462	-	-
-1% (100 basis points)	(48,021)	(24,462)	-	-
<b>Company</b>				
+1% (100 basis points)	48,021	24,462	-	-
-1% (100 basis points)	(48,021)	(24,462)	-	-

The movements in profit or loss are due to higher/lower interest earnings from variable rate cash balances. The movements in equity are directly linked to movements in the Income Statement.

##### (e) Impairment losses

None of the Group's receivables are post due (2008: nil).

#### 26. EXPLORATION EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements. 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 various State governments have the authority to defer, waive or amend the minimum expenditure requirements.

	Group	Group	Company	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Not later than one year	835,000	1,125,300	-	-
Later than one year but not later than five years	3,340,000	4,626,500	-	-



## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 27. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, 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 Company's bankers have guaranteed \$0 (2008: \$40,000) in the event the Company is called upon to rehabilitate exploration sites.

There are no other contingent liabilities or assets at the date of this report.

#### 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Name	Position held	Appointment detail
<b>Non-Executive Directors</b>		
Mr Paul Chapman	Chairperson	Appointed 18 April 2007
Mr Richard Laufmann	Chairperson – Audit Committee	Appointed 16 May 2007
<b>Executive Directors</b>		
Mr Steven Olsen	Managing Director	Appointed 13 May 2007
<b>Executives</b>		
Ms Amber Rivamonte*	Company Secretary & CFO	Appointed 16 July 2007
Mr Geoffrey Lowe	Exploration Manager	Appointed 27 August 2007
Ms Janet Mason*	Acting Company Secretary & CFO	Appointed 19 December 2008

\* Ms Rivamonte is on leave for 2009 and Ms Mason is filling her position during this time.

There have been no changes to key management personnel between 1 July 2009 and the date of this report.

The key management personnel compensation included in "Employee Benefits Expenses" (see note 19) and "Exploration and Evaluation" (see note 11) are as follows:

	Group	Group	Company	Company
	2009	2008	2009	2008
	\$	\$	\$	\$
Short term employee benefits	667,230	573,782	667,230	573,782
Post employment benefits	58,700	50,290	58,700	50,290
Share based payments	60,772	119,948	60,772	119,948

#### (a) Key management personnel compensation disclosures

Information regarding individual Directors and Executives compensation and some equity instrument disclosures as permitted by Corporation Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report on pages 20 to 24.

No key management personnel has entered into a material contract or related party transactions with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 28. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

##### (b) Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Rex Minerals Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2009	Note	Held at 1 July 2008	Granted as compensation	Vested during year	Held at 30 June 2009	Vested and exercisable at 30 June 2009
<b>Directors</b>						
Mr Paul Chapman	(i) (iv)	1,000,000	–	–	1,000,000	1,000,000
Mr Richard Laufmann	(ii) (iv)	1,000,000	–	–	1,000,000	1,000,000
Mr Steven Olsen	(iii) (iv)	1,500,000	–	–	1,500,000	1,500,000
<b>Executives</b>						
Ms Amber Rivamonte		600,000	–	200,000	600,000	400,000
Mr Geoffrey Lowe		600,000	–	200,000	600,000	400,000
Ms Janet Mason		–	120,000	80,000	120,000	80,000

2008	Note	Held at 1 July 2007	Granted as compensation	Vested during year	Held at 30 June 2008	Vested and exercisable at 30 June 2008
<b>Directors</b>						
Mr Paul Chapman	(i) (iv)	1,000,000	–	–	1,000,000	1,000,000
Mr Richard Laufmann	(ii) (iv)	1,000,000	–	–	1,000,000	1,000,000
Mr Steven Olsen	(iii) (iv)	1,500,000	–	–	1,500,000	1,500,000
<b>Executives</b>						
Ms Amber Rivamonte		–	600,000	200,000	600,000	200,000
Mr Geoffrey Lowe		–	600,000	200,000	600,000	200,000
Ms Janet Mason		–	–	–	–	–

Options over ordinary shares that were held by related parties of key management personnel are disclosed below.

- (i) Held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Superannuation Fund and the Chapman Investment Fund. These are founder options.
- (ii) Held indirectly through Natalie Laufmann. These are founder options.
- (iii) Held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. These are founder options.
- (iv) Interests held are subject to ASX escrow until 24 months after listing (ie 20 September 2009)

No options were exercised during the financial years ending 2008 & 2009.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 28. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

##### (c) Movements in shares

The movement during the reporting period in the number of ordinary shares in Rex Minerals Ltd held, directly, indirectly or beneficially, by key management person, including their related parties, is as follows:

