

Rex Minerals Ltd

(RXM \$0.22) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Mike Millikan	14 th December 2022	Under Review

Hillside Cu-Au Optimised Feasibility Study +42ktpa Cu @ -US\$1.80/lb AISC

Key Points

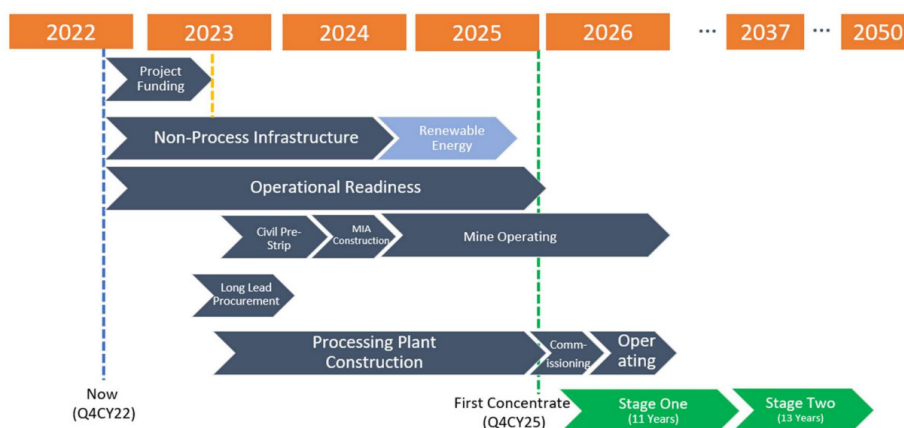
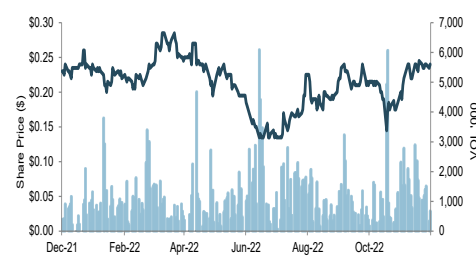
Optimised Feasibility Study (OFS) for RXM's 100%-owned **Hillside Copper-Gold Project**, located ~150km from Adelaide, SA. Stage One of the development provides a **long-life (+11 years) scaleable operation delivering +42ktpa copper and 30kozpa gold at estimated AISC of US\$1.79/lb Cu, pre-production capex A\$854m (US\$598m)**. Subject to financing first concentrates targeted Q4CY25.

- Hillside remains one of the most significant copper-gold development project in Australia, with the project underpinned by strong reserves and resources for large-scale open pit extraction, conventional flotation processing to produce highly saleable copper-gold concentrates.
- Key outcomes of the OFS include:
 - Open pit operation 6-8Mtpa** (30% higher than FS)
 - Reserve: 186Mt @ 0.53% Cu, 0.14g/t Au for 989kt copper and 834koz gold
 - Resource: 337Mt @ 0.56% Cu, 0.14g/t Au for 1,897kt copper and 1,528koz gold
 - Stage One Mine Plan: **82Mt @ 0.62% Cu, 0.17g/t Au for 505kt copper and 435koz gold**
 - Strip ratio 6.9:1 (waste:ore)
 - 11 year mine life, only 51% of reserves or 26% of resources
 - Stage Two opportunities to extend mine life beyond 20 years
 - Production levels: ramp-up to **42ktpa copper, 30kozpa gold** in concentrate
 - FS production levels were ~35ktpa copper, ~24kozpa gold
 - Good opportunities to lift production levels higher while adding mine life
 - High quality copper concentrates (~27% Cu grades, very good 92% recoveries), low deleterious elements low arsenic (<45ppm), low uranium (<45ppm) and low halides (F <100ppm & Cl <100ppm) - highly sought after by potential offtake partners
 - Operating costs: C1 cash costs US\$1.52/lb Cu; **AISC US\$1.79/lb Cu**
 - Pre-prod capex: **A\$854m (US\$598m)** - includes cost of mining fleet, pre-strip and contingencies
 - Up on the previous FS, but 30% scale increase with some inflationary costs
 - Payback ~4 years (assuming US\$3.92/lb Cu, US\$1610/oz Au and 0.70 A\$:US\$)
 - Targeting first concentrate production late Q4CY25** (subject to financing)

Rex Minerals Ltd (RXM)

