REX MINERALS LTD

ANNUAL REPORT

2012

AUSTRALIA'S NEXT GREAT COPPER PROJECT

REX MINERALS LTD

ANNUAL REPORT 2012

AUSTRALIA'S NEXT GREAT COPPER PROJECT

CORPORATE DIRECTORY

DIRECTORS
Paul Chapman (Chairperson)
Steven Olsen (Managing Director)
Richard Laufmann
Alister Maitland

COMPANY SECRETARY
Amber Rivamonte

PRINCIPAL and REGISTERED OFFICE
209 Dana Street
Ballarat Victoria 3350

SITE OFFICES
5A First Street
Ardrossan South Australia 5571

86 King William Road
Goodwood South Australia 5034

CONTACT DETAILS
Rex Minerals Ltd
PO Box 626W
Ballarat West Victoria 3350
Telephone +61 (0) 3 5337 4000
Facsimile +61 (0) 3 5331 1776
Email info@rexminerals.com.au

SHARE REGISTRARS
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Telephone +61 (0) 3 9415 4000 (investors)
1300 850 505 (investors within Australia)

AUDITORS
KPMG
147 Collins Street
Melbourne Victoria 3000

BANKERS
ANZ Banking Group Limited
927 Sturt Street
Ballarat Victoria 3350

Ord Minett Limited
120 Collins Street
Melbourne Victoria 3000

LEGAL ADVISORS
Baker McKenzie
181 William Sreet
Melbourne Victoria 3000

OPERATION LOCATIONS

TABLE OF CONTENTS

REX MINERALS LTD : Annual Report for the year ended 30 June 2012

INTRODUCTION	2
LETTER FROM THE CHAIRMAN AND THE MANAGING DIRECTOR	3
REVIEW OF OPERATIONS	4
EXPLORATION PROJECTS	4-17
TENEMENT SCHEDULE	17
DIRECTORS' REPORT	18-35
STATEMENT OF FINANCIAL POSITION	37
STATEMENT OF COMPREHENSIVE INCOME	38
STATEMENT OF CHANGES IN EQUITY	39
STATEMENT OF CASH FLOWS	40
NOTES TO THE FINANCIAL STATEMENTS	41-62
DIRECTORS' DECLARATION	63
LEAD AUDITOR'S INDEPENDENCE DECLARATION	64
INDEPENDENT AUDIT REPORT	65-66
ADDITIONAL SHAREHOLDER INFORMATION	67

Introduction

Rex Minerals Ltd ("Rex" or "the Company") is an Australian minerals exploration and development company with large-scale copper-gold-iron ore projects on the Yorke Peninsula, South Australia.

In 2008, Rex discovered the Hillside copper-gold project beneath shallow cover rocks approximately 12 kilometres from the port of Ardrossan. After the initial discovery, Rex committed to a Resource drilling program at Hillside at the beginning of 2010. Since then the Company has completed four Resource estimates and in July 2012 announced the most recent Mineral Resource estimate with contained metal of 2Mt copper, 1.7Mozs gold and 44Mt iron ore. This Resource will provide the basis for a Reserve calculation and a pre-feasibility study (PFS) outlining production plans for a 100,000tpa copper equivalent (CuEq) output with a mine life of at least 15 years.

Hillside is the first project in the Company's plans to discover and develop multiple large-scale copper-gold deposits along the Pine Point Fault Corridor on the Yorke Peninsula.

Highlights

Larger Global Resource – An extensive diamond drilling program has increased the global Resource estimate at Hillside to 330Mt @ 0.6% copper, 0.16g/t gold, 13.7% iron for a total of 2Mt copper, 1.7Mozs gold and 44Mt iron ore and puts Hillside among Australia's largest open pittable copper discoveries.

High Grade Discoveries – A series of higher grade zones have been defined within the Hillside deposit with approximately one third, 116Mt of the 330Mt deposit defined at 0.9% copper (1.2% CuEq). This affords Rex an opportunity to 'bulk out' the global Resource to greater thicknesses, which when combined with a number of shallow zones starting at 20m from the surface, aids in the use of larger mining equipment to achieve better economies of scale.

Expanded Mine Life – Throughout the year, Rex has significantly increased the amount of available copper resources that can fit within a conventional open pit mine design. The PFS will now be assessing the potential to produce at a rate of over 100,000tpa CuEq (approx. 70,000t copper, 50,000ozs gold and 1.3Mt iron ore) with a mine life of over 15 years.

New Large Scale Extensions to Hillside – New large scale discoveries at Hillside, to the north of Hillside and also at depth, highlight the significant potential beyond the current proposed pit. Many of these drill intersections have a true width of well over 100m providing opportunities to consider large scale underground mining beyond the life of the open pit.

Feasibility Studies – Extensive technical work has been completed for the Hillside PFS, including, metallurgical testing, geotechnical drilling, hydrogeological drilling, environmental studies, resource definition and infrastructure design. This huge body of work will incorporate all drilling results up to 13 July 2012, with the PFS results due for release in October 2012.

Regional Exploration – The search for new copper deposits within close proximity to Hillside continues. Five high priority targets have been tested by diamond drilling with low level copper mineralisation intersected. The next stage of regional testing in 2012-2013 and beyond will be aided by important broadscale baseline soil sampling work, initial aircore drilling and new detailed magnetic surveys.

Equity Raising – Rex successfully raised $42 million in April 2012. This provided funds to complete the feasibility studies and position the Company towards the construction phase whilst securing an optimal final financing package for the development of the Hillside project. Since this capital raising the financial markets have deteriorated considerably, however Rex has maintained a strong cash position with cash at bank of $69.743 million as at 30 June 2012.

In summary, the new discoveries in the past year have significantly enhanced the options for a new mine plan and re-affirmed Hillside as one of the largest and most significant copper discoveries in Australia in recent decades.

Future Objectives

> **Pre-feasibility Study** – Completion of the PFS, due for release in October, will define the start-up capital requirements, production profile and operating costs of Hillside.

> **Reserves** – In parallel with the PFS, Rex will release the first Reserves for Hillside and an accompanying larger life of mine plan which should extend the potential of the Hillside project out to 15 years and beyond.

> **Financing** – The Company will put in place an optimal financing package with the goal of maximising shareholder exposure to the future cash flows from a new copper-gold-iron ore operation at Hillside.

> **Exploration** – Maintain a near mine and regional exploration push with the aim of identifying multiple large-scale copper deposits that can complement the Hillside project, on Rex's tenements on the Yorke Peninsula, SA.

> **Organisation** – Plan for an organisational transition from an explorer to a developer to a producer.

The Hillside Difference

Hillside is at the centre of a 60km long major geological feature – the Pine Point Fault Corridor, on the York Peninsula, SA – in a region which has produced some of Australia's richest and historically most significant copper mines, such as the Moonta-Wallaroo copper mines.

It is the combination of modern exploration techniques and exploration commitment to this copper fault zone – under-explored for the best part of 100 years – which provides significant opportunities for resource extensions and new discoveries near Hillside.

The world's existing copper mines are seeing decreased grades and reduced outputs. Much of the proposed new supply is either in remote or high-risk locations or at great depth with significant capital costs.

Hillside is very different. With its large scale, shallow open pittable copper, gold and iron ore, Hillside is in an internationally enviable location with ready access to people, port, and power – **this is the Hillside difference.**

A 209 Dana Street Ballarat
Victoria 3350 Australia
T (03) 5337 4000
F (03) 5331 1776
P PO Box 626W Ballarat West
Victoria 3350 Australia
E info@rexminerals.com.au
W www.rexminerals.com.au

REX MINERALS LTD
ABN 12 124 960 523

LETTER FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

For the year ended 30 June 2012

Dear Fellow Shareholder,

As we write to report on the many important milestones that your Company has achieved over the past year we believe it is important to first reflect on the major challenges the copper industry faces in finding new supplies and hence why we believe large-scale, long-life quality-location assets such as Hillside are indeed rare and will ultimately create significant economic and social value.

It has been evident for the better part of a decade that copper grades are declining and copper output from many existing mines are falling. A good example comes from the giant Escondida mine which has historically mined copper ore at an average of 1.66% copper, but has seen current production fall to below 1.0% copper, whilst remaining reserves are even lower at 0.68% copper.

Against this backdrop of falling supply from existing mines, the demand for copper – a true proxy for economic growth and industrialisation – continues to increase and is forecast to grow from approximately 17Mt in 2013 to over 23Mt by 2025 according to studies by respected forecasters CRU. Over the same time period, production from exiting mines is expected to drop from 16Mt to less than 13Mt. The developing shortfall between existing mine supply and demand is huge; equivalent to over 15 times the giant Olympic Dam expansion project and will need to be filled by new mine supply.

In terms of possible new mine supply, research across the globe lists many proposed new large copper projects from locations as diverse and different as Alaska, Pakistan and Australia. So whilst on paper and in theory, it may be possible for copper supply to keep up with demand, the reality has proven otherwise. The decision by BHP Billiton to indefinitely delay the expansion of its Olympic Dam mine is a clear example of the many hurdles that many new large copper projects face and demonstrates that not all of them will necessarily make the transition from concept through to production.

The inter relationship between new supply and capital hurdles was highlighted earlier this year in a report by Goldman Sachs in a review of the world's top 40 undeveloped copper mines. The report estimated new capital expenditure on mega copper mines was running at US$15,000 per tonne of new copper production.

If we assume CRU's estimate of a need to find an additional 10Mtpa from new mine supply over the next 10-12 years, the global copper industry would need to invest US$150 billion in building new capacity. As the Olympic Dam decision shows, and recent announcements by a number of major mining houses trimming their new project budgets, the outlook for new copper supply would appear to be diminishing, not increasing.

In our view, this will ultimately underpin strength in the copper price, but also bring into sharp focus the enviable low-cost operating economics and very low to moderate capital intensity of Hillside, particularly in comparison against forty of the world's mega copper projects.

In short, Hillside is a strategically valuable global copper asset. As a starting point, our PFS for the Hillside project, which is due later this year, will outline a mine plan for over 100,000tpa of copper equivalent production for over 15 years. On current estimates, Hillside will be Australia's largest open pit copper producer for the next decade. This is a valuable advantage.

Many companies, including major mining companies, have focussed on finding new copper supply in new and remote locations, sometimes with success, only to find that the capital costs to develop these projects are too high, or access to water and power is near to impossible. At Rex we have never lost sight of how important the location and access to infrastructure is when developing a new large-scale mining operation. Where else can you find a new large-scale and long-life copper project within 10km of a port with spare capacity and with the ability to connect to the state's power and water supply?

We firmly believe that the Company's continued focus on both copper and our logistical advantages at Hillside will ultimately reward shareholders and we believe that this will become more apparent with the release of the results of the Hillside PFS.

Over the year the Company's employees have worked hard to deliver a new and substantial Resource update for our flagship Hillside project which now contains 2Mt of contained copper plus significant gold and iron ore credits. The work involved with the feasibility studies is ongoing and the results of which will be shown over the coming months.

On behalf of the Board, we would like to thank our employees for their efforts and achievements during the year. We would also like to acknowledge the support of our suppliers and our shareholders for their continued confidence in Rex.

Rex is also proud to be a member of the community on the Yorke Peninsula and we look forward to increasing our contribution to the community and many other businesses and services in the region as the project develops.

Yours sincerely,

Paul Chapman
Chairman

Steven Olsen
Managing Director

REX MINERALS LTD

REVIEW OF OPERATIONS for the year ended 30 June 2012

Rex Minerals Ltd ("Rex") has completed the following important milestones over the year.

July 2011 – June 2012	Continuous high grade copper drilling results announced.
July 2011 – June 2012	Completion of on ground activities (with 7 to 8 drill rigs) for the purpose of completing a PFS at Hillside. Major works included, metallurgical test drilling and analysis, water bore (hydrogeological) drilling, environmental studies, infill and extensional drilling of the copper Resource, geotechnical drilling for ground control designs, and multiple studies for the various capital works that are required for a new large scale mining operation at Hillside.
April 2012	Raised $42 million through the successful placement of 35.0 million ordinary fully paid shares at $1.20 per share to institutional and sophisticated investors in Australia and overseas. Improved cash position will enable completion of feasibility studies and for the Company to start the transition from explorer to developer.
June 2012	Discovered new large scale extensions of the Hillside Resource to the north and at depth from the previously known location of copper mineralisation. Of particular significance is the presence of large scale copper beyond the extent of the magnetic anomaly that first led to the discovery of copper at Hillside.
July 2012	Announced updated Hillside Mineral Resource estimate. Hillside Resource up 33% to 2Mt of contained copper, 1.7Mozs of gold and 44Mt of iron ore.

REX MINERALS LTD

EXPLORATION PROJECTS for the year ended 30 June 2012

HILLSIDE COPPER-GOLD PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA

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

HILLSIDE COPPER-GOLD PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

Drilling activity was focussed on the Hillside project (Figure 1) with an average of 7 drill rigs throughout the year. This work culminated on the 30 July 2012 with the release of an updated Mineral Resource estimate.

In summary the updated Mineral Resource at Hillside has the following attributes:

At a copper cut-off of 0.2%, the total Mineral Resource at Hillside has increased by more than 33% from the previous July 2011 estimate and now stands at 330Mt @ 0.6% copper, 0.16g/t gold and 13.7% iron, equating to approximately 2.0Mt (4.4 billion pounds) of copper, 1.7Mozs of gold and 44Mt of iron ore.

Since the announcement of the previous Hillside Mineral Resource (217Mt @ 0.7% copper, 0.2g/t gold and 12.4% iron, reported on 27 July 2011) additions to the Mineral Resource have been on the back of two drilling programs, both of which were completed over the past 12 months to the end of June 2012. The first program was designed as an infill drilling program, on a 50m x 50m hole spacing to delineate the extent of the high grade component of the Hillside Mineral Resource, whilst also upgrading material from the Inferred to Indicated categories. The second drilling campaign was designed as an extensional drilling program on nominal 100m x 100m spacing and was designed to substantially grow the Inferred Mineral Resource at the northern end of the Hillside deposit (Figure 3). The updated Resource, the fourth in two years, includes all drilling results received up to 13 July 2012 inclusive of 431 diamond holes and 234 RC holes for a total of 212,000m.