2009	Note	Held at 1 July 2008	Purchases	Sales	Held at 30 June 2009
<b>Directors</b>					
Mr Paul Chapman	(i)	2,500,000	–	–	2,500,000
Mr Richard Laufmann	(ii)	2,500,000	–	–	2,500,000
Mr Steven Olsen	(iii)	4,500,000	–	–	4,500,000
<b>Executives</b>					
Ms Amber Rivamonte		250,000	–	–	250,000
Mr Geoffrey Lowe		10,000	–	–	10,000
Ms Janet Mason		10,000	–	–	10,000

2008	Note	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
<b>Directors</b>					
Mr Paul Chapman	(i)	2,500,000	–	–	2,500,000
Mr Richard Laufmann	(ii)	2,500,000	–	–	2,500,000
Mr Steven Olsen	(iii)	4,500,000	–	–	4,500,000
<b>Executives</b>					
Ms Amber Rivamonte		250,000	–	–	250,000
Mr Geoffrey Lowe		–	10,000	–	10,000
Ms Janet Mason		–	10,000	–	10,000

Shares that were held by related parties of key management personnel are disclosed below.

- (i) Held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Superannuation Fund and the Chapman Investment Fund. These are founder shares and were acquired at \$0.01 each.
- (ii) Held indirectly through Natalie Laufmann. These are founder shares and were acquired at \$0.01 each.
- (iii) Held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. These are founder shares and were acquired at \$0.01 each.

##### (d) Director related entities

There were no other transactions with Director related entities.

## > REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 29. RELATED PARTIES

##### (a) Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 30), and with its key management personnel (see note 28).

##### (b) Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment but are repayable at call, and are non-interest bearing. During the year ended 30 June 2009, such loans totalled \$2,759,247 (2008: \$2,058,037).

#### 30. GROUP ENTITIES

	Country of Incorporation	Ownership Interest	
		2009	2008
<b>Parent entity</b>			
Rex Minerals Ltd	Australia		
<b>Subsidiaries</b>			
Rex Minerals (SA) Pty Ltd	Australia	100%	100%
Rex Minerals (Vic) Pty Ltd	Australia	–	100%
Rex Minerals (Iron Ore) Pty Ltd	Australia	100%	100%
Rex Minerals (NSW) Pty Ltd	Australia	100%	–

The subsidiaries are small proprietary companies and are not required to prepare financial statements. Consequently no individual audit reports have been issued for them.

#### 31. SUBSEQUENT EVENTS

There have been no subsequent events to 30 June 2009 to disclose at the date of this report.

#### 32. AUDITORS' REMUNERATION

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>KPMG Australia</b>				
Audit services	34,497	37,000	34,497	37,000
Other services	–	16,500	–	16,500

> **REX MINERALS LTD**  
**DIRECTORS' DECLARATION**

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1. In the opinion of the Directors of Rex Minerals Ltd ('the Company'):
  - a) the financial statements and notes and the Remuneration report in the Directors' report, set out on pages 20 to 50, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their 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) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);
  - c) 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 2009.

Dated at Melbourne this 29th day of September 2009.

Signed in accordance with a resolution of the Directors:



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Steven Olsen  
Managing Director

> **REX MINERALS LTD**

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER  
SECTION 307C OF THE CORPORATIONS ACT 2001**

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***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 for the financial year ended 30 June 2009 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.

A handwritten signature in black ink, appearing to read 'Alison Kitchen'. Above the signature, the word 'KPMG' is written in a stylized, cursive font. Below the signature, the word 'KPMG' is printed in a standard, bold, sans-serif font.

Alison Kitchen  
*Partner*

Melbourne

29 September 2009



## **Independent auditor's report to the members of Rex Minerals Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Rex Minerals Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 32 and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Auditor's opinion*

In our opinion:

- (a) the financial report of Rex Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Company and the Group entity also complies with International Financial Reporting Standards as disclosed in note 2.

**Report on the remuneration report**

We have audited the Remuneration Report included in section 15 of the directors' report for the year ended 30 June 2009. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

*Auditor's opinion*

In our opinion, the remuneration report of Rex Minerals Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Alison Kitchen', written over a printed KPMG logo.

Alison Kitchen  
*Partner*

Melbourne

29 September 2009



## > REX MINERALS LTD

### ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

(a) Substantial shareholders lodged with the Company as at 31 August 2009

Name of Ordinary Shareholder	Number of Shares	% of Shares Held
Grand South Development	7,000,000	8.71%
Eye Investment Fund Ltd	7,000,000	8.71%
Avoca Resources Ltd	6,000,000	7.47%
Greenstone Property Pty Ltd	6,000,000	7.47%
S&S Olsen PL	4,500,000	5.60%
Acorn Capital	4,933,000	6.00%

