



COPPER SA | GOLD NEVADA

2021

ANNUAL REPORT



ABN 12 124 960 523

2021

ANNUAL REPORT

ABN 12 124 960 523



CORPORATE DIRECTORY

DIRECTORS

Mr Ian Smith (Non-Executive Chairman)
Mr Richard Laufmann (CEO and Managing Director)
Ms Amber Rivamonte (Executive Director)
Mr Ron Douglas (Non-Executive Director)
Mr Greg Robinson (Non-Executive Director)

COMPANY SECRETARY

Ms Kay Donehue

PRINCIPAL and REGISTERED OFFICE

68 St Vincent Highway
Pine Point, South Australia 5571

CONTACT DETAILS

Rex Minerals Ltd
PO Box 3435
Rundle Mall, South Australia 5000
Telephone: 1300 822 161 (Australia)
Telephone: +61 3 9068 3077 (International)
Email: rex@rexminerals.com.au
Website: www.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 Australia
151 Pirie Street
Adelaide, South Australia 5000

BANKERS

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

Ord Minnett Limited

Level 22, 35 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS

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

OPERATION LOCATIONS

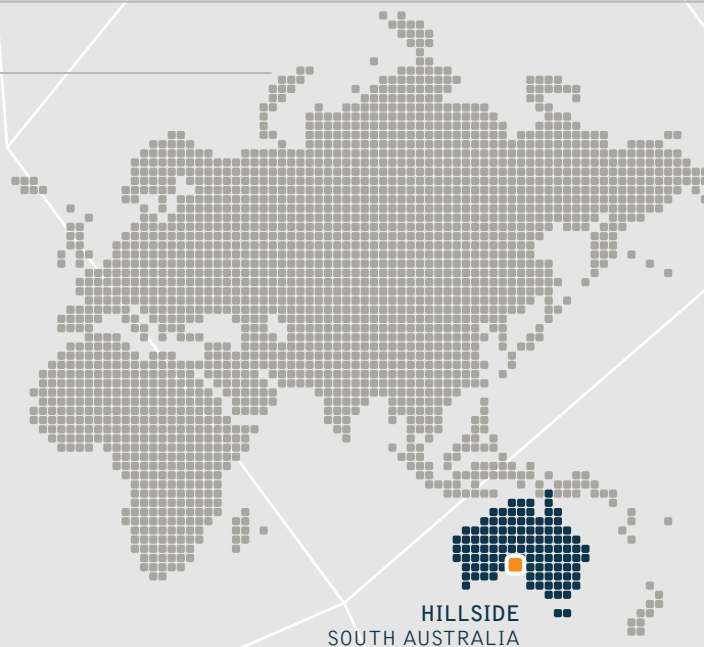
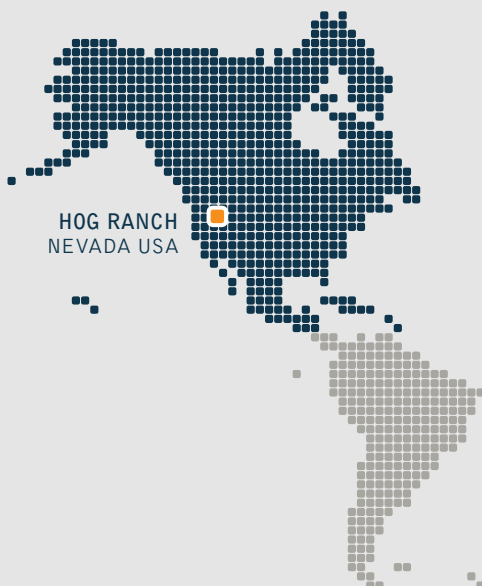




TABLE OF CONTENTS

LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER	2
REVIEW OF OPERATIONS	3-12
DIRECTORS' REPORT	13-25
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	27
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	28
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	29
CONSOLIDATED STATEMENT OF CASH FLOWS	30
NOTES TO THE FINANCIAL STATEMENTS	31-47
DIRECTORS' DECLARATION	48
LEAD AUDITOR'S INDEPENDENCE DECLARATION	49
INDEPENDENT AUDITOR'S REPORT	50-52
ADDITIONAL SHAREHOLDER INFORMATION	54





Dear Fellow Shareholder,

The past year has seen a turning point for the Company – and we expect momentum to accelerate over the coming 12 months.

Let us reflect on some key achievements:

- At Hillside, we nearly doubled the Ore Reserves, from 500,000 to 1 million tonnes of copper;
- At Hog Ranch, we grew the Mineral Resources from 1.4 to 2.2 million ounces of gold; and
- We now have more cash at bank than the entire market capitalisation of the Company 12 months ago.

Rex owns a very significant copper-gold development in South Australia and an emerging gold project in Nevada. Both are company-making assets.

Our ongoing drive to evolve, progress and adapt will lead to continued optimisation of the Company's vision, purpose and associated capabilities.

The vision now acknowledges the significant role of copper as a critical mineral in the global shift towards new technologies required for a low-carbon economy. This will be driven by a renewed purpose.

Underpinned by our values, the Company's commitment to people, communities and the environment will continue to demonstrate the ethical and transparent way we do business.

The solution to the challenge of climate change relies heavily on increased electrification which will increase greatly the demand for copper. Such metals are strategically crucial. Our Hillside Project will aid a better future.

Regarding COVID-19, the mining industry has been at the forefront in demonstrating how things can progress even as restrictions place added burdens and challenges. Our team is well versed in operating in such an environment.

For Rex, our objectives for the next year are clear. Build our team, begin pre-development and finalise financing of the Hillside Project, and continue to reveal the value of Hog Ranch.

Our most sincere thanks go to the retiring directors for their contribution to the journey and the management who have steered a path for the Company.

We are sincerely grateful to all investors who have demonstrated vital support thus far. Now it is time to deliver the next tier of progress for Rex as we optimise the value that can be brought to all our communities and stakeholders.

Yours sincerely,

A handwritten signature in black ink, appearing to be "I Smith", written over a light blue rectangular background.

Mr Ian Smith
Chairman

A handwritten signature in black ink, appearing to be "R Laufmann", written over a light blue rectangular background.

Mr Richard Laufmann
Chief Executive Officer

T 1300 822 161 (Australia)
T +61 3 9068 3077 (International)
P PO Box 3435 Rundle Mall
South Australia 5000
E rex@rexminerals.com.au
W www.rexminerals.com.au

REX MINERALS LTD

REVIEW OF OPERATIONS for the year ended 30 June 2021

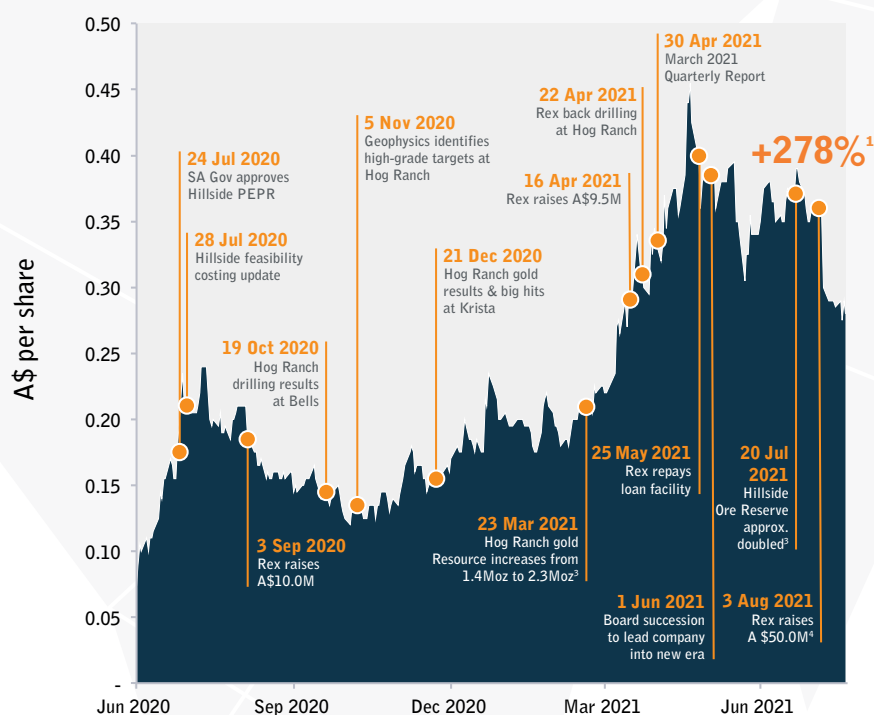
CORPORATE

Rex Minerals Ltd (Rex or the Company) is an investment in copper and gold in two world-class locations. The Hillside Copper-Gold Project (Hillside) and the Hog Ranch Gold Property (Hog Ranch) are each significant assets in their own right. They are underpinned by a strong demand outlook and healthy commodity price forecasts.