The copper mineralisation at Hillside is closely associated with the mineral magnetite and the project area has been broadly defined by a magnetic anomaly. The Mineral Resource occupies approximately 90% - 95% of the total target area that is defined by the magnetic anomaly down to an average depth of 400m and a maximum depth of just over 700m beneath the surface (Figures 1 & 2).

Additional activities completed in tandem with the Resource drilling for the PFS are anticipated to be available for release in October 2012.

Table 1: Hillside Inferred and Indicated Mineral Resource Summary Table – July 2012.

Zone	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Iron (%)	Contained Copper (t)	Contained Gold (oz)	Contained Iron ore (t)
Oxide Copper	Indicated	21	0.54	0.23	12.81	113,400	155,288	2,549,400
	Inferred	1	0.50	0.10	12.10	5,000	3,215	111,100
Secondary Sulphide	Indicated	12	0.58	0.20	13.72	69,600	77,162	1,609,200
	Inferred	1	0.70	0.10	11.00	7,000	3,215	95,900
Primary Sulphide	Indicated	101	0.62	0.16	13.66	626,200	519,556	13,515,278
	Inferred	193	0.60	0.10	13.80	1,164,000	623,724	26,345,200
Total		330	0.60	0.16	13.70	1,980,000	1,697,559	44,154,000

Copper Resources reported above 0.2% cut-off grade.
Indicated Resources are rounded to two significant figures and Inferred Resources are rounded to one significant figure.

Table 2: Hillside Global Mineral Resource Summary at various cut-off grades – July 2012.

Cut-off Grade (% Copper)	Tonnes (Mt)	Grade				Contained Metal		
		Cu (%)	Au (g/t)	Iron (%)	CuEq (%)	Copper (t)	Gold (oz)	Iron Ore (t)
0.20%	330	0.6	0.16	13.7	0.8	1,980,000	1,697,559	44,154,000
0.30%	285	0.6	0.17	14.0	0.9	1,710,000	1,557,704	39,358,500
0.40%	226	0.7	0.18	14.1	0.9	1,582,000	1,307,892	31,527,000
0.50%	165	0.8	0.19	14.2	1.0	1,320,000	1,007,926	23,248,500
0.60%	116	0.9	0.20	14.2	1.2	1,044,000	745,897	16,344,400

For the Iron Ore tonnage calculation, please refer to the Assessment and Reporting Criteria Table at the end of the Resource Upgrade announcement dated 30 July 2012, available on the Company's website.

HILLSIDE COPPER-GOLD PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> NEW HIGH GRADE ZONES

Included as part of the latest Mineral Resource update, was the definition of high grade copper, as determined by various cut-off grades. Using a cut-off grade of 0.6% copper the updated Resource estimate defined 116Mt @ 0.9% copper (1.2% CuEq) for an estimated 1.0Mt (2.2 billion pounds) of copper, 0.7Mozs of gold and 16Mt of iron ore (Table 2). The high grade component is spread throughout the orebody, however, a significant portion of this material is contained within the top 200m (29Mt @ 0.9% copper or 1.2% CuEq) and is likely suitable for extraction as part of an early stage open pit mine plan.

Metallurgical test work and mining studies are well advanced to investigate the economic recovery of copper, gold and iron ore and these results will be reported within the PFS. Furthermore, iron ore test work has indicated that an iron ore concentrate produced at Hillside will be of a high quality and will possess very low impurities. Consequently, Rex has incorporated iron ore when calculating the copper equivalent (CuEq) grade. A summary of the copper equivalent (CuEq) metrics is provided at the end of this section.

> NORTHERN ZONE CONTINUITY AND RESOURCE EXTENSION POTENTIAL

The Resource extensional drilling program at Hillside demonstrates the orebody is open at depth and has also revealed a significant body of copper mineralisation at the northern tip of the Hillside orebody. This mineralisation (which was previously an exploration target), was drilled throughout the first half of 2012, and has identified a broad, thick zone of copper mineralisation. Interestingly, the results indicate the mineralisation in this area plunges towards the north which provides significant potential for further Resource growth over the coming year (Figure 3).

Furthermore, this new discovery implies that the copper mineralisation could also continue well beyond the boundaries of the magnetic anomaly, and as a consequence, further discoveries in this location could have a substantial effect on the global Mineral Resource and the long term mining options at Hillside. Further drilling is planned in this area over the coming 12 months.

Over the past 12 months, Rex has conducted an extensive infill diamond drilling program. This has successfully identified broad, high grade copper zones that continue for hundreds of meters along strike. Combined with earlier shallow and high grade copper results, the infill drilling program has strengthened the project economics and the development options for Hillside including commencing production from a shallow higher grade open pit. Such options will be detailed in the PFS.

The string of high-grade copper intersections returned since July 2011 are contained within the Dart, Zanoni, Parsee and Songvaar structures and extend over broad areas of up to 1km. Copper mineralisation is predominantly seen as blebby to disseminated chalcopyrite with occasional zones of massive chalcopyrite observed.

Since July 2010, Rex has steadily upgraded the Hillside Mineral Resource to the point where the total global number has reached 2Mt of contained copper. Of this, just less than 50% is now classified as Indicated, which is a substantial increase from July 2011. Rex is confident of discovering further copper mineralisation, both towards the northern end of the magnetic anomaly and at depth, and consequently continues to have an aggressive growth target.

HILLSIDE COPPER-GOLD PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

Figure 2: Magnetic map of the Hillside project, showing the location of the Inferred Resources and remaining target area to be targeted over the coming year.

HILLSIDE COPPER-GOLD PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

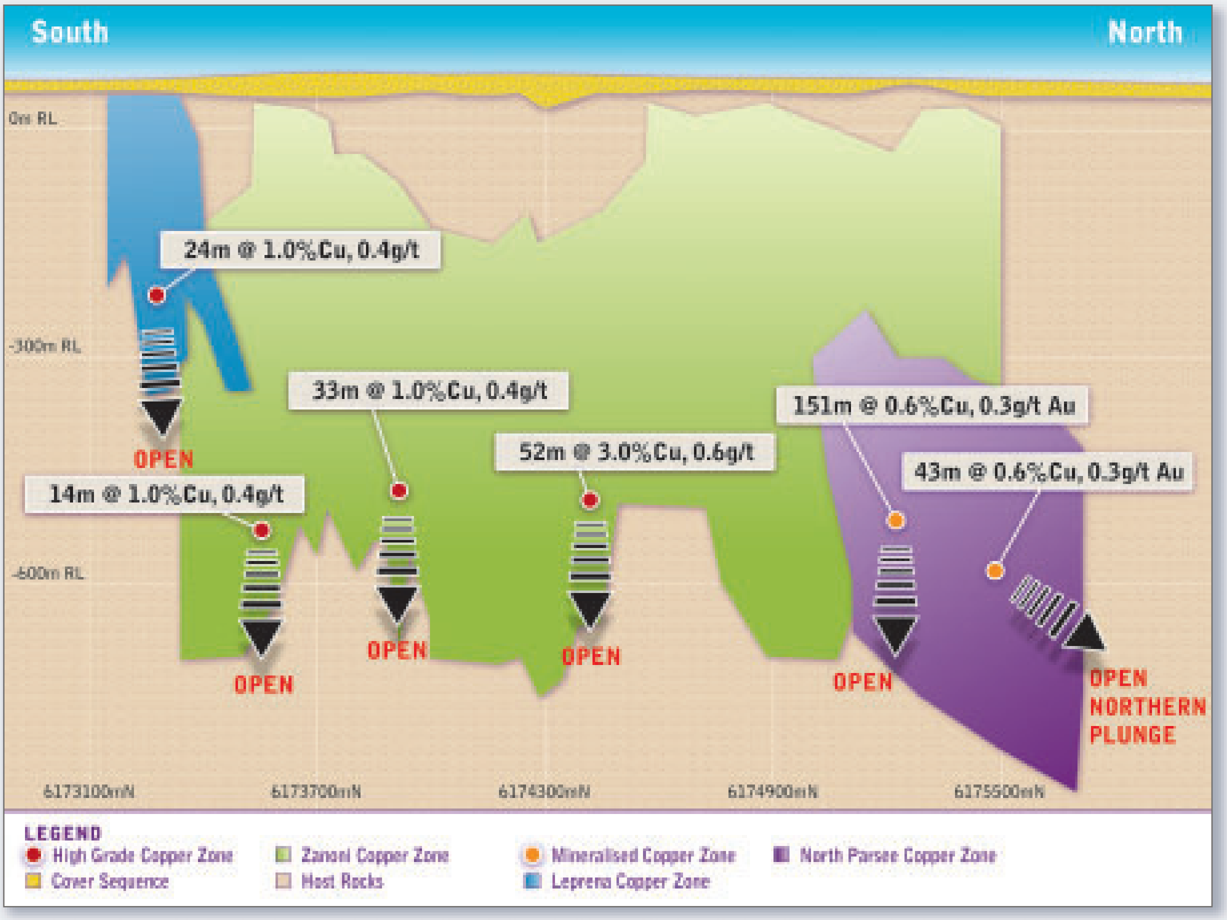
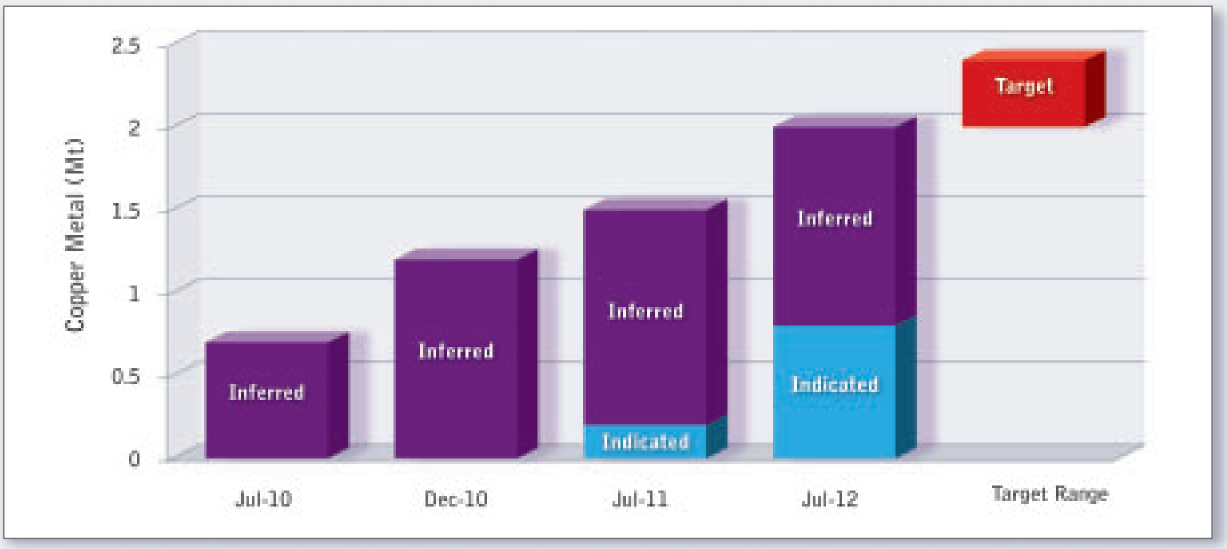


Figure 3: Schematic long section of the Hillside orebody showing the depth extent of Copper Mineralisation on the Leprena, Zanoni and Northern Parsee Structures. View looking to the west.

Graph 1 below shows the growth of the Hillside Resource between July 2010 and July 2012, as well as the anticipated target range expected from further exploration at Hillside. The range identified as the total target for the Hillside Project is based on the sum of the existing Mineral Resource, plus the exploration target range associated with the remaining magnetic anomaly (and potential mineralisation at depth) that is yet to be drill tested[1].



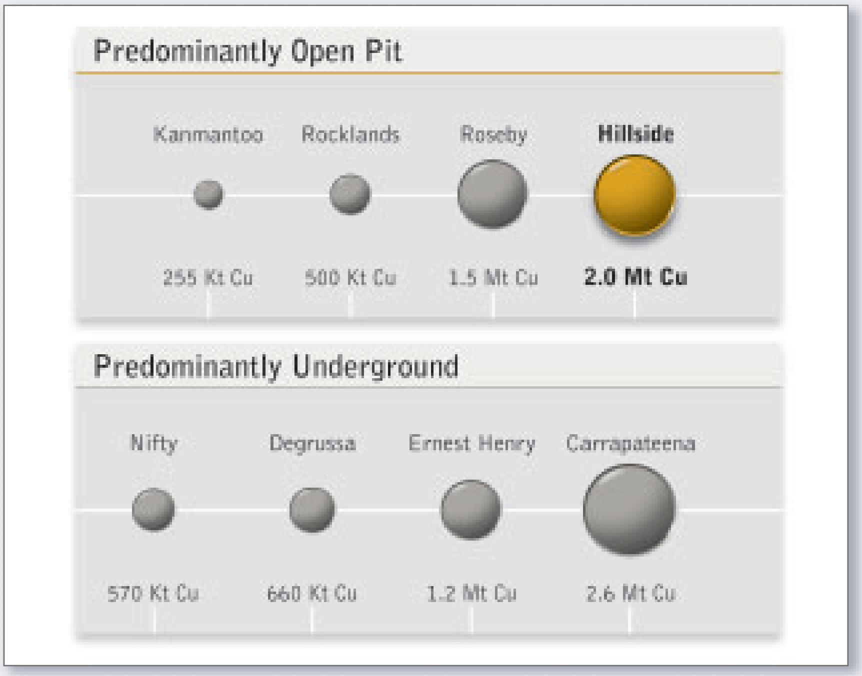
Graph 1: Hillside Resource Growth by JORC Category in copper metal (Mt), and total target range.