(b) Listing of 20 largest shareholders as at 31 August 2009

Rank	Name	Designation	Number of Shares Held	% of Issued Capital
1	National Nominees Ltd		12,008,000	14.95%
2	Grand South Development Limited		7,000,000	8.71%
3	Avoca Resources Ltd		6,000,000	7.47%
4	Greenstone Property Pty Ltd		6,000,000	7.47%
5	S & S Olsen PL		4,500,000	5.60%
6	J P Morgan Nominees Australia Ltd		3,665,000	4.56%
7	Natalie Laufmann		2,500,000	3.11%
8	Stone Poneys Nominees PL	Chapman S/F A/C	1,250,000	1.56%
9	Stone Poneys Nominees PL	Chapman Inv Fund	1,250,000	1.56%
10	Philippa Jean Laufmann	Laufmann Family A/C	1,000,000	1.24%
11	James Ronald Selkirk		700,000	0.87%
12	D J Molloy & D M Molloy	Nezan S/F A/C	700,000	0.87%
13	CL Smith & Associates PL	Colin Smith S/F A/C	425,000	0.53%
14	HSBC Custody Nominees Aust Ltd		420,000	0.52%
15	Ozga Super Fund PL	Ozga S/F A/C	420,000	0.52%
16	First Charnock PL		400,000	0.50%
17	Willstreet PL		400,000	0.50%
18	Lyrebird PL	Lyrebird S/F A/C	360,000	0.45%
19	EJT Investments PL	Kane Family A/C	346,846	0.43%
20	Bimbimble Super PL	Bimbimble S/F A/C	300,000	0.37%
<b>Total</b>			<b>49,644,846</b>	<b>61.79%</b>

(c) Distribution of shareholders as at 31 August 2009

Range	Total Holders	Units	% of Issued Capital
1-1,000	67	53,285	0.07%
1,001-5,000	291	957,086	1.19%
5,001-10,000	250	2,147,849	2.67%
10,001-100,000	492	17,777,441	22.13%
100,001 - over	76	59,404,339	73.94%
<b>Total</b>	<b>1,176</b>	<b>80,340,000</b>	<b>100.00%</b>

(d) Number of shareholders holding less than a marketable parcel as at 31 August 2009

Two.

(e) Voting rights

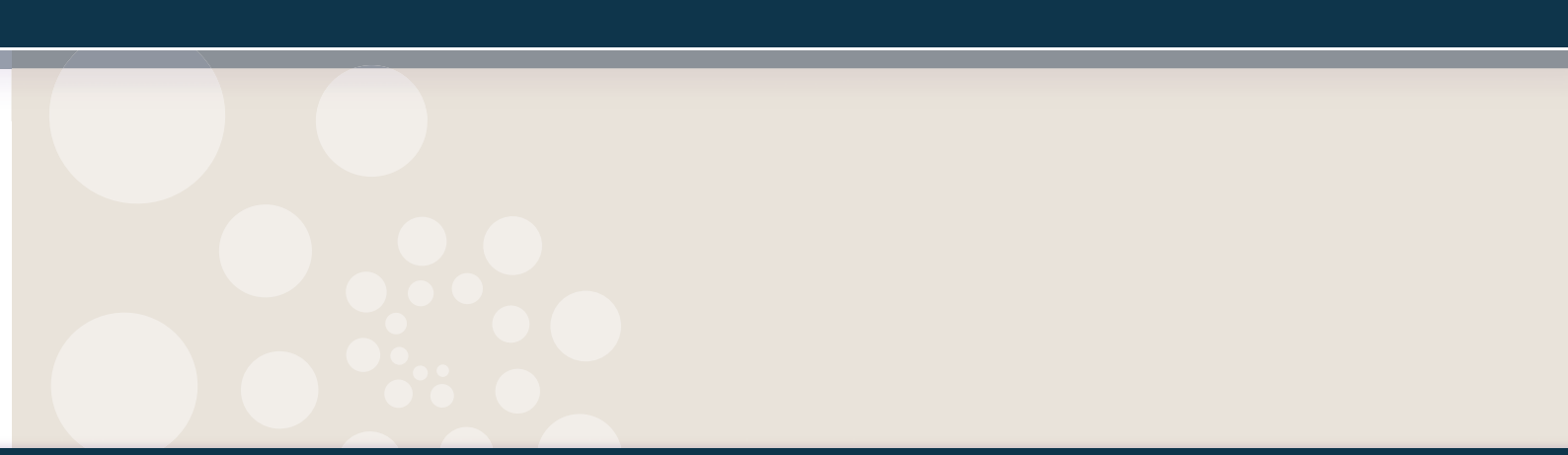
On a show of hands every shareholder of fully paid ordinary shares present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

(f) Stock exchange listing

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

> **REX MINERALS LTD**  
**NOTES**

A large area of horizontal orange lines intended for notes, overlaid with a large, light grey 'X' graphic.





## CONTACT

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