In an extended, and perhaps heightened period of ongoing uncertainty, the COVID-19 disruption has been severe and without doubt, continues to reshape the future. Global travel remains unlikely, and domestically, interstate travel has not opened up as hoped and continues to hamper our capacity to execute our work plans. Despite the challenges, Rex has been active and maintained our field program at Hog Ranch, significantly improved the metrics at Hillside and rebuilt the Board to drive the Company into its next and defining phase of development.

This year has been significant for the Company with achievement of the following milestones.

SHARE PRICE CHART¹



KEY MILESTONES¹

✓ SA government approval of Hillside PEPR ²	July 2020
✓ Hillside feasibility costing update	July 2020
✓ \$10M placement completed	September 2020
✓ Successful drilling results at Bells	October 2020
✓ High-grade discovery at Krista	December 2020
✓ SA Mining Act amendments Bill gazetted	January 2021
✓ Hog Ranch Mineral Resources upgrade ³	March 2021
✓ \$9.5M placement completed	April 2021
✓ Loan facility fully repaid	May 2021
✓ Board succession plan completed	June 2021
✓ Hillside Ore Reserves doubled to 988kt ³	July 2021
✓ \$50M placement launched ⁴	August 2021

¹ From 30 June 2020 to 19 August 2021.

² Program for Environment Protection and Rehabilitation.

³ Refer ASX Release – Hog Ranch Gold Resource increases to 2.2Moz dated 23 March 2021; Rex doubles Hillside Ore Reserves dated 20 July 2021.

⁴ Subject to completion of Tranche 2 which requires Rex shareholder approval at a General Meeting to be held in September 2021.

REX MINERALS LTD

REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2021

CORPORATE (CONTINUED)

The milestones (shown on Page 3), including repayment of the Company's \$4.4 million loan facility, were achieved using the funds raised from two important capital raisings. A placement of \$10 million, followed by a share purchase plan raising \$0.87 million, completed in September 2020, and an additional \$9.5 million in April 2021, placed to a handful of supportive institutions.

Designed to drive the Company into its next phase of development, the Board succession plan was finalised on 1 June 2021 and comprised the following changes:

- Ian Smith assumed the role of Non-Executive Chairman;
- Greg Robinson was appointed as a Non-Executive Director and Chairman of the Audit Committee;
- Amber Rivamonte was appointed to the Board as Executive Director of Finance;
- Ron Douglas assumed the role of Chairman of the Remuneration Committee; and
- Chairman of seven years, David Carland, and Non-Executive Director for nine years, Alister Maitland, retired from the Board. These followed the earlier retirement of Non-Executive Director, Mitchell Hooke, on 20 October 2020.

On 4 August 2021, the Company launched a \$50 million two tranche placement. Tranche 1 raised \$5.3 million and settled on 10 August 2021 with Tranche 2, subject to shareholder approval at a General Meeting to be held on 14 September 2021, to raise a further \$44.7 million. The placement received strong support from existing institutional, professional and sophisticated shareholders as well as new institutional investors who were introduced to the Company's share register.

Proceeds from the \$50 million placement will principally be used to fund Hillside pre-development activities including expanding the Project delivery team, commencing early site works and progressing financing workstreams. Rex is targeting a final investment decision (FID) for Stage 1 of Hillside in 4Q CY22 (see Figure 1), which is expected to coincide with a tightening copper market.

	PRELIMINARY WORK			COMMENCEMENT OF OPERATIONS			
	2H CY21	1H CY22	2H CY22	1H CY23	2H CY23	1H CY24	2H CY24
Road Realignment Works							
Environmental Works							
Electrical Infrastructure Works							
Water Infrastructure Works							
Surface Civil Works							
Plant Construction							
Mining Works							

Equity Raising Funding workstreams to be progressed in parallel with pre-development activities

FID Target

Figure 1: Hillside Stage 1 indicative development schedule.

Note: Schedule is indicative only and is subject to change.

CORPORATE (CONTINUED)

Vision, purpose, values

The Company's transition to the next phase of development also encouraged it to review its vision, purpose and values, described further below. This transition also led the Company to revise its governance framework to include new policies on sustainable development; gender, diversity and inclusion; and people and culture in addition to its existing policy suite (refer below Sustainable development).

The Company's vision acknowledges the significant role of copper as a critical mineral in the global shift towards new technologies required for a low-carbon economy. Our vision is to 'produce the minerals needed for the world we all envision.' The Company's purpose sets out how it aims to realise its vision: 'explore and mine responsibly to benefit our stakeholders and contribute to a more sustainable world.'

The vision and purpose are underpinned by the Company's values of responsibility, teamwork, respect, integrity and growth. These values reflect the Company's commitment to the people, communities and environment associated with its activities, the ethical and transparent way it does business and the sustainable and positive impact it strives for.

It is expected that the mission, purpose and values, will guide the Company's progress, be the reference point for decision making and will inspire the Company's people as it transitions to the next stage of development.

Sustainable development

From the commencement of the Company's presence on the Yorke Peninsula in South Australia, location of Hillside, Rex has worked to understand the issues of importance to the local community and region more broadly, and to design Hillside to protect and promote those environment, social and economic values. The same approach is being taken at Hog Ranch in Nevada also.

To that end, a significant milestone was achieved during the year when the South Australian Government approved the Program for Environment Protection and Rehabilitation (PEPR) for Hillside. The PEPR sets out how the Project will mitigate its environmental and social impacts and manage development and operation of Hillside to achieve the outcomes sought by the Company and its stakeholders. This approval was the satisfying result of extensive design and feasibility optimisation, technical studies and approximately 600 separate stakeholder engagements regarding Hillside.

In moving into the next phase of development, and also considering Hog Ranch, the Company is progressing its strategy for sustainable development. It includes:

- health and safety as its top priority;
- managing its material risks to, and impacts on, people and the environment;
- valuing diversity and promoting inclusivity; and
- supporting communities, where it operates, to build resilience and thrive.

This strategy recognises the strong and experienced leadership of the Board and management team in Environmental, Social and Governance (ESG) risk management. They are supported by a governance framework that was strengthened during the year with the addition of new policies – on sustainable development, gender, diversity and inclusion, and people and culture – and revision of existing policies, to reflect the Company's ambition, progress and contribution to a greener, more inclusive and equitable global future.

Stakeholder expectations of mining companies' ESG performance and the material landscape are evolving at an unprecedented rate. As a junior explorer and developer, Rex continues to navigate this landscape, identifying, assessing and mitigating risks to its business and responding to emerging areas of stakeholder interest.

As the Company matures, it will continue to evolve its sustainable development strategy in setting out its sustainability commitments, aligned with relevant industry requirements and frameworks, including the UN Sustainable Development Goals, and establishing targets for its ESG performance.

REX MINERALS LTD

REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2021

CORPORATE (CONTINUED)

Gender, diversity and inclusion

This year, the Board established a stand-alone gender, diversity and inclusion policy. The Company achieved its measurable objectives for gender diversity: female representation of at least 20% of the total workforce; and inclusion of a credible and suitability experienced female candidate for nomination to the Board, who was subsequently appointed (Amber Rivamonte in the role of Executive Director of Finance). At 30 June 2021, women made up 20% of the Rex Board, 67% of senior executives and 31% of the total workforce of the Company.