HILLSIDE COPPER-GOLD PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> HOW DOES HILLSIDE COMPARE TO OTHER COPPER PROJECTS?

The Hillside project is one of Australia's largest copper discoveries in the past decade. The Mineral Resource is open at depth and towards the north and with the recent identification of copper mineralisation at the northern end of the orebody suggests significant upside potential remains.

A comparative analysis of the Hillside deposit to other Australian copper projects in the exploration or development phase highlights Hillside as being the largest undeveloped open pit project in Australia excluding the enormous Olympic Dam deposit in South Australia (refer Graph 2 below). Furthermore, Hillside's Resource size, quality and logistical advantages provide an enviable strategic advantage compared with many other copper projects world-wide.



Graph 2: Comparison of existing undeveloped (or under development) copper projects in Australia to Hillside.
*Source: Publically available data as at 23 July 2012.

> HILLSIDE COPPER-GOLD PROJECT – FEASIBILITY STUDIES

An extensive work program has been underway throughout the year for the purposes of completing a pre-feasibility study (PFS) which is due for release in October 2012. The following work programs are all largely complete and will form the basis for the decisions and results of the Hillside PFS:

> Tailings Storage Facilities
> Open Pit Mine Plan and Waste Dump Design
> Hydrology (Groundwater and Surface Water)
> Waste Rock Characterisation
> Metallurgical Test Work
> Environmental and Community Studies
> Infrastructure Requirements
> Power and Water Options

The Resource drilling completed since mid-2011 has had a large influence on the amount of additional available copper that can be accessed from within a conventional open pit mine design. In addition, new large scale discoveries at depth imply that bulk underground mining methods may also be included in the mine design plans for Hillside. All of the required technical parameters needed to determine the economics of the Hillside project and the ability to maximise the opportunity from the Hillside deposit, will be included as part of the final PFS results.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA

Regional exploration work on the Yorke Peninsula is designed to follow through with the theory that the underlying rocks could host multiple large scale copper-gold-iron ore deposits. The Hillside project was the first test of the theory that large scale copper deposits exist in the area and the Company considers that there could be many other similar or possibly larger deposits that remain hidden underneath a thin layer of cover rocks.

Rex has maintained a high level of activity focussed on target generation within the Company's tenure on the Yorke Peninsula beyond the immediate Hillside area. Regional exploration work completed by Rex over the past 12 months included diamond drilling, aircore drilling, soil sampling and completion of further high quality, detailed magnetic surveys. The work that Rex completed continued to highlight the widespread potential for making a significant discovery in the near future.

In addition to the exploration work undertaken, Rex was successful in securing funding to support diamond drilling as part of the latest round of the South Australian Governments "PACE" program. The funding will contribute to the testing of the Yorke Valley prospect.

The exploration work completed during the period is summarised as follows:

> Soil Sampling — 65 square kilometres of soil geochemical sampling completed.

> Aircore Drilling — 1,900m of drilling across key locations along the Pine Point copper belt.

> Airborne Geophysics — Two surveys providing both complete tenement coverage of detailed aeromagnetic data and ultra-detailed (25m line spaced) aeromagnetic data over priority prospect areas.

> Ground Geophysics — Induced polarisation survey completed at the Equis prospect.

> Diamond Drilling — 20 diamond drill holes completed over five separate prospect areas.

> EXPLORATION PROGRAMS COMPLETED

Aircore Drilling

Aircore drilling of existing soil geochemical anomalies and other high priority targets within the Pine Point Fault corridor both north and south of Hillside was undertaken. Copper carbonate minerals were observed in the base of several drill holes, and confirmed with assays of up to 0.4% copper. Whilst these intersections of copper mineralisation were hosted within cover sequence rocks, they correlate with the interpreted position of the significant regional structure that hosts Hillside, and potentially represent geochemical leakage from basement-hosted mineralisation into the overlying shallow cover rocks. No diamond core drilling of the basement rocks was previously undertaken where these aircore drilling results were obtained, and accordingly, the results represented high priority exploration targets that will be a focus for Rex's ongoing exploration activities. The location of key results from the aircore program is presented in Figure 6, highlighting the potential for additional copper mineralisation to be discovered close to Hillside.

Soil Sampling

Programs of soil sampling were progressed over priority target areas, with 75 square kilometres of coverage completed. Of particular interest were the results obtained from the Parara prospect area, where multiple coincident zones of copper plus gold-in-soil anomalism were identified. These results reinforced the prospectivity for this target area, which remains a focus for Rex's proposed future exploration activities.

Aerial Magnetic Survey

During 2009, Rex acquired high quality, detailed aeromagnetic data over parts of the Pine Point project area which provided the basis for refined geological interpretations and identified previously unrecognised exploration targets. A survey to collect nearly 9,700 line kilometres of detailed magnetic data is planned over the remainder of Rex's Yorke Peninsula tenure during 2012, and accordingly, this new data will form the basis for continued geological interpretation and identification of additional exploration targets within this highly prospective terrain.

In addition to the regional aeromagnetic survey, an additional ultra-detailed (25m line spaced) helimagnetic survey will be undertaken over key prospect areas (Equis, Ethel and Ranald) to facilitate refined modelling and drill targeting.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

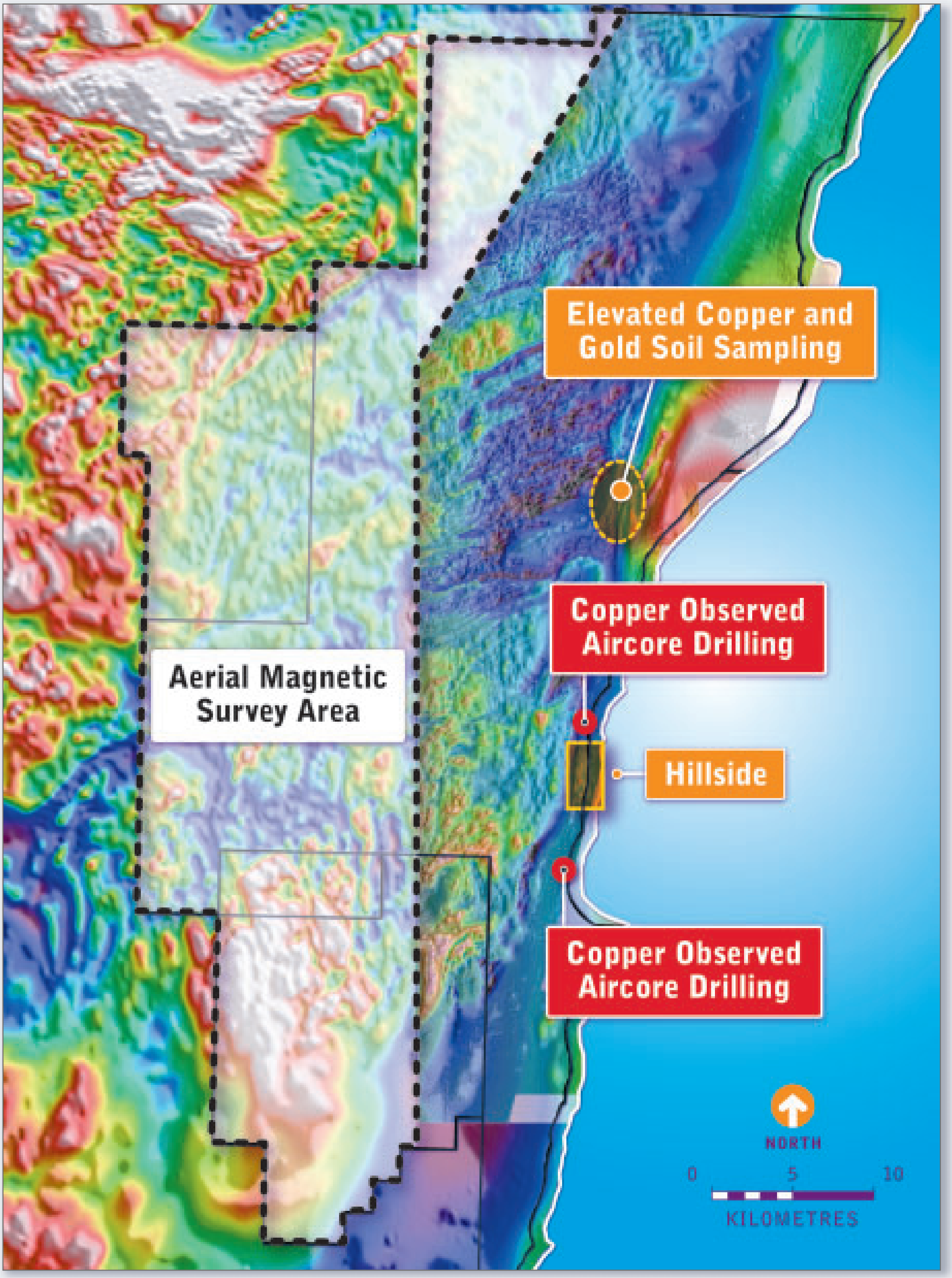


Figure 4: Location of magnetic survey and key soil sampling and aircore drilling results completed during the year.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

Diamond Drilling

Diamond drilling was directed at five previously identified priority targets. The results continued to reinforce the potential for discovering economic mineralisation with multiple small high grade copper intercepts and/or broad zones of copper anomalism identified in a number diamond drill holes. Most of the drilling was undertaken in areas where no previous drilling information existed. This work provided valuable information to improve district geological models, which have in turn generated further priority areas for drill testing in the coming year. Results from the regional diamond drilling program are summarised in Figure 5 below.

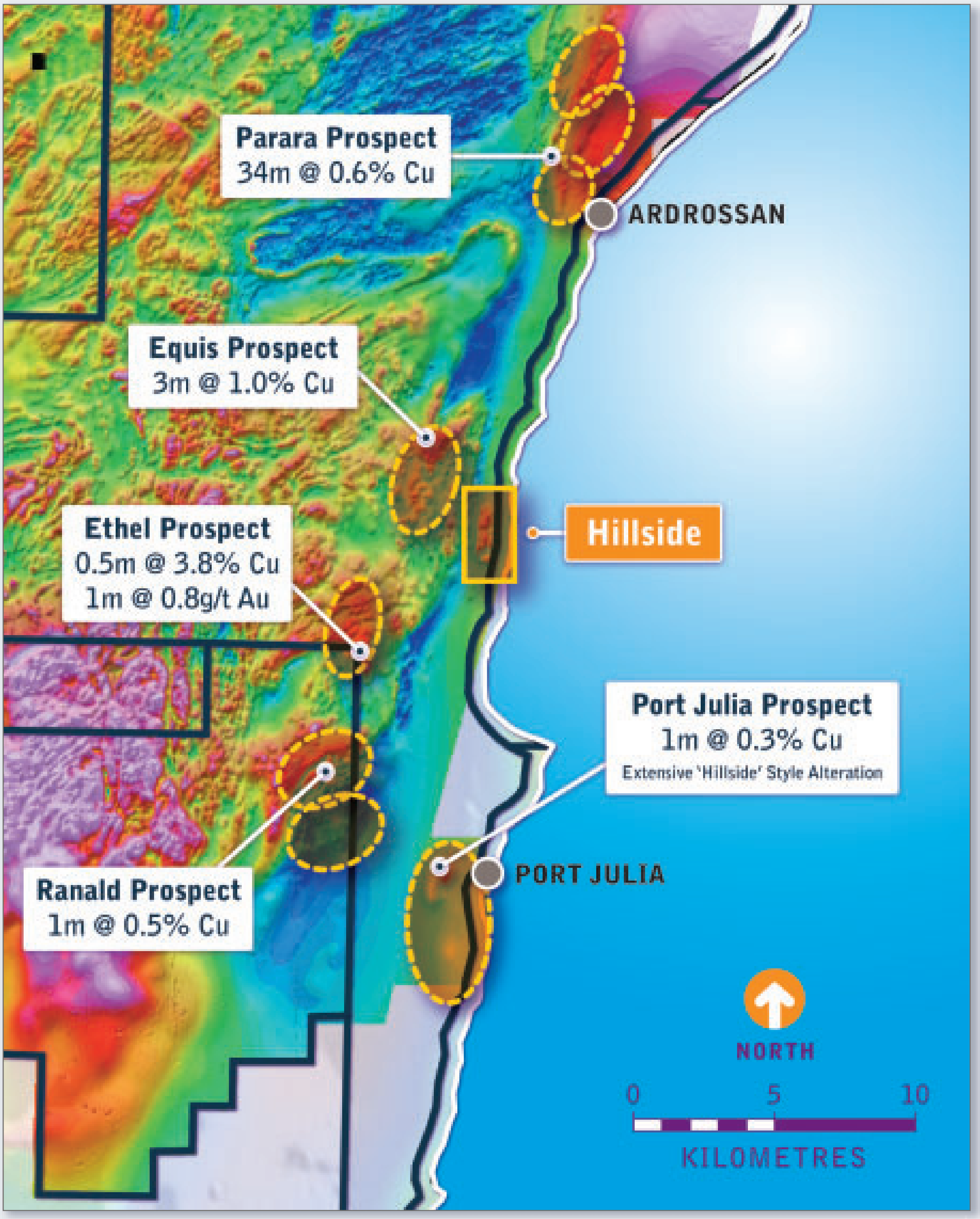


Figure 5: Location of significant drilling results outside of the Hillside project area.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

Port Julia

The Port Julia prospect, located 12km south of Hillside (Figure 5), is defined by a distinct magnetic and associated subtle gravity anomaly. Drilling by Rex intersected extensive "Hillside-style" alteration and brecciation, in a geological setting which is also very similar to Hillside. Low levels of visible sulphides were observed, with best results of 6m @ 0.2% copper (PJDD05), 2m @ 0.1% copper and 1m @ 0.34g/t gold (PJDD06), and 1m @ 0.3% copper and 13m @ 0.2% copper (PJDD07) being returned. The observations from this drilling program confirmed the presence of a large hydrothermal system that has the necessary characteristics to host economic mineralisation.