Share Price	0.22	A\$/sh
Price Target	UR (0.70)	A\$/sh
Valuation	UR (0.80)	A\$/sh
Shares on issue	593	m(dil)
Market Capitalisation	130	A\$m
Enterprise Value	94	A\$m
Debt	0	A\$m
Cash	36.5	A\$m
Largest Shareholder	Ellerston	8.1%

Share Price Chart



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Rex Minerals Ltd

(RXM \$0.22) Speculative Buy

- Hillside is fully permitted with key approvals in place, both state and local support, well located with good infrastructure.
- Strong interest from potential financiers (conventional banks, suppliers, smelters and metal traders), with RXM currently investigating potential partners for part project sell-down. We assume the project can support a high debt level.
- RXM current cash A\$36.5m, we maintain our **Speculative Buy**. PT Under Review.

Pre-Production Capital	Units	2020 Outcome	2022 Outcome
Processing Plant & Associated Infrastructure	A\$M	226	347
Mining Fleet	A\$M	158	160
Non-Processing Infrastructure	A\$M	90	179
Contingency & Growth	A\$M	48	87
Total Pre-Production Capital	A\$M	523	773
Mine Development Operating Costs (including pre-strip)	A\$M	62	81
Total Pre-Production Costs	A\$M (US\$M)	585 (410)	854 (598)

Operating Cost Summary	Units	2020 Outcome	2022 Outcome
Strip Ratio (after initial pre-strip)	waste:ore	6.7:1	6.9:1
Average Mining Cost per tonne	A\$/t	2.18	2.08
Average Mining Cost per ore tonne (after initial pre-strip)	A\$/t	14.51	16.86
Processing Cost per tonne	A\$/t	10.43	10.32
Other Operating (G&A) Costs per tonne	A\$/t	1.92	2.27
Average Total Operating Costs per tonne (excl. pre-strip)	A\$/t	26.86	29.45

Key Financial Metrics ^a	Units	2020 Outcome	2022 Outcome
Project Revenue	A\$M	4,524	6,250
Operating Costs	A\$M	2,447	2,396
C1 Cash Costs (includes by-product credits)	US\$/lb	1.38	1.52
AISC	US\$/lb	1.60	1.79
Pre-tax NPV	A\$M	751 ^{5%}	1,252 ^{4.88%}
Post-tax NPV	A\$M	501 ^{5%}	847 ^{4.88%}
Post-tax Internal Rate of Return (IRR)	%	16.2	19
IRR (Nominal)		n/a	23
Payback period (years)	Years	5	4.3
EBITDA (annualised)	A\$M	n/a	287

		Commodity Price Consensus Range ^{b,c} 'Midpoint'	Commodity Price Consensus Range ^{b,c}	Spot Case ^a	Goldman Sachs 'Demand Case' ^{c,d}
Copper Price	US\$/lb	3.92	3.60 – 4.20	3.82	5.90
Gold Price	US\$/oz	1,610	1,490 - 1,730	1,785	1,730
Exchange Rate	A\$:US\$	0.70	0.70	0.67	0.70
Pre-Tax NPV ^e	A\$M	1,252	914 – 1,552	1,390	3,144
Post-Tax NPV ^e	A\$M	847	610 – 1,058	944	2,174
Post-Tax IRR ^e	% real % nominal	19 23	16 – 22 20 – 27	21 25	37 42
C1 Cash Costs (after by-products)	US\$/lb	1.52	1.56 - 1.48	1.39	1.47
AISC	US\$/lb	1.79	1.82 - 1.77	1.66	1.83
Payback period	Years	4.3	5.1 - 3.7	4	2.3

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Rex Minerals Ltd

(RXM \$0.22) Speculative Buy

Investment Thesis

Hillside remains a compelling copper-gold development opportunity (large-scale, shovel-ready, fully permitted) but construction remains subject to financing. Hillside Stage 1 open pit forecast to produce copper of ~42ktpa and gold of ~30kozpa at AISC of ~US\$1.80/lb Cu. Pre-production capex hurdle of ~A\$854m (<US\$600m) is up on the FS but now a larger scale project with higher production levels. Large reserve position (989kt of contained copper and 834koz gold), for a long mine-life which has potential to be adjusted by higher processing throughputs over time. M&A activity within the SA copper space (BHP bid for OZL) and we anticipate more consolidations to come, highlighting the appeal of significant-scale copper projects (such as Hillside). Speculative Buy retained, PT Under Review.

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