Climate change

The Company understands that climate change is a significant global challenge and that as a responsible citizen it must identify, assess, action and report its response to climate change challenges. Its approach to climate change – how it manages mitigation and adaptation to climate change impacts, both physical and transitional, as well as the opportunities and risks associated with the transition to a low-carbon future – is evolving as its projects progress. Its focus on copper as a critical mineral input to decarbonisation, electrification and green technologies sits at the core.

Hillside will generate the equivalent of 2,206,853t of carbon dioxide (tCO₂-e) throughout Stage 1's projected 14-year operational life, 60% of which will come from electricity. Electricity will be sourced from the South Australian power grid which is 60% sourced from renewable energy. It will utilise existing infrastructure such as housing, highways, ports and water to minimise its additional carbon footprint associated with the construction of new infrastructure. Rex will explore the use of existing and potential renewable energy, to further reduce the Project's carbon footprint, as appropriate opportunities arise.

HILLSIDE PROJECT – SOUTH AUSTRALIA

Rex is developing its 100% owned, flagship copper-gold Hillside Project, located 165km (two hours) from Adelaide and 12km south of the Ardrossan township on the Yorke Peninsula, South Australia. Hillside is an Iron Oxide Copper Gold (IOCG) deposit, under shallow cover, in the Gawler Craton.

Hillside is one of the largest undeveloped open pit copper projects in Australia and currently contains 2Mt of copper (Cu) and 1.4Moz of gold (Au).

In July 2020, Hillside's PEPR for Stage 1 of the Project was approved by the South Australian Government. Stage 1 has a 13-year mine life and recovers 468kt Cu from the 2Mt Mineral Resources.

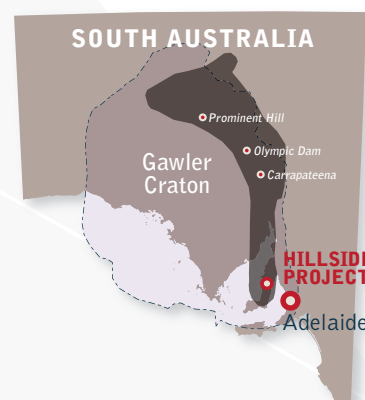
In July 2021, Rex doubled the Ore Reserves to 988kt Cu.

Hillside's mining method is conventional open pit drill, blast, load and haul. The process flowsheet is standard crush, single stage SAG grind and 3-stage flotation circuit. The Project is in close proximity to sealed highways, ports, power and water, as well as a population base to staff the operation. This provides Hillside with substantial cost and capital efficiency advantages compared with equivalent projects.

The Hillside Feasibility Study Costing Update (refer ASX Release 31 July 2020) for Stage 1, forecast a capex of \$585 million (US\$410 million).

Rex believes there has never been a better time or stronger rationale for Australia and its States to champion investment in its people and assets and to future proof, indeed future prosper, the country through projects like Hillside. The Project, alongside other mining developments like it, will be the critical bedrock in the nation's recovery from the COVID-19 pandemic and transition to a prosperous low-carbon economy. It will provide opportunities for wealth creation via local community jobs and business opportunities, government royalties and taxes, and shareholder returns.

Locally, Hillside contributes to the South Australian Government's plans in establishing the State as a world-leading copper precinct, via its Copper Strategy¹. South Australia's vision is to be the major contributor to Australia's aspiration to become the world's third largest copper producer, with the objective to more than triple South Australia's copper production to 1Mtpa by 2030.



¹ Government of South Australia (2016). Department for Energy and Mining: South Australia's Copper Strategy. Adelaide, South Australia.

REX MINERALS LTD

REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2021

HILLSIDE PROJECT – SOUTH AUSTRALIA (CONTINUED)

Hillside Ore Reserves estimate

With the current copper price and outlook well above Rex's incentive price of US\$3.50/lb the Company completed an updated Ore Reserves estimate for Hillside (refer ASX Release 20 July 2021). Figure 2 outlines Hillside's contained copper Ore Reserves relative to a selection of Australian copper developers and producers.

COMPANY RESERVES BY CONTAINED COPPER METAL

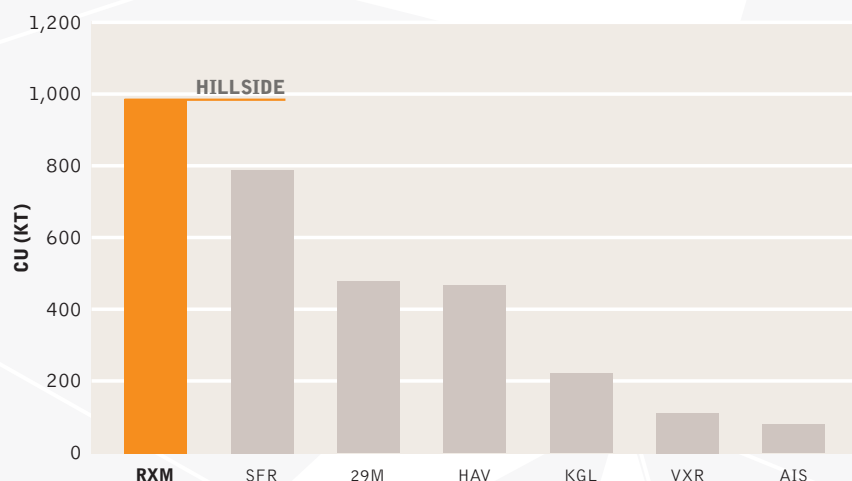


Figure 2: Hillside relative to a selection of Australian copper developers and producers.

The Ore Reserves estimate for the Hillside Project as at July 2021 is 181.6Mt @ 0.54% Cu and 0.14g/t Au, containing 988kt of copper metal and 823koz of gold. The new Ore Reserves summary is presented in Table 1.

Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Proved	58	0.52	0.16	301	308
Probable	123	0.56	0.13	687	515
Total	182	0.54	0.14	988	823

Table 1: Hillside Ore Reserves – July 2021.

Calculations have been rounded to the nearest Mt of ore, 0.01% Cu grade, 0.01g/t Au grade, 1,000t of Cu metal and 1,000ozs of Au metal.

Some apparent errors may occur due to rounding.

The July 2021 Ore Reserves represent an update to the previous Ore Reserves announced to the ASX on 26 May 2015. A comparison of this Ore Reserves estimate to the 2015 estimate is presented in Table 2. There has been no mining or depletion of the 2015 Ore Reserves since their estimation.

Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (kt)	Contained Gold (koz)
Total May 2015	82	0.62	0.16	509	432
Total July 2021	182	0.54	0.14	988	823
% Difference	122%	(13%)	(13%)	94%	90%

Table 2: Comparison between the July 2021 Ore Reserves and the previous May 2015 Ore Reserves.

Calculations have been rounded to the nearest Mt of ore, 0.01% Cu grade, 0.01g/t Au grade, 1,000t of Cu metal and 1,000ozs of Au metal.

Some apparent errors may occur due to rounding.

HILLSIDE PROJECT – SOUTH AUSTRALIA (CONTINUED)

Hillside Ore Reserves estimate (Continued)

The Mineral Resources used as the basis for the Ore Reserves estimate were announced to the ASX on 25 May 2015. Measured and Indicated Resources have been converted to Proved and Probable Ore Reserves respectively, subject to mine design physicals and an economic evaluation. Ore Reserves were estimated by Rex from an updated mine design and mining schedule completed by AMC Consultants and mineral processing work completed by Wood.

The Stage 2 mine plan extends from near-surface to a depth of 560m, which is shallow for IOCG deposits on the Gawler Craton. Rex believes that there is potential to increase the Mineral Resources and Ore Reserves down dip and along strike from the existing Mineral Resources and Ore Reserves as there has been limited drilling below 600m from surface and along strike from the Hillside orebody (see Figure 3).