Ethel

The Ethel prospect is located 7km south-west of Hillside (Figure 5), and is characterised by multiple coincident high intensity magnetic and gravity anomalies that are situated adjacent to the Pine Point fault. Two drill holes were completed during the period, with a best intersection of 0.5m @ 3.8% copper returned from a zone of massive sulphides. Additionally, the cover sequence in this area was less than 25m thick, highlighting the potential to discover shallow positions of copper mineralisation elsewhere within the prospect.

Equis

The Equis prospect is located 3km north-west of Hillside (Figure 5). A number of discrete features were tested at Equis over the year to test for the possible relationship between various large magnetic and gravity anomalies, along with some results from an electromagnetic survey. The best results from Equis drilling included EQDD003, with 3m @ 1% copper from 370m, EQDD005 with 2m @ 0.2% copper from 214m and EQDD008a with 1m @ 0.6% copper from 158m. Some parts of Equis encountered large thicknesses of anomalous copper such as EQDD002 with 75m @ 363ppm copper from 78m. The drilling results did not show extensive sections of high grade copper however indications of extensive low level copper and other geological features, still suggest that high grade copper could exist in the area.

Ranald

The Ranald target area is located 12km south west of Hillside (Figure 5), and is defined by several distinct magnetic and gravity anomalies within the Pine Point Copper Belt. Diamond drilling was completed at Ranald to test a number of the magnetic and gravity features. The diamond drilling intersected zones of favourable alteration beneath a shallow younger cover sequence of less than 25m, with the best intersection being from RDDD002 with 1m @ 0.5% copper and 0.3g/t gold from 514m.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> TARGET AREA IMMEDIATELY NORTH OF HILLSIDE GROWS

The Resource extensional drilling program at Hillside has demonstrated the orebody is open at depth and has also revealed a significant body of copper mineralisation at the northern tip of the Hillside orebody. This mineralisation (which was previously an exploration target), was drilled throughout the first half of 2012, and has identified a broad, thick zone of copper mineralisation. The discovery of large-scale copper mineralisation at depth was particularly significant, given that it has started to develop outside of the main magnetic anomaly which was previously used to define the extent of the Hillside project area. This discovery and previous indications of copper mineralisation further north of the magnetic feature, prompted Rex to investigate further extensions to the Hillside mineralisation with aircore drilling.

The aircore drilling immediately north of Hillside intersected shallow copper oxide minerals, and significantly, elevated levels of copper and gold indicating that the mineralisation from Hillside could extend much further than originally anticipated. The copper anomalism associated with the Hillside project has now been identified to exist for over 4km in strike length (see figure 6), a substantial increase from the previous target area defined by the magnetic anomaly at Hillside of 2.5km.

The potential to host additional copper-gold-iron ore resources within close proximity to Hillside can be supported by the following evidence:

> Hillside Mineral Resource: 2.0Mt of contained copper metal demonstrating the project area is significantly mineralised.

> The Hillside orebody is flanked by a major regional structure which has been the catalyst behind why the Hillside orebody is where it is.

> This regional structure extends well beyond the Hillside orebody, in both a north and south direction, and thus Rex believes the potential for further copper mineralisation to be present along this structure is high.

> The copper mineralisation at Hillside is "hidden" under shallow cover sediments and therefore extensions along strike from Hillside are likely to be obscured. As a result the area is significantly under explored.

> Rex's recent air core drilling has identified potential "hidden" extensions of the Hillside orebody along strike. These intercepts are very exciting and Rex intends to follow these up with diamond drilling over the coming months.

> Should diamond drilling intersect significant "Hillside" style copper mineralisation, the potential to extend the known mineralisation envelope from 2.5km to > 4km exists and accordingly, the potential to significantly add to the Hillside Mineral Resource exists.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> TARGET AREA IMMEDIATELY NORTH OF HILLSIDE GROWS (CONTINUED)

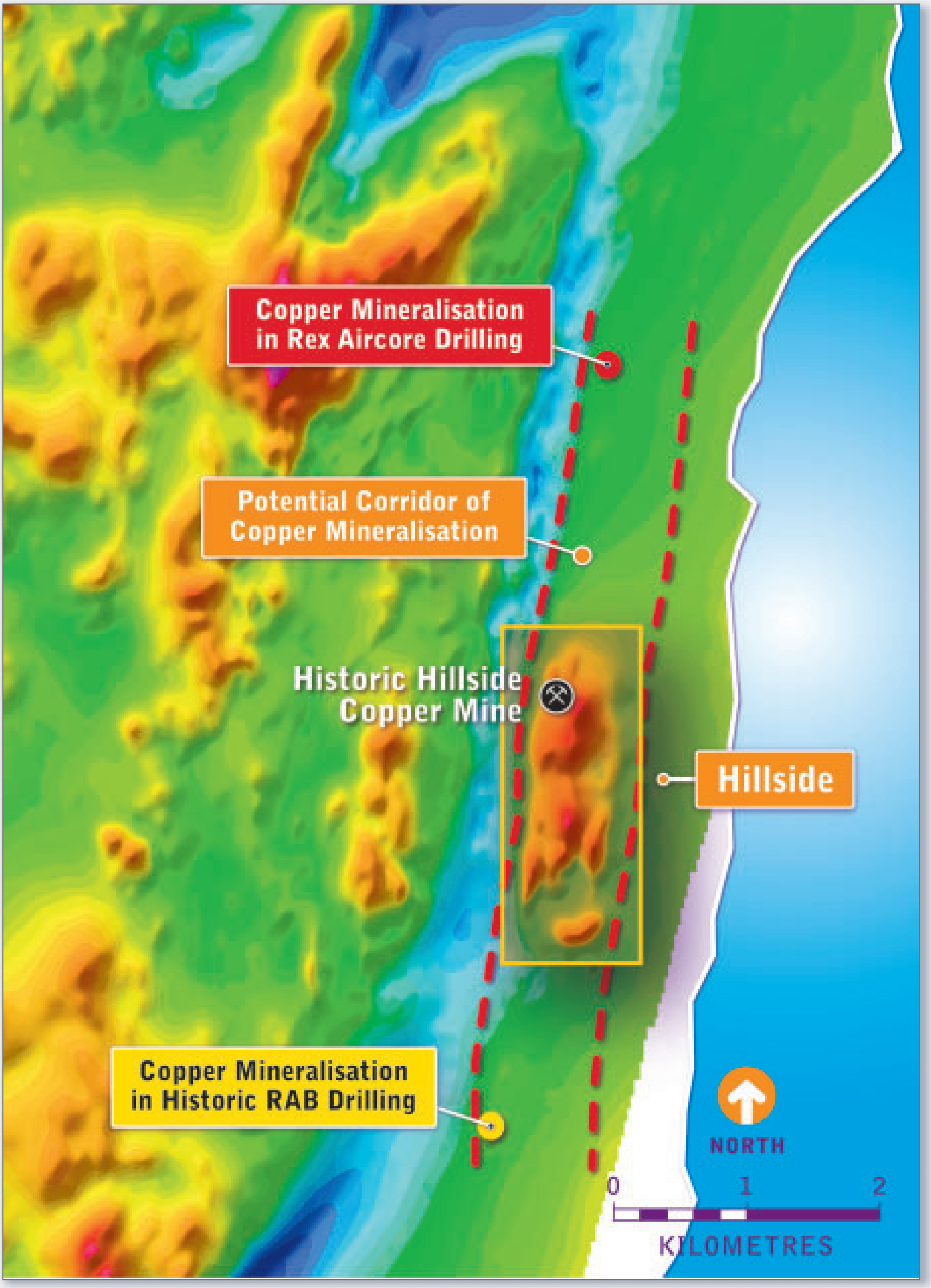


Figure 6: Hillside Resource area and potential extensions identified further north of the known drilling information.

COWELL EXPLORATION

The Cowell project in South Australia comprises a single Exploration Licence which has the potential to host copper-gold and uranium mineralisation. The Cowell project is located adjacent to Cowell on the east coast of South Australia's Eyre Peninsula, approximately mid-way between Whyalla and Port Lincoln. The project is situated within the eastern margin of the Gawler Craton, which hosts other significant copper-gold deposits such as Olympic Dam, Prominent Hill and Hillside. The project area is characterised by a thin cover sequence overlying Palaeoproterozoic rocks including rocks associated with the Hiltaba event, a key component of copper-gold mineralisation elsewhere within the Gawler Craton. Previous reconnaissance drilling by Rex intersected up to 5m @ 0.2% copper associated with hematite altered metasediments.

AERIAL MAGNETIC SURVEY

A low-level aerial magnetic survey is planned to provide complete coverage of high quality and detailed magnetic data over Rex's Cowell licence. The survey will be flown in conjunction with the larger survey completed over Rex's tenements on the Yorke Peninsula. Approximately 1000 line km of data will be collected along 100m spaced lines during the survey, which will be used to plan and refine future drill targets.

COMPETENT PERSONS REPORT

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

COPPER EQUIVALENT STATEMENT

Copper equivalents have been calculated assuming the following metal prices and metal recoveries;

- Copper price used = 2.80 US$/lb.
- Gold price used = 1200 US$/ounce.
- Iron ore price used = 100 US$/tonne:
  - $100 equates to the industry benchmark at 62% iron.
  - Plus $20 premium for a concentrate grade of 67% at Hillside.
- Testing has confirmed conventional processing options.
- Total Cu grade is used in the CuEq calculation.
- Gold recoveries estimated at 77%.
- Iron recoveries estimated at 54% recovered from Iron oxides (from metallurgical test work).
- Iron Oxides grade = Total iron % – % iron with Cu – % iron with pyrite – % iron in non-sulphide gangue.
- Iron ore concentrate grade = 67%.

[1] *The total potential and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource in excess of that currently announced, and while Rex has confidence in this target range statement, it is uncertain if further exploration will result in the determination of additional Mineral Resources.*

TENEMENT SCHEDULE for the year ended 30 June 2012

Tenement	Locality	Lease Status	Area Type	Current Area	Grant Date
EL3875[1]	Moonta South	Granted	km²	416	02/08/2007
EL3874[1]	Moonta South	Granted	km²	1262	02/08/2007
EL4514[1]	Moonta South	Granted	km²	24	10/06/2010
EL3876[2]	Wandearah	Granted	km²	127	02/08/2007
EL4779 (previously 3459)	Wandearah	Granted	km²	81	13/10/2011
EL3418[1]	Cowell	Granted	km²	85	16/09/2005

[1] *Renewal documentation received from the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) subsequent to 30 June 2012.*

[2] *This licence is currently being renewed with DMITRE.*

DIRECTORS' REPORT

The Directors present their report together with the financial report of Rex Minerals Ltd ("the Company") and its subsidiaries (the "Group" or "Rex"), for the financial year ended 30 June 2012 and the auditors' report thereon.

1. DIRECTORS

The Board currently has 4 members, of these, 3, including the Chairman, are independent Non-Executive Directors. The Non-Executive Directors are considered by the Board to be independent of management and free from any business relationship or other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement. Further information on the process for assessing independence and the materiality level are in Board Charter available on Rex's Website.

The Board considers that a diversity of skills, backgrounds, knowledge, experience and gender is required in order to effectively govern the business. The Board and its Committees actively work to ensure that the Executive and Non-Executive Directors continue to have the right balance of skills, experience, independence and Company knowledge necessary to discharge their responsibilities in accordance with the highest standards of governance. The Non-Executive Directors contribute international and operational experience; understanding of the sectors in which we operate; knowledge of world capital markets; and an understanding of the health, safety, environmental and community challenges that we face. The Board works together as a whole to oversee strategy for the Group and monitor pursuit of the corporate objectives of the Company. In addition, the Board has extensive access to members of senior management.

The Board believes that orderly succession and renewal is in the best interests of the Company as it transitions from the Exploration phase into Development. During the year, there were a number of changes to the Board and its' Committees with Mr Alister Maitland joining the Board in September 2011. In addition, and as discussed in further detail in section 4.4.2 and 4.8.2 of the Corporate Governance Statement, Rex established a Remuneration Committee and implemented a succession plan for the Audit Committee. Mr Richard Laufmann stepped down as Chair of the Audit Committee and Mr Alister Maitland was appointed to this position. Mr Richard Laufmann was appointed Chair of the Remuneration Committee.

The Directors of the Company at any time during or since the end of the financial year are set out in the Table on page 20.

1. DIRECTORS (CONTINUED)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Paul Chapman Independent Chairperson (B.Comm, ACA, Grad.Dip. Tax, MAICD, MAusIMM)	Mr Paul Chapman is a chartered accountant and has over 25 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. Mr Chapman has held senior management roles in public companies of various sizes and is Chairman of ASX listed explorer Encounter Resources Ltd and listed gold producer Silver Lake Resources Ltd. Mr Chapman has been a Director and Chairman since 2007 and is currently a member of the Audit and Remuneration Committees.
Mr Richard Laufmann Independent Non-Executive Director (B.Eng (Mining), MAusIMM, MAICD)	Mr Richard Laufmann is a mining engineer with a proven track record in the resources sector both in Australia and overseas. He was Managing Director of Ballarat Goldfields NL from 2002 until 2007, at which time Ballarat Goldfields merged with Lihir Gold Ltd. 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. Mr Laufmann has been a Director since 2007, is Chairman of the Remuneration Committee and a member of the Audit Committee.
Mr Alister Maitland Independent Non-Executive Director (B.Com, FAICD, FAIM, SF Fin)	Mr Maitland is a former Executive Director of the ANZ Banking Group, with a background in international finance whose banking experience extended beyond Australasia to cover Asia, the Sub Continent, the Middle East, Europe and America. His professional experience has included global business expansion, internal and external consulting, treasury projects and international political agendas. As Chief Executive of ANZ Bank for New Zealand he was responsible to the local board for the countries operations. He has been a non-executive director of a number of publicly listed ASX companies and Government bodies covering a wide range of activities including property services, mining, banking, asset management and health. He is a former chairman of Ballarat Goldfields NL and director of Lihir Gold Ltd. Currently a Director of Malayan Banking Berhad (Maybank) headquarted in Kuala Lumpur. Mr Maitland was appointed as a Director on 16 September 2011, is Chairman of the Audit Committee and a member of the Remuneration Committee.
Mr Steven Olsen Managing Director (B.Sc.(Hons), M.Sc.(MinEx), Grad.Dip (F&I), MAusIMM)	Mr Steven Olsen has over 19 years experience in the resources industry with a background of fourteen 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 the discovery of nickel, gold and copper mineralisation throughout his career. Mr Olsen's qualifications include a B.Sc(Hons) from the University of Melbourne, Masters in Mineral Exploration from Queens University, Ontario and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia. Mr Olsen is a Non-Executive Director of White Rock Minerals Ltd. Mr Olsen has been a Director since 2007.

2. COMPANY SECRETARY

Ms Amber Rivamonte CPA, B.Bus (Acc) was appointed to the position of Company Secretary in July 2007. Ms Rivamonte is a CPA and has over 19 years experience in the financial management of publicly listed exploration companies. She has previously held the role of company secretary and chief financial officer for Ballarat Goldfields NL and company secretary for Indophil Resources NL. Ms Rivamonte is currently the Company Secretary of White Rock Minerals Ltd.

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		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr Paul Chapman	12	14	1	2	2	2
Mr Richard Laufmann	14	14	2	2	2	2
Mr Alister Maitland[1]	11	12	2	2	2	2
Mr Steven Olsen[2]	13	14	2	2	–	–

A – Number of meetings attended

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

1 *Mr Maitland was appointed Director on 16 September 2011.*

2 *Mr Olsen is not a member of the Audit Committee, but is invited to and attends meetings as appropriate.*

4. CORPORATE GOVERNANCE STATEMENT

Rex has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with Rex's needs. To the extent they are applicable; Rex has adopted the Principles of Good Corporate Governance Recommendations incorporating the 2010 Amendments as published by ASX Corporate Governance Council. As Rex's activities develop in size, nature and scope, the size of the Board and implementation of additional corporate governance structures will be given further consideration.

In addition to this and consistent with ASX Listing Rule requirements, Rex has a policy concerning trading in its shares by Directors and other designated persons. A copy of that Trading Policy is available on Rex's website.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The following table summarises Rex's position in regard to Corporate Governance.

Recommendation	Comment
4.1 Lay solid foundations for management and oversight	
4.1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	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 Rex's Board Charter. 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 Rex's corporate strategy and monitoring implementation of the strategy, appointing the Managing Director, monitoring senior executives' performance and approving Rex's risk and audit framework. The Board is also responsible for Rex's general corporate governance matters, including matters such as disclosures and the appointment and monitoring of any committees set up by the Board. The Managing Director has primary responsibility to the Board for the affairs of Rex. The Managing Director's responsibilities include implementing and monitoring (together with the Board) the strategic and financial plans for Rex, 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, Rex and otherwise carrying out the day to day management of Rex. This recommendation is also satisfied in as much as should a new Director be appointed, Rex'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: > Rex's financial, strategic, operational and risk management position; > each Director's rights, duties and responsibilities; and > the role of the Board and senior executives
4.1.2 Companies should disclose the process for evaluating the performance of senior executives.	Rex'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.
4.1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	It is intended that: > an explanation of any departure from Recommendations 4.1.1, 4.1.2 or 4.1.3 will be included in the corporate governance statement in the Annual Report; and > the Annual Report will disclose whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.2 Structure the Board to add value	
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 Chair 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.	The Board has not adopted a charter relevant to the specific functions of a nomination committee. Given the size of Rex and the Board, the Directors consider that any efficiencies achieved by the establishment of a nomination committee would be minimal, thereby not making its establishment cost effective. Rex has Board processes in place which raise issues that would otherwise be considered by a nomination committee.
4.2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	The Directors consider that due to the size of Rex 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 its own performance. This recommendation is satisfied in as much as the details have been included in the Annual Report and the Board Charter.
4.2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	The following material is included in the Annual Report: > the skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report; > the names of the Directors considered by the Board to constitute independent Directors and Rex's materiality thresholds; > the existence of any of the relationships listed in Box 2.1 of the Guide (regarding director independence) and an explanation of why the Board considers a Director to be independent, notwithstanding the existence of those relationships; > a statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of Rex; > a statement as to the mix of skills and diversity for which the Board is looking to achieve in membership of the Board; > the period of office held by each Director in office at the date of the Annual Report; > whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and > an explanation of any departures from Recommendations 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5 or 4.2.6. The following material is publicly available on Rex's website in a clearly marked corporate governance section: > the Board's policy and procedure for the selection and appointment of directors.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.3 Promoting ethical and responsible decision making	
4.3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: > the practices necessary to maintain confidence in the Company's integrity; > the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and > the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	This recommendation is satisfied. Rex's Code of Conduct sets out Rex's expectations for the conduct of Rex'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).
4.3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	This recommendation is satisfied. Rex's Code of Conduct sets out Rex's policy concerning diversity. In summary, Rex's policy concerning diversity is as follows: Rex recognises that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximise the achievement of corporate goals. The objectives for achieving diversity are included in the corporate governance statement in the Annual Report. In order to promote gender diversity, Rex will engage in reviews and reporting to the Board about the proportion of women at Rex and strategies to address diversity. Rex intends to recruit the most qualified persons for each position and considers persons from a diverse pool of qualified candidates.
4.3.3 Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	The objectives for achieving diversity are as follows: Maintain female representation at 20% of the total workforce and senior management as Rex progresses through the next stages of Company development. During each Director selection and appointment process, the professional search firm supporting the Board will provide at least one credible and suitably experienced female candidate.
4.3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	This recommendation is satisfied. At 30 June 2012, women made up 29% of the total workforce; and 60% of senior management. There are currently no women on the Board of Rex.
4.3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	The following material is publicly available on Rex's website in a clearly marked corporate governance section: > any applicable code of conduct which incorporates the diversity policy.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.4 Safeguard integrity in financial reporting	
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 Alister Maitland, Paul Chapman, and Richard Laufmann, who are all independent Directors. Alister Maitland is an independent Chair of the Audit Committee (and he is not Chair of the Board). 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.
4.4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	The following material is included in the corporate governance statement in the Annual Report: > the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out > the number of meetings of the audit committee (contained within the Directors' Report) > explanation of any departures from Recommendations 4.4.1, 4.4.2, 4.4.3 or 4.4.4 The following material is made publicly available on Rex's website in a clearly marked corporate governance section: > the audit committee charter, including information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
4.5 Make timely and balanced disclosure	
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. Rex has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance. Rex's Continuous Disclose Policy sets out Rex's policies and procedures with regard to the reporting of material price sensitive information to the ASX subject to confidentiality carve-out aspects and Rex's procedures in this regard.
4.5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	An explanation of any departures from Recommendations 4.5.1 or 4.5.2 are included in the corporate governance statement in the Annual Report. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements are publicly available on Rex's website in a clearly marked corporate governance section.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.6 Respect the rights of shareholders	
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.	Rex places a high priority on communications with its Shareholders. Although Rex does not have a standalone communications policy, Rex considers that its Continuous Disclosure Policy, together with disclosure through the following means, should be sufficient to promote effective communications with shareholders: > announcements released through to the ASX company announcements platform; > notices of meetings to shareholders; and > provision of all relevant documentation released on Rex's website.
4.6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	An explanation of any departure from Recommendations 4.6.1 or 4.6.2 are included in the corporate governance statement in the Annual Report. Rex describes its communications policy with Shareholders in the corporate governance statement in the Annual Report.
4.7 Recognise and manage risk	
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 Rex's risk and audit framework, systems of risk management and internal control, as well as approving compliance with any risk and audit policies and protocols in place at the time. Rex Management has reported to the Board under Recommendation 4.7.2 on risk management.
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.
4.7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	This recommendation is satisfied.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.7 Recognise and manage risk (continued)	
4.7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	The following material is included in the corporate governance statement in the Annual Report: > explanation of any departures from Recommendations 4.7.1, 4.7.2, 4.7.3 or 4.7.4; > whether management has reported to the Board under Recommendation 4.7.2; and > whether the Board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 4.7.3.
4.8 Remunerate fairly and responsibly	
4.8.1 The Board should establish a Remuneration Committee.	This recommendation is satisfied.
4.8.2 The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members.	The members of the Remuneration Committee are Richard Laufmann, Paul Chapman and Alister Maitland, who are all independent Directors. Richard Laufmann is an independent Chair of the Remuneration Committee (and he is not Chair of the Board). The Directors consider that the Remuneration Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.
4.8.3 Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives.	This recommendation is satisfied.
4.8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	The following material or a clear cross-reference to the location of the material is included in the corporate governance statement in the Annual Report or elsewhere in the Annual Report (as appropriate): > the names of the members of the remuneration committee and their attendance at meetings of the committee, or where the company does not have a remuneration committee, how the functions of a remuneration committee are carried out. > the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and > an explanation of any departures from Recommendations 4.8.1, 4.8.2, 4.8.3 or 4.8.4.

5. PRINCIPAL ACTIVITIES

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

Rex is focussed on the exploration and development of large-scale copper-gold projects on the Yorke Peninsula, South Australia. Rex's strategy is to discover large-scale copper-gold deposits which can lead to the development of a new long-life and low-cost mining operation on the Yorke Peninsula.

Rex has made an initial discovery at the Hillside copper-gold deposit and completed a conceptual study to assess a potential development plan for this deposit. Rex is progressing the Hillside deposit to the level of a pre-feasibility study in conjunction with maintaining a regional exploration program for further discoveries and enhancement of the future mine development plans on the Yorke Peninsula.

Rex applies its extensive technical experience and existing drilling capacity to progress its projects, laying solid foundations for long term growth, enabling Rex to uncover the substantial deposits of copper that Rex interprets to exist under shallow cover rocks on the Yorke Peninsula.

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 2013 and later financial years.

> **Pre-feasibility Study** – Completion of the PFS, due for release in October 2012, will define the start-up capital requirements, production profile and operating costs of Hillside.

> **Reserves** – In parallel with the PFS, Rex will release the first Reserves for Hillside and an accompanying larger life of mine plan which should extend the potential of the Hillside project out to 15 years and beyond.

> **Financing** – The Company will put in place an optimal financing package with the goal of maximising shareholder exposure to the future cash flows from a new copper-gold-iron ore operation at Hillside.

> **Exploration** – Maintain a near mine and regional exploration push with the aim of identifying multiple large-scale copper deposits that can complement the Hillside project, on Rex's tenements on the Yorke Peninsula, SA.

> **Organisation** – Plan for an organisational transition from an explorer to a developer to a producer.

6. OPERATING AND FINANCIAL REVIEW

The income statement shows a loss after tax of $544,862 (2011: profit $593,266) for the year. The Group has no bank debt. As at 30 June 2012 the Group had a cash position of $69,742,604 (2011: $45,084,267) and nil funds on deposit (2011: $34,000,000). Operating activities generated a cash inflow for the year of $260,344 (2011: cash inflow of $230,899).

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 3 April 2012, Rex announced an equity raising of approximately $42 million via a share placement at $1.20 per share. This equity raising was successfully completed in two stages during April and May 2012.

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 2012.

8. DIVIDENDS PAID OR RECOMMENDED

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

The Company announced on 24 September 2012 the appointment of Mr Mark Parry to the role of Managing Director and Chief Executive Officer. Mr Parry's contract is for an initial term of 3 years and is due to commence on 15 October 2012. He will be provided with a base salary of $550,000 per year inclusive of superannuation as well as a sign on bonus of $150,000. He will also be eligible for a special project bonus of $150,000 if he is successful in securing or substantially advancing a financing package for the Hillside project prior to 1st July 2013. In addition, Mr Parry has been issued a total of 3.0 million options with an exercise price of $0.91 with an expiry of 31 August 2017. Current and founding Managing Director Mr Steven Olsen will remain on the Board and will continue to play an important role for the Company as it makes the transition from an explorer to a development company. Mr Olsen will move into the role of Executive Director for Business Development until 31 July 2013, subject to renewal by agreement.

9. EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

Other than the event described on page 28, subsequent to 30 June 2012, there has not arisen in the interval between the end of the financial year and the date of this report any other 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

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.

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	3,644,833	–
Mr Richard Laufmann	3,541,666	–
Mr Alister Maitland	202,000	–
Mr Steven Olsen	6,027,000	–

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 to Executives were granted during the financial year. Since the end of the financial year, 3 million options have been granted to Mr Mark Parry who will commence as Managing Director and Chief Executive Officer on 15 October 2012.

	Number of options granted	Exercise price	Expiry date
Directors			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Alister Maitland	–	–	–
Mr Steven Olsen	–	–	–
Executives			
Ms Amber Rivamonte	160,000	$1.20	30 April 2015
Ms Janet Mason	80,000	$1.20	30 April 2015
Mr Patrick Say	160,000	$1.20	30 April 2015

12. SHARE OPTIONS (CONTINUED)

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
31 October 2012	$2.052	240,000
24 May 2013	$1.220	528,000
30 April 2014	$3.000	1,120,000
30 April 2015	$1.200	1,520,000
31 August 2017	$0.910	3,000,000
Total		6,408,000

All options expire on the expiry date, unless the options have not been exercised and the employee leaves the Company in which case they will lapse if they are not exercised within 60 days of departure.