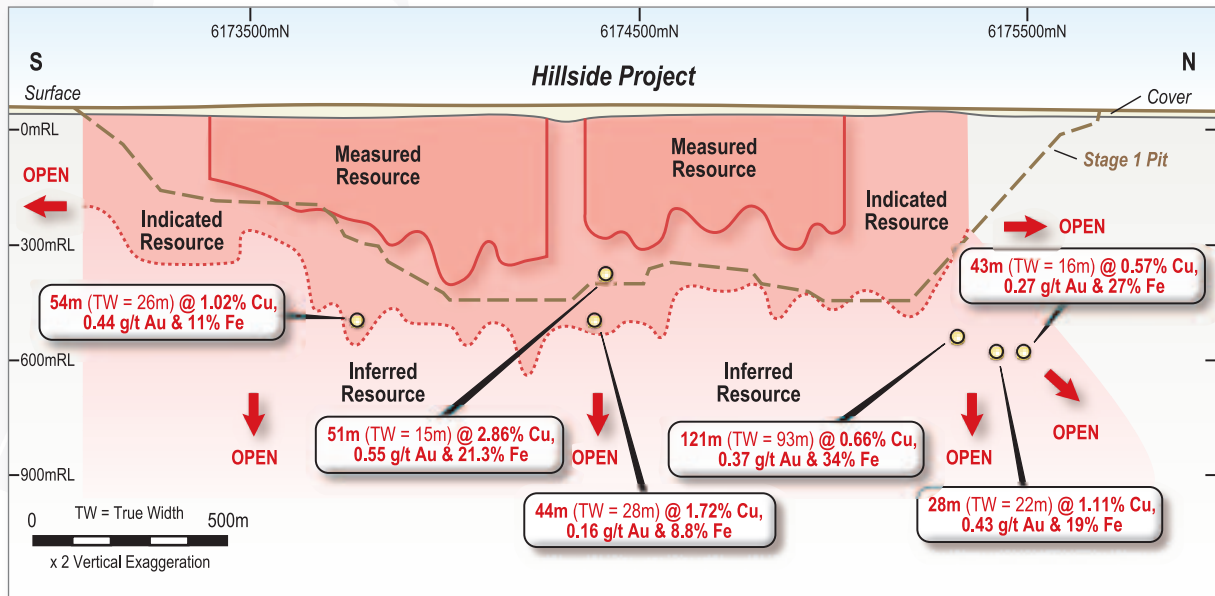


Figure 3: Long section of Hillside orebody upside – open at depth.

SOUTH AUSTRALIAN TENEMENT SCHEDULE at 30 June 2021

South Australia					
Tenement	Location	Lease Status	Area Type	Current Area	Date
EL6531	Moonta South	Granted	km ²	21	09/06/2022
EL6497	Moonta South	Granted	km ²	509	27/07/2022
EL6515	Moonta South	Granted	km ²	257	20/09/2022
EL5981 ¹	Moonta South	Granted	km ²	108	22/06/2021
EL6100	Moonta South	Granted	km ²	94	16/01/2023
EL6136	Moonta South	Granted	km ²	91	19/03/2022
EL6143	Moonta South	Granted	km ²	51	15/04/2022
EL6189	Moonta South	Granted	km ²	354	01/08/2022
EL6245	Moonta South	Granted	km ²	1,168	01/08/2022
EL6455	Moonta South	Granted	km ²	74	04/11/2021
ML6438	Hillside	Granted	Ha	2,998	15/09/2035
EML6439	Hillside	Granted	Ha	225	15/09/2022
MPL146	Hillside	Granted	Ha	94	15/09/2035

¹Renewal documentation submitted to the South Australian Government and currently being processed.

REX MINERALS LTD

REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2021

HOG RANCH – NEVADA, USA

It has been an extremely successful year at Hog Ranch with the exploration effort indicating a much larger target portfolio than previously anticipated. This included a near doubling of the Mineral Resources.

HOG RANCH RESOURCES ESTIMATE

■ INFERRED
■ INDICATED

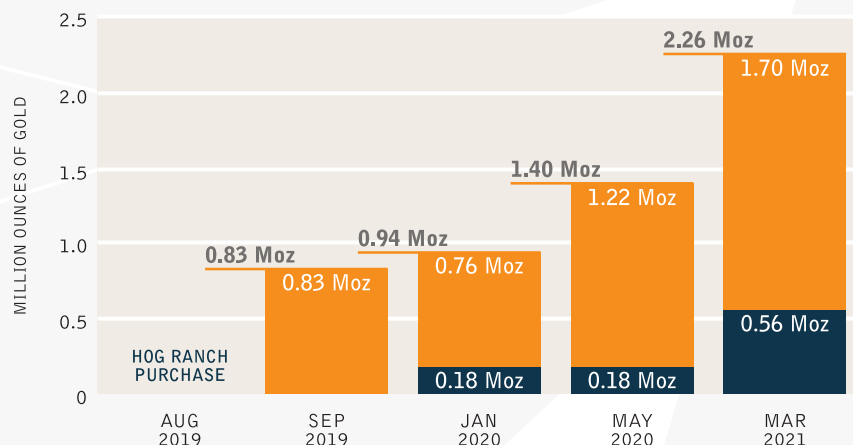


Figure 4: Hog Ranch new Resources estimate of 2.26Moz of gold, delivered 18 months following acquisition.

Drilling results

Drilling was undertaken at the Bells, Krista and Airport/Cameco Project locations with successful extensions to the previously defined gold mineralisation identified at every location.

Another key outcome from the recent drilling effort was the successful test of 3D induced polarisation (IP) targets in the Airport area. The interpretations from the 3D IP have assisted greatly in the identification of new locations where gold mineralisation could exist. Drill holes HR21-010 and HR21-012 were both successful in confirming significant gold mineralisation on two new structures. Drill hole HR21-010 intersected 114.3m @ 0.64g/t gold including a higher-grade section of 36.6m @ 1.4g/t gold, and HR21-021 returned a significant initial hit on a new structure of 56m @ 2.12g/t gold including higher grade intervals of 12.2m @ 3.86g/t gold and 4.6m @ 8.61g/t gold.

A summary of the more noteworthy drill intersections returned over the year is shown in Table 3.

Location	Drill Hole Number	From (m)	To (m)	Down-hole Length (m)	True Width (m)	Average Gold Assay (g/t)
Krista	HR20-023	0	210.3	210.3	~187	0.66
Krista	HR20-025	83.8	184.4	100.6	~93	0.77
Krista	HR20-026	0	125.0	125.0	~103	0.67
Bells	HR20-030	0	33.5	33.5	~29	1.29
Bells	HR21-001	18.3	123.5	105.2	~95	0.55
Airport	HR21-008	7.6	118.9	111.3	~96	0.83
	<i>including</i>	18.3	32.0	13.7	~12	2.27
	<i>including</i>	89.9	100.6	10.7	~9	1.44
New Discovery	HR21-010	94.5	208.8	114.3		0.64
	<i>including</i>	143.3	179.8	36.6		1.4
New Discovery	HR21-012	54.9	111.3	56.4		2.12
	<i>including</i>	57.9	70.1	12.2		3.86
	<i>including</i>	88.4	93.0	4.6		8.61

Table 3: Compositing gold intersections from recent RC drilling at Hog Ranch.

Estimated true widths are based on interpreted dip of gold mineralisation where surrounding drill hole information is available.

In tandem with the drilling programs, further mapping from internationally experienced epithermal gold experts was undertaken at Hog Ranch.

Key findings from the mapping are that there are several large-scale breccias at both Bells and further afield which appear to have an important influence on the emplacement and location of the gold mineralisation at Hog Ranch.