12.3 Shares issued on exercise of options

During or since the end of the financial year the Company has issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
60,000	$0.552
60,000	

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 or any of its controlled entities (2011: nil).

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 Senior Executives. Key management personnel comprise the Directors of the Company and Senior Executives for the Company and the Group.

15. REMUNERATION REPORT – AUDITED (CONTINUED)

15.1 Principles of compensation (Continued)

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. Compensation levels for the 2012 financial year were determined by considering the number of employees, market capitalisation, and Company performance. They are also based on remuneration of Top 500 ASX listed companies. 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.

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the geological finds and the following indices in respect of the current financial year and previous financial years.

	2012	2011	2010	2009	2008
Net profit/(loss) attributable to equity holders of the parent	$(544,862)	$593,266	$2,327,007	$(1,851,166)	$(857,987)
Closing share price at financial years end	$0.785	$2.31	$1.250	$0.555	$0.260

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 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. Additional details of the use of remuneration consultants during the year are outlined in section 15.1.7.

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 determined based on an assessment of key performance indicators, including share price performance, business growth, exploration success and safety, environment and community related matters.

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 vest immediately and only lapse in the event of the employee leaving the Company or the expiry date, whichever occurs earlier. Due to the nature of the Company at this time the Board believes this is appropriate having regard to the exercise price of options being set at a premium to the share price at the date of the grant.

15. REMUNERATION REPORT – AUDITED (CONTINUED)

15.1 Principles of compensation (Continued)

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 months' 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 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 2010 with the Company which terminates on the 30 June 2013. 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 to the Chief Executive Officer for meeting and/or exceeding performance milestones and upon approval by the Board.

15.1.6 Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 AGM, is not to exceed $500,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Non-Executive Directors' base fees are presently $80,000 per annum, whilst the Chairperson's base fee is $120,000.

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

15.1.7 Services of remuneration consultants

The Remuneration Committee engaged Swann Global as remuneration consultant to the Board to review the amount and elements of the KMP remuneration and provide recommendations in relation thereto for remuneration packages for the 2013 financial year. No specific guidance was provided by Swann in relation to the 2012 financial year.

In addition to the remuneration recommendations, Swann Global was engaged to provide consulting services in relation to the recruitment of key personnel at both Board and executive management levels for the mine development stage.

Fees paid or payable to Swann Global for the remuneration recommendations in respect of reviewing the amount and elements of the KMP remuneration for the financial year amounted to $42,500. In addition, they were paid $45,000 in total for all other services.

The Board undertook its own inquiries and review of the processes and procedures followed by Swann Global during the course of its assignment. These inquiries involved reviewing the details of Swann's interaction with the Company in relation to the assignment and other services and conducing meetings with Swann Global where KMP were not present to discuss the progress of the engagement. The Board received a declaration from Swann Global stating that the recommendations that they provided were free from undue influence from the people from whom they relate.

The Board is satisfied that the remuneration recommendations made by Swann Global were free from undue influence by members of the KMP about whom the recommendations may relate.

15.2 Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel appear in the Table on page 33.

15. REMUNERATION REPORT – AUDITED (CONTINUED)

15.2 Directors' and Executive Officers' remuneration (Continued)

		Short-term				Post-employment	Long term benefits	Share-based payments			
		Salary & fees[3] $	STI cash bonus $ (A)	Non-monetary benefits $	Total $	Super-annuation benefits $	Long service leave $[4]	Fair Value Options $ (B)	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Directors											
Non-Executive Directors											
Mr Paul Chapman (Chairperson)	2012	120,000	–	–	120,000	10,800	–	–	130,800	–	–
	2011	97,500	–	–	97,500	8,775	–	–	106,275	–	–
Mr Richard Laufmann	2012	80,000	–	–	80,000	7,200	–	–	87,200	–	–
	2011	70,000	–	–	70,000	6,300	–	–	76,300	–	–
Mr Alister Maitland[1]	2012	63,333	–	–	63,333	5,700	–	–	69,033	–	–
Executive Directors											
Mr Steven Olsen – Managing Director	2012	416,705	50,000	–	466,705	36,000	39,995	–	542,700	9.2	–
	2011	384,492	70,000	–	454,492	31,950	–	–	486,442	14.4	–
Executives											
Ms Amber Rivamonte – Company Secretary	2012	114,827	20,000	–	134,827	11,250	23,780	34,240	204,097	9.8	16.8
	2011	98,444	25,000	–	123,444	8,100	–	43,200	174,744	14.3	24.7
Ms Janet Mason – Chief Financial Officer[2]	2012	122,750	20,000	–	142,750	11,682	10,775	17,120	182,327	11.0	9.4
	2011	55,597	30,000	–	85,597	4,874	–	43,200	133,671	22.4	32.3
Mr Patrick Say – Geology Manager	2012	226,151	10,000	–	236,151	20,700	15,897	34,240	306,988	3.3	11.2
	2011	213,886	10,000	–	223,886	18,450	–	43,200	285,536	3.5	15.4
Total compensation: key management personnel	2012	1,143,766	100,000	–	1,243,766	103,332	90,447	85,600	1,523,145		
	2011	919,919	135,000	–	1,054,919	78,449	–	129,600	1,262,968		

1 *Mr Alister Maitland was appointed to the Board 16 September 2011.*

2 *Ms Janet Mason was on leave for 7 months during 2011. During this period Ms Amber Rivamonte was Acting Chief Financial Officer.*

3 *Salary & fees includes amounts earnt by key management personnel measured in accordance with Australian Accounting Standards, which includes cash salary as well as accrued annual leave entitlements.*

4 *Represents the net accrual for long service leave which will only be paid in cash if key management personnel meet the required service conditions in accordance with relevant state based legislation. Long service leave is measured in accordance with Australian Accounting Standards and has not been paid in cash.*

15. REMUNERATION REPORT – AUDITED (CONTINUED)

15.2 Directors' and Executive Officers' remuneration (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. As the options vested immediately the fair value of the grant is allocated to the reporting period in which the grant occurs.

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
24 May 2012	2.54 years	$0.21	$1.20	$0.91	50%	2.33%

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 and vested as compensation to each key management person during the reporting period are as follows:

	Number of options granted during 2012	Grant and vesting date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2012
Directors						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Alister Maitland	–	–	–	–	–	–
Mr Steven Olsen	–	–	–	–	–	–
Executives						
Ms Amber Rivamonte	160,000	24 May 2012	$0.21	$1.20	30 April 2015	160,000
Ms Janet Mason	80,000	24 May 2012	$0.21	$1.20	30 April 2015	80,000
Mr Patrick Say	160,000	24 May 2012	$0.21	$1.20	30 April 2015	160,000

	Number of options granted during 2011	Grant and vesting date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2011
Directors						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Steven Olsen	–	–	–	–	–	–
Executives						
Ms Amber Rivamonte	80,000	6 May 2011	$0.54	$3.00	30 April 2014	80,000
Ms Janet Mason	80,000	6 May 2011	$0.54	$3.00	30 April 2014	80,000
Mr Patrick Say	80,000	6 May 2011	$0.54	$3.00	30 April 2014	80,000

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

15. REMUNERATION REPORT – AUDITED (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 current period.

15.3.3 Exercise of options granted as compensation

During the reporting period, there were no shares issued to key management personnel on the exercise of options previously granted as 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, is detailed below.

	Granted in year $ (A)	Value of Options Exercised in year $	Lapsed in year $
Directors			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Alister Maitland	–	–	–
Mr Steven Olsen	–	–	–
Executives			
Ms Amber Rivamonte	34,240	–	–
Ms Janet Mason	17,120	–	–
Mr Patrick Say	34,240	–	–
Total	85,600	–	–

(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 21 to the financial statements. The total value of the options granted is included in the table above. This amount is allocated to remuneration in full on the grant date as the options are immediately vested and exercisable.

16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 64 and forms part of the Directors' report for the year ended 30 June 2012.

Dated at Melbourne this 28th day of September 2012

Signed in accordance with a resolution of the Directors:

Steven Olsen
Managing Director

FINANCIAL STATEMENTS

REX MINERALS LTD

STATEMENT OF FINANCIAL POSITION as at 30 June 2012

	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents	7(i)	69,742,604	45,084,267
Term deposits	7(ii)	–	34,000,000
Trade and other receivables	8	693,585	884,677
Prepayments	9	42,688	9,420
Total current assets		**70,478,877**	**79,978,364**
Non-current assets			
Exploration and evaluation expenditure	10	98,103,894	51,958,831
Property, plant and equipment	12	15,620,273	11,102,663
Total non-current assets		**113,724,167**	**63,061,494**
Total assets		**184,203,044**	**143,039,858**
Current liabilities			
Trade and other payables	13	4,287,992	3,168,171
Employee benefits	14	309,823	269,438
Total current liabilities		**4,597,815**	**3,437,609**
Non-current liabilities			
Employee benefits	14	168,248	–
Total liabilities		**4,766,063**	**3,437,609**
Net assets		**179,436,981**	**139,602,249**
Equity			
Issued capital	15(i)	177,685,263	137,665,189
Reserves	15(iii)	1,311,000	1,137,690
Retained earnings		440,718	799,370
Total equity		**179,436,981**	**139,602,249**

The notes on pages 41 to 63 are an integral part of these financial statements.

REX MINERALS LTD

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2012

	Note	2012 $	2011 $
Finance income	16	3,082,412	3,816,443
Other income		639	–
Administrative expenses		(1,192,010)	(1,502,038)
Depreciation expense		(35,946)	(62,359)
Employee benefits expense	17	(1,955,280)	(1,426,162)
Marketing expenses		(435,926)	(232,415)
Loss on disposal of fixed assets		(8,751)	(203)
Profit/(loss) before tax		**(544,862)**	**593,266**
Income tax (expense)/benefit	18	–	–
Total profit/(loss) for the period after tax		**(544,862)**	**593,266**
Total comprehensive income/(loss) attributable to members of Rex Minerals Ltd		**(544,862)**	**593,266**
Earnings/(loss) per share attributable to members of Rex Minerals Ltd			
Basic earnings per share (cents)	19	(0.34)	0.43
Diluted earnings per share (cents)	19	(0.34)	0.42

The notes on pages 41 to 63 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2012

	Attributable to equity holders of the Group			
	Share Capital $	Reserves $	Retained Earnings $	Total Equity $
Balance at 1 July 2010	52,948,677	520,080	(40,286)	53,428,471
Issue of ordinary shares	89,627,248	–	–	89,627,248
Transaction costs on share issue	(4,910,736)	–	–	(4,910,736)
Share based payments compensation	–	864,000	–	864,000
Transfer from share based payments reserve	–	(246,390)	246,390	–
Total comprehensive income/(loss) for the period	–	–	593,266	593,266
Balance at 30 June 2011	**137,665,189**	**1,137,690**	**799,370**	**139,602,249**
Balance at 1 July 2011	137,665,189	1,137,690	799,370	139,602,249
Issue of ordinary shares	42,364,320	–	–	42,364,320
Transaction costs on share issue	(2,344,246)	–	–	(2,344,246)
Share based payments compensation	–	359,520	–	359,520
Transfer from share based payments reserve	–	(186,210)	186,210	–
Total comprehensive income/(loss) for the period	–	–	(544,862)	(544,862)
Balance at 30 June 2012	**177,685,263**	**1,311,000**	**440,718**	**179,436,981**

The notes on pages 41 to 63 are an integral part of these financial statements.

REX MINERALS LTD

STATEMENT OF CASH FLOWS for the year ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,347,676)	(3,159,025)
Interest received		3,608,020	3,389,924
Net cash from/(used in) operating activities	20	**260,344**	**230,899**
Cash flows from investing activities			
Exploration and evaluation payments		(44,811,133)	(27,435,325)
Acquisition of property, plant and equipment		(4,519,580)	(8,511,209)
Proceeds from sale of property, plant and equipment		39,832	50
(Investments in)/proceeds from term deposits	7(ii)	34,000,000	(34,000,000)
Net cash from/(used in) investing activities		**(15,290,881)**	**(69,946,484)**
Cash flows from financing activities			
Proceeds from issue of share capital		42,033,120	88,235,648
Payment of transaction costs		(2,344,246)	(4,910,737)
Net cash from/(used in) financing activities		**39,688,874**	**83,324,911**
Net increase in cash and cash equivalents		**24,658,337**	**13,609,326**
Cash and cash equivalents at beginning of the period		45,084,267	31,474,941
Cash and cash equivalents at period end	7(i)	**69,742,604**	**45,084,267**

The notes on pages 41 to 63 are an integral part of these financial statements.

1. REPORTING ENTITY

Rex Minerals Ltd (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is 209 Dana Street, Ballarat, Victoria, 3350. The Group financial statements as at and for the year ended 30 June 2012 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 in Australia.

2. BASIS OF PREPARATION

(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 financial report of the Group complies 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 28 September 2012.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

> note 10 — Exploration and evaluation expenditure

> note 14 — Employee benefits

> note 21 — Share-based payments

> notes 23, 24 — Commitments and contingencies

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements, and have been applied consistently by Group entities.

(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.

(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 securities, trade and other receivables, cash and cash equivalents and trade and other payables.

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

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Sales of financial assets are accounted for at trade date, 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.

(A) Receivables – other debtors

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

(B) Cash and cash equivalents

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

(C) Term Deposits

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

(D) Trade and other payables

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

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

(ii) Share capital

Ordinary shares

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (Continued)

(iii) Depreciation

Depreciation is recognised in profit or loss or as capitalised exploration expenditure for items of PP&E used directly in exploration and evaluation activities 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:

> plant and equipment	5 – 10 years
> buildings	10 – 20 years

Land is not depreciated.

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

(d) Exploration and evaluation

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

> the expenditures are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and

> 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 or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

> the term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;

> substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;

> exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or

> sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment

(i) Financial assets

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

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

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

All impairment losses are recognised in profit or loss.