HOG RANCH – NEVADA, USA (CONTINUED)

Drilling results (Continued)

Both the historical drilling information and recent drilling results support this updated interpretation. This interpretation also opens the possibility for larger-scale and higher-grade gold mineralisation focussed around where these breccias are extending to greater depths beyond the current drilling information (see example from Bells in Figure 5).

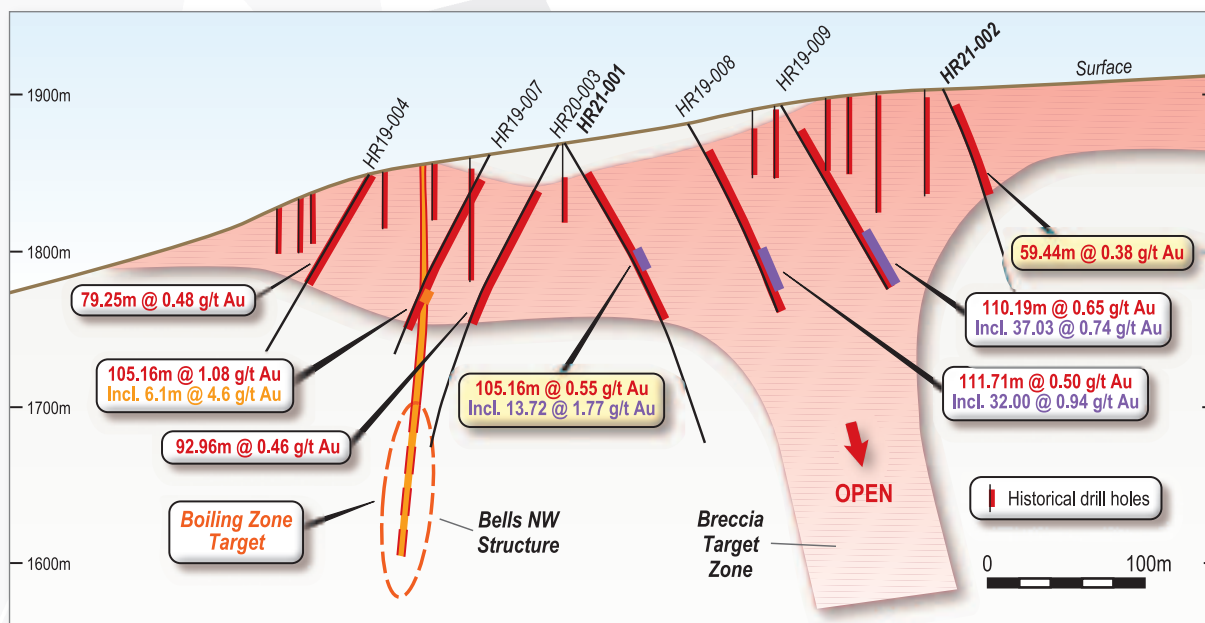


Figure 5: Cross section view at Bells, highlighting drilling results from holes HR21-001 and HR21-002 relative to the surrounding earlier Rex drilling and historical drilling information.

Mineral Resources update

On the back of the successful drilling campaigns, Rex updated the Mineral Resources estimate (refer ASX Release 23 March 2021) at Hog Ranch to 165Mt @ 0.43g/t gold for 2.26Mozs of contained gold. The Mineral Resources update included a substantial increase in the Indicated portion of the Mineral Resources, up from 180koz to 560koz of gold.

Oxide				
Deposit	Cut-off Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Gold (koz)
Bells – Indicated	0.2	24	0.50	390
Bells – Inferred	0.2	13	0.40	170
Bells – Total		37	0.47	560
Krista – Indicated	0.2	11	0.48	170
Krista – Inferred	0.2	110	0.39	1,380
Krista – Total		121	0.40	1,550
Oxide Total		158	0.41	2,110
Sulphide				
Deposit	Cut-off Grade (g/t)	Tonnage (Mt)	Grade (g/t)	Gold (koz)
Cameco – Inferred	0.3	3.9	0.75	90
Airport – Inferred	0.3	2.8	0.63	60
Sulphide Total		6.7	0.70	150
TOTAL		165	0.43	2,260

Table 4: Summary results for the updated Mineral Resources estimate at Hog Ranch.

Reported tonnage and gold grades for both the Inferred and Indicated Mineral Resources estimates are rounded to two significant figures. Some apparent errors may occur due to rounding.

HOG RANCH – NEVADA, USA (CONTINUED)

New regional datasets and increased land position

In late 2020, Rex completed a number of airborne surveys to cover the entire volcanic caldera at Hog Ranch. These new datasets, combined with all the historical mining and exploration information, have substantially increased the potential for Hog Ranch to host hydrothermal alteration and associated gold mineralisation over a much larger area than previously understood.

As a result of these observations, Rex has expanded its land position to capture locations which have geological features consistent with large scale gold mineralisation. The expanded landholding at Hog Ranch has been broken down into project-based locations which define their own set of target types and overall exploration potential as shown in Figure 6.

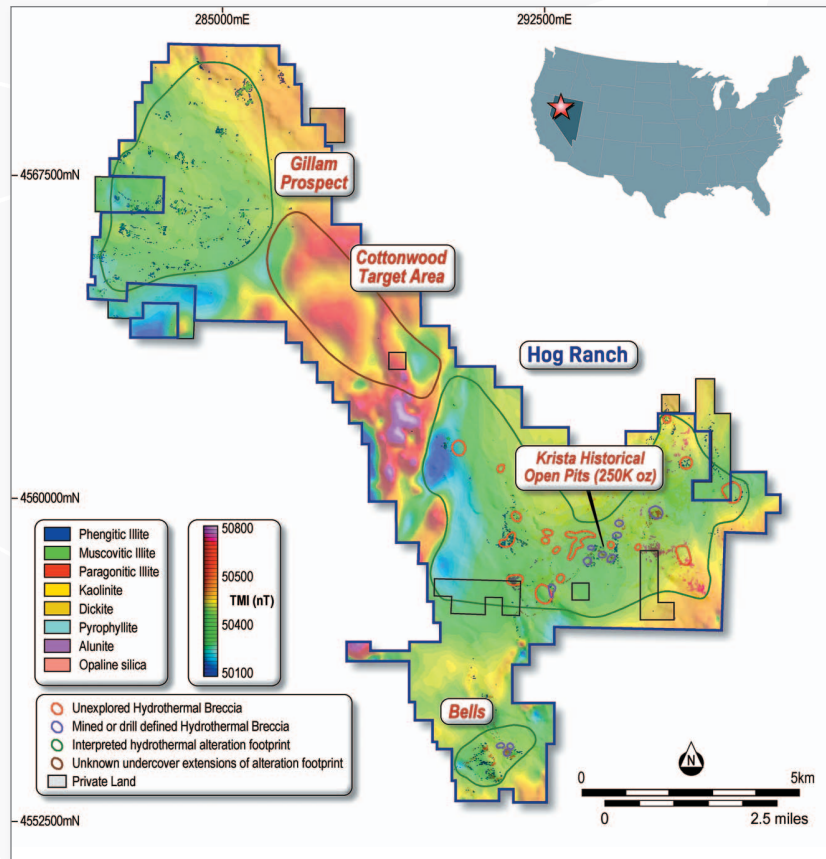


Figure 6: Summary of defined project areas relative to new airborne magnetic and hyperspectral data.

Note: the magnetic image is represented by the underlying colour sequence which covers Rex's Mining Claim area and the hyperspectral data is shown on top of the magnetic imagery which is typically represented as small colour coded positions where specific hydrothermal clay minerals have been identified.

NEVADA, USA TENEMENT SCHEDULE at 30 June 2021

As at 30 June 2021, the Hog Ranch Property is made up of 1,035 unpatented mining claims located in Washoe County, Nevada. Hog Ranch Minerals Inc directly owns 788 Mining Claims (see table below) and controls the remaining 247 Mining Claims through a mining lease with purchase option with Nevada Select Royalty Inc.

Nevada, USA					
Lode Mining Claims	Location	Lease Status	Area Type	Total Area ¹	Date Certified
NHR 1-30	Washoe County	Claimed	Ft ²	27,000,000	10/08/2019
NHR 31-100	Washoe County	Claimed	Ft ²	63,000,000	28/01/2020
NHR 101-232	Washoe County	Claimed	Ft ²	118,800,000	10/07/2020
NHR 233-417	Washoe County	Claimed	Ft ²	166,500,000	19/11/2020
NHR 418-434	Washoe County	Claimed	Ft ²	15,300,000	30/04/2021
GL 1-104	Washoe County	Claimed	Ft ²	93,600,000	10/07/2020
GL 105-177	Washoe County	Claimed	Ft ²	65,700,000	19/11/2020
GL 178-354	Washoe Country	Claimed	Ft ²	159,300,000	30/04/2021

¹Total Area comprises the area of each Lode Mining Claim, i.e. 1,500' x 600'.

SUPPLEMENTARY INFORMATION

Forward-Looking Statements

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

Compliance Statement

With reference to previously reported Mineral Resources, Ore Reserves, Feasibility Studies and Scoping Studies the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements as referenced.

In the case of estimates of Mineral Resources and Ore Reserves that reference material assumptions and technical parameters underpinning the information, contained within this Annual Report, continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement. The estimated Ore Reserves and Mineral Resources underpinning any production target have been prepared by a competent person in accordance with the requirements in Appendix 5A (JORC code).

Competent Persons’ Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on, and fairly reflects, information compiled by Mr Steven Olsen who is a Member of the Australasian Institute of Mining and Metallurgy and is an employee of Rex Minerals Ltd. Mr Olsen 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Olsen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mining and/or Ore Reserves is based on, and fairly reflects, information compiled by Mr Charles McHugh who is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Rex Minerals Ltd. Mr McHugh 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr McHugh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to metallurgy is based on, and fairly reflects, information compiled by Mr John Burgess who is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant to Rex Minerals Ltd. Mr Burgess 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Burgess consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Base Case Assumptions – Bells Project

The Bells Scoping Study (2020) price assumptions are quoted in US dollars and gold US\$1,550/oz.

Base Case Assumptions – Hillside Project

The Hillside Feasibility Study (2020) price assumptions for the Stage 1 life of the operation are copper US\$3.00/lb; gold US\$1,550/oz and exchange rate of AUD:USD \$0.70.

DIRECTORS' REPORT

For the year ended 30 June 2021



ABN 12 124 960 523

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

The Directors present their report together with the consolidated financial statements of the Group comprising of Rex Minerals Ltd (the Company) and its subsidiaries (the Group or Rex), for the financial year ended 30 June 2021 and the auditors' report thereon.

DIRECTORS

The following persons were Directors of the Company at the date of this report:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
<p>Mr Ian Smith Chairman Independent Non-Executive Director (B.E (Hons, Mining), B Fin Admin, FIEAust, FAusIMM)</p>	<p>Mr Ian Smith has been a Director since 18 February 2019 and was appointed Chairman on 1 June 2021. Mr Smith also serves as a member of the Company's Audit Committee and its Remuneration Committee.</p> <p>Ian is a mining engineer with more than 40 years' experience in the mining and services sector. He has held some of the most senior positions in the Australian resources industry, most recently managing director and chief executive officer of Orica. Prior to that, he was managing director and chief executive officer of Newcrest, growing the business to what has become Australia's biggest, and globally one of the largest, gold mining companies. Ian is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Institute of Engineers and a Non-Executive Director of Red River Resources Limited.</p> <p>In prior roles, Ian was global head of operational and technical excellence with Rio Tinto, London and managing director - Comalco Aluminium Smelting with Rio Tinto in Brisbane. He has technical, operational, financial and strategic expertise, having also held senior and executive positions with WMC Resources, Pasminco and CRA. Ian is a past president of the Australian Mines & Metals Association and is a past chairman of the Minerals Council of Australia.</p>
<p>Mr Richard Laufmann Chief Executive Officer and Managing Director (B.Eng (Mining), MAusIMM, MAICD)</p>	<p>Mr Richard Laufmann is a founding director of ASX-listed Rex Minerals, and was appointed Chief Executive Officer and Managing Director in April 2015. Richard, a graduate of the WA School of Mines, is a mining engineer with broad experience in the resources sector – specifically in copper, gold and nickel – both corporately and operationally.</p> <p>Before becoming CEO of Rex, Richard was the CEO of ASX-listed Indophil Resources which had ownership in and management of one of the world's largest undeveloped copper projects (Tampakan). This company operated in an extremely challenging commodity price and geo-political environment.</p> <p>Prior to Indophil, Richard was CEO of ASX-listed Ballarat Goldfields. On joining, he recapitalised and led the company, through feasibility, financing, construction and commissioning of the Ballarat Gold Mine. In early 2007, Ballarat was taken over by Lihir Gold.</p> <p>Previously, Richard was the General Manager of Gold for Western Mining Corporation (WMC), with some of the largest and most diverse surface and underground operations in the country.</p> <p>Richard is a past Chairman of the State Council of the Minerals Council of Australia (Victorian division) at the time the State Council merged into the national MCA.</p>

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Ms Amber Rivamonte Chief Financial Officer and Executive Director of Finance (CPA; B.Bus(Acc); MAICD)	<p>Ms Amber Rivamonte was appointed a Director of Rex on 1 June 2021.</p> <p>Amber has over 25 years' experience in the resources industry covering the fields of commercial, strategic and risk management, corporate governance and financial management experience. Amber has a background in accounting and is a certified practicing accountant (CPA). She has previously held the dual role of chief financial officer and company secretary at Rex Minerals and Ballarat Goldfields, as well as the role of company secretary at Indophil Resources and White Rock Minerals. She has also been a director of a number of companies in Australia and internationally.</p> <p>Amber's experience covers all aspects of managing resources companies, from project acquisition, mergers, demergers, takeovers, schemes and various forms of fund raisings.</p>
Mr Ron Douglas Independent Non-Executive Director (B.Eng, FAIM, MAustIMM, MAICD)	<p>Mr Ron Douglas has been a Director of Rex since 18 February 2019. He is Chairman of the Remuneration Committee and a member of the Audit Committee.</p> <p>Ron is an engineer by qualification and has extensive experience leading owners' teams for major projects located around the world. Ron is the Executive Vice President for Ausenco and he has over 35 years' global experience in project delivery and resources sector management. His previous roles have included global head of projects and technology for Orica; executive general manager projects and studies for Newcrest; chief executive officer of Australian Solomons Gold; managing director for Anglesey Aluminium Metal (part of Rio Tinto); and general manager for Rio Tinto's aluminium and coal projects. Ron was formerly a non-executive chairman of Highlands Pacific Limited.</p> <p>Ron is a Fellow of the Australian Institute of Management, a Member of the Australasian Institute of Mining and Metallurgy and a Member of Australian Institute of Company Directors. He has extensive and well-recognised expertise in industrials, minerals and metals, as well as oil and gas.</p>
Mr Greg Robinson Independent Non-Executive Director (B.Sc(Hons); MBA; MAICD)	<p>Mr Greg Robinson was appointed a Director of Rex on 1 June 2021. He is Chairman of the Audit Committee and a member of the Remuneration Committee.</p> <p>Greg has extensive executive experience in the finance and resources industries. He is a Non-Executive Director of Incitec Pivot Limited, and is Deputy Chairman and Non-Executive Director of the Royal Automobile Club of Victoria (RACV).</p> <p>He is the former managing director & chief executive officer of Newcrest Mining Limited and former chief executive officer of Lattice Energy Limited. Prior to joining Newcrest, Mr Robinson was on the executive committee of and held senior executive roles in the Petroleum and Energy Division of BHP and was a director of Investment Banking at Merrill Lynch & Co and headed the Australia/Asia Pacific resources team.</p> <p>Greg was previously a non-executive director of the World Gold Council, and a non-executive director of St Vincent's Institute of Medical Research.</p>

The following persons were Directors of the Company at any time during the financial year. There has been no new Directors appointed since the end of the financial year to the date of this report.