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

(ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that 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) Long term benefits

The Groups obligation in respect of long service leave is measured as the present value of the future benefit expected to be paid to employees that has been earned in return for their service in the current and prior periods. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at reporting date on national government bonds with terms of maturity that closely match the estimated future cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits (Continued)

(ii) Share-based payments

Equity-based compensation is 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 become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the vesting and performance criteria, the impact of dilution, the non-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 revenue.

(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 and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Rex Minerals Ltd.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

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

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

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

Segment capital expenditure is the total cost incurred during the period on exploration and to acquire property, plant and equipment.

(l) Restoration and rehabilitation provision

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

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

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements:

> AASB 9 **Financial Instruments** – could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early. The amendments become mandatory for the Group's 2014 consolidated financial statements and the extent of the impact has not been determined.

> IAS 19 **Employee Benefits** – is amended focussing on, but is not limited to the accounting for defined benefit plans. In addition, it changes the definition of short-term and other long term employee benefits and some disclosure requirements. The amendments, which become mandatory for the Group's 30 June 2013 financial statements, are not expected to have a significant impact on the financial statements.

> AASB 2011-4 **Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement** removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. The Company will still need to provide these disclosures in the Remuneration Report under s.300A of the Corporations Act 2001. The amendments, which will become mandatory for the Group's 30 June 2014 financial statements, are not expected to have any impact on the financial statements other than removal of duplicated disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New standards and interpretations not yet adopted (Continued)

> AASB 10 **Consolidated Financial Statements** – introduces a new approach in determining which investees should be consolidated and whether an investor is exposed, or had the rights to, variable returns from its involvement with the investee. Application of this standard would not have had an impact on the current financial period. The standard becomes mandatory for the groups 2014 financial statements.

> AASB 11 **Joint Arrangements** – is amended to determine the consolidation requirements for joint operations and joint ventures depending on whether or not parties have rights to and obligations for underlying assets and liabilities. Application of this standard would not have had an impact on the current financial period. The standard becomes mandatory for the groups 2014 financial statements.

> IFRC Interpretation 20 **Stripping Costs in the Production Phase of a Surface Mine** – has been issued to account for production stripping costs in a surface mine and clarifies certain criteria that need to be met in order to enable capitalisation of stripping costs. Application of this standard would not have had an impact on the current financial period. The standard becomes mandatory for the groups 2014 financial statements.

4. DETERMINATION OF FAIR VALUES

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

(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

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

5. FINANCIAL RISK MANAGEMENT

(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 and cash balances.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

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

(iv) 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 consolidated entity operates in one geographical segment, being South Australia and one industry, mineral mining and exploration.

7. CASH ASSETS

(i) Cash and cash equivalents

	2012 $	2011 $
Bank balances and short term deposits	69,742,604	45,084,267
Cash and cash equivalents in the statement of cash flows	69,742,604	45,084,267

(ii) Term deposits

	2012 $	2011 $
Term deposits*	–	34,000,000
Total term deposits	–	34,000,000

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

The Group's total cash and funds on deposit $69,742,604 (2011:$79,084,267) is exposed to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22.

8. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
Other receivables and accrued interest	626,135	843,747
Security Deposits and Rehabilitation Bonds	67,450	40,930
Total trade and other receivables	693,585	884,677

9. PREPAYMENTS

	2012 $	2011 $
Prepayments	42,688	9,420
Total prepayments	**42,688**	**9,420**

10. EXPLORATION AND EVALUATION EXPENDITURE

	2012 $	2011 $
Cost		
Balance at 1 July	51,958,831	22,278,777
Acquisitions	–	–
Additions	46,145,063	29,680,054
Disposals	–	–
Balance at 30 June	**98,103,894**	**51,958,831**
Carrying amounts		
At 1 July	51,958,831	22,278,777
At 30 June	**98,103,894**	**51,958,831**

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

11. UNRECOGNISED DEFERRED TAX ASSETS

	2012 $	2011 $
Net deferred tax assets have not been recognised in respect of the following:		
Tax losses and exploration deductions	6,781,772	5,849,031
Total unrecognised deferred tax assets	**6,781,772**	**5,849,031**

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.

12. PROPERTY, PLANT AND EQUIPMENT

2012	Land and Buildings $	Plant and Equipment $	Total $
Cost			
Balance at 1 July 2011	9,978,282	1,420,202	11,398,484
Additions	4,184,041	716,116	4,900,157
Disposals	–	(80,218)	(80,218)
Balance at 30 June 2012	**14,162,323**	**2,056,100**	**16,218,423**
Depreciation and impairment losses			
Balance at 1 July 2011	822	294,999	295,821
Depreciation charged to the income statement	228	35,718	35,946
Depreciation charged to exploration projects	460	297,641	298,101
Disposals	–	(31,718)	(31,718)
Balance at 30 June 2012	**1,510**	**596,640**	**598,150**
Carrying amounts			
At 1 July 2011	9,977,460	1,125,203	11,102,663
At 30 June 2012	**14,160,813**	**1,459,460**	**15,620,273**

2011	Land and Buildings $	Plant and Equipment $	Total $
Cost			
Balance at 1 July 2010	16,953	478,721	495,674
Acquisitions	9,961,329	945,228	10,906,557
Disposals	–	(3,747)	(3,747)
Balance at 30 June 2011	**9,978,282**	**1,420,202**	**11,398,484**
Depreciation and impairment losses			
Balance at 1 July 2010	114	121,889	122,003
Depreciation charged to the income statement	342	62,017	62,359
Depreciation charged to exploration projects	366	114,587	114,953
Disposals	–	(3,494)	(3,494)
Balance at 30 June 2011	**822**	**294,999**	**295,821**
Carrying amounts			
At 1 July 2010	16,839	356,832	373,671
At 30 June 2011	**9,977,460**	**1,125,203**	**11,102,663**

13. TRADE AND OTHER PAYABLES

	2012 $	2011 $
Other trade payables and accrued expenses	4,287,992	3,168,171
Total trade and other payables	4,287,992	3,168,171

14. EMPLOYEE BENEFITS

	2012 $	2011 $
Current		
Liability for annual leave	309,823	269,438
Non-current		
Liability for long service leave	168,248	–
Total employee benefits	478,071	269,438

Assumptions made with respect to the measurement of the liability for long service leave are in accordance with accounting policy note 3f(ii).

15. EQUITY

(i) Movements in shares on issue:

	Date of Issue	Number of Shares	Issue Price $	$
Opening balance at 1 July 2011		153,635,519		137,665,189
Issue of Ordinary Shares – Property purchase	22/02/2012	211,765	1.564	331,200
Capital Raising – Placement	11/04/2012	22,600,000	1.200	27,120,000
Less costs of Placement				(1,491,600)
Exercise of Employee Options – funds received	24/05/2012	60,000	0.552	33,120
Capital Raising – Placement	24/05/2012	12,400,000	1.200	14,880,000
Less costs of Placement				(852,646)
Closing balance at 30 June 2012		188,907,284		177,685,263

15. EQUITY (CONTINUED)

(i) Movements in shares on issue (Continued):

	Date of Issue	Number of Shares	Issue Price $	$
Opening balance at 1 July 2010		114,389,460		52,948,677
Exercise of Employee Options – funds received	02/08/2010	100,000	0.102	10,200
Exercise of Employee Options – funds received	02/08/2010	60,000	0.552	33,120
Exercise of Employee Options – funds received	03/09/2010	60,000	0.552	33,120
Exercise of Employee Options – funds received	01/10/2010	90,000	0.217	19,530
Exercise of Employee Options – funds received	01/10/2010	500,000	0.102	51,000
Issue of Ordinary Shares – Placement	19/10/2010	17,000,000	2.500	42,500,000
Less costs of the Placement				(2,340,000)
Exercise of Employee Options – funds received	05/11/2010	6,000	1.222	7,332
Issue of Ordinary Shares – Share Purchase Plan	24/11/2010	1,079,000	2.500	2,697,500
Issue of Ordinary Shares – Placement	03/12/2010	17,000,000	2.500	42,500,000
Less costs of the Placement				(2,570,736)
Exercise of Employee Options – funds received	06/01/2011	12,300	1.222	15,031
Exercise of Employee Options – funds received	13/01/2011	20,700	1.222	25,295
Issue of Ordinary Shares – property purchase	31/03/2011	311,419	2.890	900,000
Exercise of Employee Options – funds received	31/03/2011	60,000	0.217	13,020
Exercise of Founding Options – funds received	14/04/2011	750,000	0.102	76,500
Exercise of Options – funds received	20/05/2011	1,000,000	0.152	152,000
Exercise of Founding Options – funds received	17/06/2011	1,000,000	0.102	102,000
Issue of Ordinary Shares – property purchase	24/06/2011	196,640	2.500	491,600
Closing balance at 30 June 2011		153,635,519		137,665,189

(ii) Movements in options on issue:

	Date of Issue	Number of Options	Exercise Price $	Expiry Date
Opening balance as at 1 July 2011		2,461,000		
Lapse of Options – employees	06/05/2011	(40,000)	3.000	30/04/2014
Exercise of Options - employees	19/06/2009	(60,000)	0.552	31/05/2012
Lapse of Options – employees	06/05/2011	(280,000)	3.000	30/04/2014
Issue of Options – employees	24/05/2012	1,680,000	1.200	30/04/2015
Closing balance as at 30 June 2012		3,761,000		

15. EQUITY (CONTINUED)

(ii) Movements in options on issue (Continued):

	Date of Issue	Number of Options	Exercise Price $	Expiry Date
Opening balance at 1 July 2010		4,520,000		
Exercise of Options – founding	06/06/2007	(1,750,000)	0.102	30/06/2011
Exercise of Options – employees	31/07/2007	(600,000)	0.102	30/06/2011
Exercise of Options	12/09/2007	(1,000,000)	0.152	30/06/2011
Exercise of Options – employees	03/12/2007	(150,000)	0.217	30/06/2011
Exercise of Options – employees	19/06/2009	(120,000)	0.552	31/05/2012
Exercise of Options – employees	04/06/2010	(39,000)	1.222	24/05/2013
Issue of Options – employees	06/05/2011	1,600,000	3.000	30/04/2014
Closing balance as at 30 June 2011		2,461,000		

(iii) Movements in share based payment reserve:

	$
Opening balance at 1 July 2011	1,137,690
Employee share based payments	359,520
Transferred to Retained earnings	(186,210)
Closing balance at 30 June 2012	1,311,000
Opening balance at 1 July 2010	520,080
Employee share based payments	864,000
Transferred to Retained earnings	(246,390)
Closing balance at 30 June 2011	1,137,690

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

16. FINANCE INCOME AND EXPENSE

	2012 $	2011 $
Finance income – interest income on bank deposits	3,082,412	3,816,443
Finance expense	–	–
Net finance income and expense	3,082,412	3,816,443

17. EMPLOYEE BENEFITS EXPENSE

	2012 $	2011 $
Wages and salaries	1,735,467	1,104,313
Share based payments expense	94,160	194,400
Increase in liability for annual leave	31,850	127,449
Increase in liability for long service leave	93,803	–
Total employee benefits expense	1,955,280	1,426,162

18. INCOME TAX EXPENSE
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFIT

	2012 $	2011 $
Profit/(Loss) before tax for the period	(544,862)	593,266
Income tax using the domestic corporation tax rate of 30% (2011: 30%)	(163,459)	177,980
Increase in income tax due to:		
Non-deductible expenses	28,622	262,186
Decrease in income tax expense due to:		
Net effect of tax assets not recognised	134,837	(440,166)
Total income tax expense/(benefit) on pre-tax net profit	–	–

19. EARNINGS PER SHARE

	2012 cents	2011 cents
Earnings Per Share		
Basic EPS	(0.34)	0.43
Diluted EPS per share – cents	(0.34)	0.42

(a) Basic earnings per share

The calculation of basic earnings/(loss) per share (EPS) at 30 June 2012 was based on the loss attributable to ordinary equity holders of $544,862 (2011: $593,266 profit) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2012 of 159,926,855 (2011: 137,764,389).

(b) Diluted earnings per share

The calculation of diluted earnings/(loss) per share (EPS) at 30 June 2012 is the same as basic diluted earnings/(loss) per share. In accordance with AASB 133 – **Earning per share**, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. (2011: $593,266 profit and a weighted average number of ordinary shares outstanding after adjustment for unexercised options 140,225,389 shares).

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2012 $	2011 $
Cash flows from operating activities		
Profit/(Loss) before tax for the period	(544,862)	593,266
• Adjustments for non cash items:		
Depreciation	35,946	62,359
Share based payment transactions	94,160	194,400
• Adjustments for other items:		
Profit/(loss) on disposal of property plant and equipment	8,751	(50)
Operating loss before changes in working capital and provisions	(406,005)	849,975
(Increase)/decrease in trade and other receivables	463,222	(562,969)
(Decrease)/increase in trade and other payables	(5,506)	(183,556)
(Decrease)/increase in employee benefits	208,633	127,449
Net cash (used in)/from operating activities	260,344	230,899

During the current and prior years, the Group had the following non-cash investing and financing activities which are not reflected in the statement of cash flows (refer note 15):

(a) Issue of options to employees, some of which have been capitalised as exploration expenditure.

(b) Issue of shares as part of the purchase consideration for land.

21. SHARE BASED PAYMENTS

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

The following options were granted during the financial year ending 30 June 2012:

Employees Entitled	Grant Date	Number of Options	Expiry Date
Key management personnel (A)	24/05/2012	400,000	30/04/2015
Other employees (A)	24/05/2012	1,280,000	30/04/2015
Total		1,680,000	

The following options were granted during the financial year ending 30 June 2011:

Employees Entitled	Grant Date	Number of Options	Expiry Date
Key management personnel (B)	06/05/2011	240,000	30/04/2014
Other employees (B)	06/05/2011	1,360,000	30/04/2014
Total		1,600,000	

Key management personnel and employee options (A) are exercisable at a price of $1.20 each, have no vesting period and expire on 30 April 2015. Key management personnel and employee options (B) are exercisable at a price of $3.00 each, have no vesting period and expire on 30 April 2014. Each option entitles the holder to subscribe for 1 ordinary share in the Company.