- > Mr Ian Smith – appointed Non-Executive Chairman 1 June 2021.
- > Mr Richard Laufmann.
- > Mr Ron Douglas.
- > Ms Amber Rivamonte – appointed as Executive Director of Finance 1 June 2021.
- > Mr Greg Robinson – appointed as Non-Executive Director 1 June 2021.
- > Dr David Carland – Non-Executive Chairman retired 31 May 2021.
- > Mr Alister Maitland – Non-Executive Director retired 31 May 2021.
- > Mr Mitchell Hooke – Non-Executive Director retired 20 October 2020.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

COMPANY SECRETARY

Ms Kay Donehue

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

Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector. Kay was previously company secretary of Indophil Resources NL which was delisted from the ASX in 2015 following completion of a Scheme of Arrangement with its major shareholder.

Kay is an Associate of the Governance Institute of Australia and holds a Graduate Diploma in Applied Corporate Governance.

DIRECTORS' MEETINGS

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

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr Ian Smith ^{1,2}	6	6	2	2	1	1
Mr Richard Laufmann ¹	6	6	2	2	1	1
Ms Amber Rivamonte ¹	1	1	–	–	–	–
Mr Ron Douglas ^{1,2}	6	6	2	2	1	1
Mr Greg Robinson ²	1	1	–	–	1	1
<i>Former</i>						
Dr David Carland	6	6	2	2	–	–
Mr Alister Maitland	6	6	2	2	–	–
Mr Mitchell Hooke	2	2	1	1	–	–

A – Number of meetings attended.

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

¹ Director is not a member of the Committees but attend meetings as appropriate by invitation.

² Director was appointed to the Committees effective 1 June 2021.

CORPORATE GOVERNANCE STATEMENT

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

The Board is committed to administering the Company's policies and procedures with transparency and integrity, pursuing the genuine spirit of good corporate governance practice. To the extent they are applicable, Rex has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 4th Edition*. In addition, as the Company's activities transform in size, nature and scope, additional corporate governance structures will be considered by the Board and assessed as to their relevance.

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

This Corporate Governance Statement is dated 30 June 2021 and was approved by the Board on 13 September 2021.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

PRINCIPAL ACTIVITIES

The Company's vision is to "produce the minerals needed for the world we all envision" and our stated purpose to achieve this "is to explore and mine responsibly to benefit our stakeholders and contribute to a more sustainable world".

During the year the principal activities of the Group consisted of exploration, evaluation and development. In pursuing these activities, we delivered on the work programs below:

- Following receipt of approval of Hillside's PEPR we have begun financing and pre-development plans for the Project.
- Progressed the exploration and development options at Hog Ranch, including:
 - > Grew the shallow disseminated gold Mineral Resources;
 - > Developed the portfolio of target zones;
 - > Commenced regional drill target generation; and
 - > Continued baseline environmental studies for permitting of the Bells Project.
- We continue to explore options for our highly prospective Iron Oxide Copper Gold (IOCG) tenements in South Australia.

OPERATING AND FINANCIAL REVIEW

The income statement shows a loss after tax of \$8.8 million (2020: \$5.2 million) for the year. The Group has no debt (2020: \$4.4 million). As at 30 June 2021, the Group had a cash position of \$9.7 million (2020: \$3.0 million). Operating activities resulted in a net cash outflow for the year of \$8.2 million (2020: outflow \$4.8 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS PAID OR RECOMMENDED

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 4 August 2021, the Company launched a \$50 million two tranche placement. Tranche 1 raised \$5.3 million and settled on 10 August 2021 with Tranche 2, subject to shareholder approval at a General Meeting to be held on 14 September 2021, to raise a further \$44.7 million.

Other than mentioned above, no matters or circumstances have arisen since 30 June 2021 that have significantly affected the Group's operations, results or state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

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

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

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

NON-AUDIT SERVICES

During the year, KPMG Australia (KPMG), the Group's auditor, did not perform any services other than the audit and review of the financial statements.

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

	2021 \$	2020 \$
Audit and review of financial statements	47,000	47,500

REMUNERATION REPORT – AUDITED

The Directors present the Remuneration Report for the year ended 30 June 2021, outlining key aspects of the remuneration policy and framework and the remuneration awarded during the year.

Principles of compensation

Remuneration is referred to as compensation throughout this report.

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

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

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost), as well as leave entitlements and employer contributions to superannuation funds.

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

Performance linked compensation

Performance linked compensation may include both short-term and long-term incentives, and is designed to reward senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive is an 'at risk' bonus provided in the form of cash, while the long-term incentive is provided as options over ordinary shares of the Company pursuant to the terms and conditions of the options. Non-Executive Directors are not eligible for performance linked compensation.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

REMUNERATION REPORT – AUDITED (CONTINUED)

Short-term incentive

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

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

Long-term incentive

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

The Board received shareholder approval for an Option Incentive Plan at the Annual General Meeting on 22 November 2018. The plan is administered by the Board which has the discretion to determine eligibility to participate in the plan.

Consequences of performance on shareholder wealth

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

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Net loss attributable to equity holders of the parent (million)	8.8	5.2	5.1	5.2	0.8
Closing share price at financial year's end (\$)	0.35	0.070	0.053	0.105	0.056

Service agreements

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

The employment or consultancy contract outlines the components of compensation paid to the Executives, and may be either based on an annual amount or daily rate. They do not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to meet the principles of the compensation policy. Any STI is at the discretion of the Board. The Company has established an Option Incentive Plan, and the Board may invite Executive Officers to participate under the terms and conditions of the plan as an LTI.

Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 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.

The Chairman and Non-Executive Directors do not receive performance related remuneration, but subject to shareholder approval may receive options as part of their remuneration. Directors' fees cover all main Board activities and membership of Board committees.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

REMUNERATION REPORT – AUDITED (CONTINUED)

Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2021 are as follows:

	Fixed remuneration				Variable remuneration		Total \$	Remuneration mix		Bonus proportion of remuneration performance related %
	Short-term		Post employment	Long-term	Share based payments	Fair value options (d) \$		Fixed	Variable at risk LTI	
	Salary & fees (a) \$	STI cash bonus (b) \$	Super-annuation \$	Long service leave (c) \$						
Non-Executive Directors										
Mr Ian Smith ¹	63,333	–	6,017	–	9,715	–	79,065	88%	12%	–
Mr Ron Douglas	60,000	–	5,700	–	9,715	–	75,415	87%	13%	–
Mr Greg Robinson ²	5,000	–	475	–	2,128	–	7,603	72%	28%	–
Executive Directors										
Mr Richard Laufmann, CEO	267,628	–	23,750	5,979	116,343	–	413,700	72%	28%	–
Ms Amber Rivamonte, CFO ³	278,423	–	2,486	248	18,032	–	299,189	94%	6%	–
Other KMP										
Ms Cherie Leeden, Local Director – Hog Ranch ⁴	127,667	–	–	–	36,064	–	163,731	78%	22%	–
Former										
Dr David Carland, Chairman ⁵	91,667	–	8,708	–	–	–	100,375	100%	–	–
Mr Alistair Maitland ⁵	55,000	–	5,225	–	–	–	60,225	100%	–	–
Mr Mitchell Hooke ⁶	18,231	–	1,732	–	–	–	19,963	100%	–	–
Total compensation KMP:	966,949	–	54,093	6,227	191,997	–	1,219,266			

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

- Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers, it includes cash salary and accrued annual leave entitlements (where applicable).
- No STI cash bonuses were accrued or payable in relation to the 2021 financial year.
- Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.
- The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.
- Mr Smith became Chairman on 1 June 2021.
- Mr Robinson commenced 1 June 2021.
- Ms Rivamonte was engaged through a consultancy agreement to 31 May 2021, before commencing as a Director on 1 June 2021. The above represents the retainer paid to the KMP related company plus one month as per her employment contract.
- Ms Leeden is engaged through a consultancy agreement and the above represents the retainer paid to the KMP related company.
- Dr Carland and Mr Maitland both retired effective 31 May 2021.
- Mr Hooke retired effective 20 October 2020.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