All options vest on the grant date. Options expire on the expiry date, unless the options have not been exercised and the employee leaves the Company in which case the options will lapse if they are not exercised within 60 days of departure These options do not entitle the holder to participate in any share issue of the Company or any other related entity.

21. SHARE BASED PAYMENTS (CONTINUED)

(a) Fair value of share options and assumptions

The fair value of the unlisted options granted was calculated at the date of the grant based upon the Black Scholes option pricing model. As the options vest on grant, the fair value of the options is allocated to the reporting period in which they are granted.

Employees entitled	**(A)**	**(B)**
Fair value at grant date	$0.21	$0.54
Share price at date of grant	$0.91	$2.51
Exercise price	$1.20	$3.00
Expected volatility	50%	38%
Option life (years)	2.54	2.49
Risk free interest rate	2.33%	4.96%

The common method for valuing options is the Black Scholes option pricing model. The Black Scholes option pricing model looks at the past share price as an indicator of the future share price. The 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.

(b) Employee expenses

	2012 $	**2011 $**
Share options granted in 2011 – recognised in income statement	–	194,400
Share options granted in 2011 – capitalised to exploration projects	–	669,600
Share options granted in 2012 – recognised in income statement	94,160	–
Share options granted in 2012 – capitalised to exploration projects	265,360	–
Total recognised as share based payments	**359,520**	**864,000**

22. FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

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

(b) Fair value

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

22. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

Financial liabilities Group	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1–2 years**
	$	**$**	**$**	**$**
2012				
Trade and other payables	4,287,992	(4,287,992)	(4,287,992)	–
	4,287,992	(4,287,992)	(4,287,992)	–
2011				
Trade and other payables	3,168,171	(3,168,171)	(3,168,171)	–
	3,168,171	(3,168,171)	(3,168,171)	–

(d) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits. At balance date, the Group had the following financial assets exposed to interest rate risk:

	2012 $	**2011 $**
Cash and cash equivalents	69,742,604	45,084,267
Term Deposits	–	34,000,000
Total Cash and Term Deposits	69,742,604	79,084,267

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 2012, 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)**	
	2012 $	**2011 $**	**2012 $**	**2011 $**
Group				
+1% (100 basis points)	733,391	747,097	–	–
- 1% (100 basis points)	(733,391)	(747,097)	–	–

The movements in profit or loss are due to higher/lower interest earnings on cash balances and term deposits. The movements in equity are directly linked to movements in the Income Statement.

(e) Impairment losses

None of the Group's receivables are past due (2011: nil).

23. EXPLORATION EXPENDITURE COMMITMENTS

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

	2012 $	2011 $
Not later than one year	1,397,000	682,000
Later than one year but not later than five years	5,708,000	2,728,000

24. CONTINGENCIES

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

The Group's bankers have provided guarantees amounting to $20,000 to certain Government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to $20,000 as at 30 June 2012 (2011: nil).

25. 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
Non-Executive Directors		
Mr Paul Chapman	Chairperson	Appointed 18 April 2007
Mr Richard Laufmann	Chairperson – Remuneration Committee	Appointed 16 May 2007
Mr Alister Maitland	Chairperson – Audit Committee	Appointed 16 September 2011
Executive Director		
Mr Steven Olsen	Managing Director	Appointed 13 May 2007
Executives		
Ms Amber Rivamonte	Company Secretary	Appointed 16 July 2007
Ms Janet Mason	CFO	Appointed 19 December 2008
Mr Patrick Say	Geology Manager	Appointed 1 July 2010

Mr Mark Parry was appointed as Managing Director on 24 September 2012, with a commencement dated of 15 October 2012.

There have been no other changes to key management personnel between 1 July 2012 and the date of this report.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

The key management personnel compensation included in "Employee Benefits Expenses" (see note 17) and "Exploration and Evaluation" (see note 10) are as follows:

	2012 $	2011 $
Short term employee benefits	1,243,766	1,054,919
Post employment benefits	103,332	78,449
Share based payments	85,600	129,600
Other long term benefits	90,447	-
	1,523,145	1,262,968

(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 are provided in the Remuneration Report section of the Directors' Report on pages 30 to 35.

No member of 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.

(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:

2012	Note	Held at 1 July 2011	Exercised during year	Granted as compen-sation	Vested during year	Held at 30 June 2012	Vested and Exercisable at 30 June 2012
Directors							
Mr Paul Chapman		–	–	–	–	–	–
Mr Richard Laufmann		–	–	–	–	–	–
Mr Alister Maitland		–	–	–	–	–	–
Mr Steven Olsen		–	–	–	–	–	–
Executives							
Ms Amber Rivamonte		153,800	–	160,000	160,000	313,800	313,800
Ms Janet Mason		153,800	–	80,000	80,000	233,800	233,800
Mr Patrick Say		153,800	–	160,000	160,000	313,800	313,800

25. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Options over equity instruments (Continued)

2011	Note	Held at 1 July 2010	Exercised during year	Granted as compen-sation	Vested during year	Held at 30 June 2011	Vested and Exercisable at 30 June 2011
Directors							
Mr Paul Chapman	(i)	250,000	250,000	–	–	–	–
Mr Richard Laufmann	(ii)	1,000,000	1,000,000	–	–	–	–
Mr Steven Olsen	(iii)	500,000	500,000	–	–	–	–
Executives							
Ms Amber Rivamonte		73,800	–	80,000	80,000	153,800	153,800
Ms Janet Mason		73,800	–	80,000	80,000	153,800	153,800
Mr Patrick Say		73,800	–	80,000	80,000	153,800	153,800

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. All of these options were acquired in 2007 as founding options and not granted as compensation to key management personnel.

(ii) Held indirectly through Natalie Laufmann. All of these options were acquired in 2007 as founding options and not granted as compensation to key management personnel.

(iii) Held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. All of these options were acquired in 2007 as founding options and not granted as compensation to key management personnel.

(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 personnel, including their related parties, is as follows:

2012	Note	Held at 1 July 2011 or date appointed as a director	Purchases	Received on Exercise of options	Sales	Held at 30 June 2012
Directors						
Mr Paul Chapman	(i)	3,524,000	120,833	–	–	3,644,833
Mr Richard Laufmann	(ii)	3,500,000	41,666	–	–	3,541,666
Mr Alister Maitland	(iii)	202,000	–	–	–	202,000
Mr Steven Olsen	(iv)	6,002,000	25,000	–	–	6,027,000
Executives						
Ms Amber Rivamonte		850,000	–	–	–	850,000
Ms Janet Mason		130,000	–	–	–	130,000
Mr Patrick Say	(v)	120,000	18,667	–	–	138,667

25. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Movements in shares (Continued)

2011	Note	Held at 1 July 2010 or date appointed as a director	Purchases	Received on Exercise of options	Sales	Held at 30 June 2011
Directors						
Mr Paul Chapman		3,270,000	4,000	250,000	–	3,524,000
Mr Richard Laufmann		2,500,000	–	1,000,000	–	3,500,000
Mr Steven Olsen		5,500,000	2,000	500,000	–	6,002,000
Executives						
Ms Amber Rivamonte		850,000	–	–	–	850,000
Ms Janet Mason		130,000	–	–	–	130,000
Mr Patrick Say		120,000	–	–	–	120,000

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

(i) 1,876,166 held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Superannuation Fund 1,768,667 held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Investment Fund.

(ii) 3,500,000 held indirectly through Natalie Laufmann. 41,666 held by Laufman Long term investments Pty Ltd.

(iii) Held indirectly through the Alister Maitland Superannuation Fund.

(iv) 6,002,000 held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. 25,000 held through SSO Super Pty Ltd as Trustee for the SSO Super fund.

(v) 16,667 held indirectly through the Say Family Super Fund.

(d) Director related entities

There were no other transactions with Director related entities.

26. RELATED PARTIES

(a) Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 27), and with its key management personnel (see note 25).

(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. As at 30 June 2012, such loans totalled $110,455,579 (2011: $59,786,815).

27. GROUP ENTITIES

	Country of Incorporation	Ownership Interest 2012	2011
Parent entity			
Rex Minerals Ltd	Australia		
Subsidiaries			
Rex Minerals (SA) Pty Ltd	Australia	100%	100%
Rex Minerals (Iron Ore) Pty Ltd	Australia	100%	100%
Rex Hillside (Property) Pty Ltd	Australia	100%	100%

28. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2012 the parent company of the Group was Rex Minerals Ltd.

	2012 $	2011 $
Result of the parent entity		
Profit/(loss) for the period	(544,862)	593,266
Other comprehensive income	–	–
Total comprehensive income/(loss) for the period	**(544,862)**	**593,266**
Financial position of the parent entity at year end		
Current assets	180,935,769	139,765,179
Total assets	**181,333,528**	**140,184,642**
Current liabilities	1,896,148	581,993
Total liabilities	**1,896,148**	**581,993**
Total equity of the parent entity comprising of:		
Share capital	177,685,263	137,665,189
Reserves	1,311,000	1,137,690
Retained earnings	441,118	799,770
Total equity	**179,437,381**	**139,602,649**

Parent entity contingent liabilities

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

The Company's bankers have provided guarantees amounting to $20,000 to certain Government bodies as security over the Company's performance of rehabilitation obligations on certain tenements. Under the agreement, the Company has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to $20,000 as at 30 June 2012 (2011: nil).

29. SUBSEQUENT EVENTS

The Company announced on 24 September 2012 the appointment of Mr Mark Parry to the role of Managing Director and Chief Executive Officer. Mr Parry's contract is for an initial term of 3 years and is due to commence on 15 October 2012. He will be provided with a base salary of $550,000 per year inclusive of superannuation as well as a sign on bonus of $150,000. He will also be eligible for a special project bonus of $150,000 if he is successful in securing or substantially advancing a financing package for the Hillside project prior to 1st July 2013. In addition, Mr Parry has been issued a total of 3.0 million options with an exercise price of $0.91 with an expiry of 31 August 2017. Current and founding Managing Director Mr Steven Olsen will remain on the Board and will continue to play an important role for the Company as it makes the transition from an explorer to a development company. Mr Olsen will move into the role of Executive Director for Business Development until 31 July 2013, subject to renewal by agreement.

Other than the events described above, subsequent to 30 June 2012 there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

30. AUDITORS' REMUNERATION

	2012 $	2011 $
KPMG Australia		
Audit services	42,200	40,000
Other services	–	–

DIRECTORS' DECLARATION

1 In the opinion of the directors of Rex Minerals Ltd (the Company):

(a) the consolidated financial statements and notes and the Remuneration report, identified within the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

3 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Melbourne this 28th day of September 2012

Signed in accordance with a resolution of the Directors:

Steven Olsen
Managing Director

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 2012 there have been:

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

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

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

28 September 2012

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 consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 30 comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report identified within the directors' report for the year ended 30 June 2012. 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 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

28 September 2012

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

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 19 September 2012

Name of Ordinary Shareholder	Number of Shares	% of Shares Held
BlackRock Investment Management (Australia) Limited	13,139,171	6.96%
JP Morgan Chase & Co	12,955,481	6.86%
Grand South Development	11,785,777	6.24%
Northward Capital Pty Ltd	9,655,626	5.11%

b) Listing of 20 largest shareholders as at 19 September 2012

Rank	Name	Designation	Number of Shares Held	% of Issued Capital
1	J P Morgan Nominees Australia Ltd		37,268,908	19.73%
2	National Nominees Ltd		24,592,824	13.02%
3	HSBC Custody Nominees Aust Ltd		13,912,059	7.36%
4	Grand South Development Limited		11,785,777	7.67%
5	Greenstone Property Pty Ltd		6,194,960	3.28%
6	S & S Olsen PL		6,002,000	3.18%
7	Natalie Laufmann		3,500,000	1.85%
8	Greenstone Property Pty Ltd		2,825,000	1.50%
9	Stone Poneys Nominees PL	Chapman S/F A/C	1,876,166	0.99%
10	Stone Poneys Nominees PL	Chapman Inv Fund	1,768,667	0.94%
11	Citicorp Nom PL		1,715,848	0.91%
12	JP Morgan Nominees Australia Ltd	Cash Income A/C	1,058,432	0.56%
13	Avoca Resources Ltd		1,000,000	0.53%
14	James Gardiner		1,000,000	0.53%
15	Citicorp Nominees Pty Ltd		911,597	0.48%
16	HSBC Custody Nominees (Australia) Ltd	NT-Commonwealth Super Corp A/C	908,602	0.48%
17	Philippa Jean Laufmann	Laufmann Family A/C	900,000	0.48%
18	Amber Rivamonte		850,000	0.45%
19	James Ronald Selkirk		800,000	0.42%
20	RBC Investor Services Australia Nominees Pty Limited	BKCust A/C	749,348	0.40%
Total			119,620,187	63.32%

c) Distribution of shareholders as at 19 September 2012

Range	Total Holders	Units	% of Issued Capital
1-1,000	853	468,212	0.25%
1,001-5,000	1,684	4,892,846	2.59%
5,001-10,000	804	6,377,315	3.38%
10,001-100,000	1,101	31,542,390	16.69%
100,001 - over	138	145,626,521	77.09%
Total	4,580	153,635,519	100.00%

d) Number of shareholders holding less than a marketable parcel as at 19 September 2012

538

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.

ANNUAL REPORT

2012

CONTACT

A 209 Dana Street Ballarat
Victoria 3350 Australia

P PO Box 626W Ballarat West
Victoria 3350 Australia

T +61 (0) 3 5337 4000
F +61 (0) 3 5331 1776

E info@rexminerals.com.au
W www.rexminerals.com.au

REX MINERALS LTD