REMUNERATION REPORT – AUDITED (CONTINUED)

Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2020 are as follows:

	Fixed remuneration				Variable remuneration		Total \$	Remuneration mix		Bonus proportion of remuneration performance related %
	Short-term		Post employment	Long-term	Share based payments	Fair value options (d) \$		Fixed	Variable at risk LTI	
	Salary & fees (a) \$	STI cash bonus (b) \$	Super-annuation \$	Long service leave (c) \$						
Non-Executive Directors										
Dr David Carland, Chairman	100,000	–	9,500	–	–	–	109,500	100%	–	–
Mr Alister Maitland	60,000	–	5,700	–	–	–	65,700	100%	–	–
Mr Mitchell Hooke	60,000	–	5,700	–	–	–	65,700	100%	–	–
Mr Ian Smith	60,000	–	5,700	–	–	9,742	75,442	87%	13%	–
Mr Ron Douglas	60,000	–	5,700	–	–	9,742	75,442	87%	13%	–
Managing Director										
Mr Richard Laufmann, CEO	254,808	–	23,750	22,292	–	–	300,850	100%	–	–
Other KMP										
Ms Amber Rivamonte, CFO ¹	273,000	–	–	–	–	6,919	279,919	98%	2%	–
Mr Greg Hall, Project Director ²	96,612	–	–	–	–	–	96,612	100%	–	–
Ms Cherie Leeden, Local Director – Hog Ranch ³	86,010	–	–	–	–	13,837	99,847	86%	14%	–
Total compensation KMP:	1,050,430	–	56,050	22,292	–	40,240	1,169,012			

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

- (a) Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers, it includes cash salary and accrued annual leave entitlements (where applicable).
 - (b) No STI cash bonuses were accrued or payable in relation to the 2020 financial year.
 - (c) Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.
 - (d) The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.
1. Ms Rivamonte is engaged through a consultancy agreement and the above represents the retainer paid to the KMP related company.
 2. Mr Hall is engaged through a consultancy agreement, on a daily rate, and the above represents the amount paid to the KMP related company. Mr Hall ceased being KMP at 30 June 2020.
 3. Ms Leeden is engaged through a consultancy agreement, commencing 1 December 2019 and the above represents the retainer paid to the KMP related company.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

REMUNERATION REPORT – AUDITED (CONTINUED)

Shares under option

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

During the year, the Company issued 5.2 million options and issued 2.2 million ordinary shares as a result of the exercise of options (2.0 million to KMP and 0.2 million to other participants of the option plan), no options lapsed.

At 30 June 2021, there were 17.1 million unquoted options over ordinary shares of the Company, 1.0 million at an exercise price of 8.4 cents, expiring 31 January 2023; 10.9 million at an exercise price of 7.0 cents expiring 29 February 2024; 5.0 million at an exercise price of 17.5 cents expiring 30 November 2024 and 0.2 million at an exercise price of 47.0 cents expiring 28 May 2025.

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

Options

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

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

Name	Held at 30 June 2020	Number of options granted	Number of options vested and exercisable	% of options vested	Number of options exercised	Held at 30 June 2021
Mr Ian Smith	1,000,000	–	666,666	66	666,666	333,334
Mr Ron Douglas	1,000,000	–	666,666	66	333,333	666,667
Mr Greg Robinson	–	200,000 ^B	–	–	–	200,000
Mr Richard Laufmann	–	5,000,000 ^A	–	–	–	5,000,000
Ms Amber Rivamonte	1,500,000	–	500,000	33	–	1,500,000
Ms Cherie Leeden	3,000,000	–	1,000,000	33	1,000,000	2,000,000
<i>Former</i>						
Dr David Carland	–	–	–	–	–	–
Mr Alister Maitland	–	–	–	–	–	–
Mr Mitchell Hooke	–	–	–	–	–	–

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

	A	B
Grant date	1 December 2020	28 May 2021
Fair value per option at grant date	6.6 cents	19.3 cents
Exercise price per option	17.5 cents	47.0 cents
Expiry date	30 November 2024	28 May 2025

All options vest in three equal tranches.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

REMUNERATION REPORT – AUDITED (CONTINUED)

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

Options (Continued)

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

The value of options in the Company granted, expensed, yet to vest (affecting future remuneration) and exercised are detailed below.

Name	Value of options granted in year \$ ¹	Value of options expensed in year \$ ²	Value of options yet to be expensed \$ ³	Value of options exercised in year \$ ⁴
Mr Ian Smith	–	9,715	5,723	79,000
Mr Ron Douglas	–	9,715	5,723	43,667
Mr Greg Robinson	38,600	2,128	36,472	–
Mr Richard Laufmann	330,000	116,343	213,657	–
Ms Amber Rivamonte	–	18,032	10,749	–
Ms Cherie Leeden	–	36,064	21,499	140,000

¹The value of options granted in the year is the total fair value of the options calculated at grant date. This amount is allocated to remuneration over the vesting period.

²The value of options expensed in the year is the portion of fair value of the options recognised as an expense in each reporting period as per the vesting conditions.

³The fair value of options yet to be expensed is the value yet to be allocated to remuneration as per the vesting period.

⁴The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

Shareholdings

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

Name	Held at 30 June 2020 or date became KMP	Received on exercise of option	Acquired or sold during the year	Held at 30 June 2021 or date ceased being KMP
Mr Ian Smith	–	666,666	181,819	848,485
Mr Ron Douglas	–	333,333	–	333,333
Mr Greg Robinson	–	–	–	–
Mr Richard Laufmann	8,096,817	–	323,076 ¹	8,419,893
Ms Amber Rivamonte	5,034,606	–	1,292,303 ¹	6,326,909
Ms Cherie Leeden	–	1,000,000	–	1,000,000
<i>Former</i>				
Dr David Carland	2,022,888	–	181,818	2,204,706
Mr Alister Maitland	1,338,364	–	121,213	1,459,577
Mr Mitchell Hooke	1,441,507	–	–	1,441,507

¹Shares issued on the conversion of Hog Ranch Consideration Rights.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

REMUNERATION REPORT – AUDITED (CONTINUED)

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

Hog Ranch Consideration Rights (HRCR)

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

Name	Held at 30 June 2020	Acquired during the year	Converted during the year	Held at 30 June 2021
Mr Richard Laufmann	1,292,303	–	323,076	969,227
Ms Amber Rivamonte	5,169,210	–	1,292,303	3,876,907

The Company issued 20 million HRCR (including to related parties) as part of the Hog Ranch acquisition in August 2019. The HRCR convert to Rex shares on the outcome of the following milestones:

- 5 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 on completion of an Inferred Mineral Resource in addition to any Indicated and Measured Mineral Resource in total of 2Moz or higher of contained gold as defined by the 2012 JORC Code with respect to the Hog Ranch Property and has a minimum grade of 0.4 g/t of gold in addition to a minimum tonnage of 100 Mt; and
- 15 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 of the Board approving a decision to mine the Hog Ranch Property.

The acquisition value of the Hog Ranch Property of \$1.640 million was based on the fair value of the equity instruments issued as a consideration. The value was determined using the Black-Scholes model and considering the probability of each milestone being achieved.

During the year, 5 million HRCR were converted to Rex shares on the achievement of milestone a. (the Mineral Resource milestone) above, as announced to the ASX on 23 March 2021.

Loans from Directors

In May 2021, the Company pre-paid the Loan Facility Agreement that it had entered into in February 2020. The Loan Facility Agreement was for a total amount of \$4.400 million from a group of lenders (including four Directors), with a one off establishment fee of 2%, an interest rate of 10%, for a period of 24 months using the Company's freehold land as security. Details of loans from Directors, including entities related to them, are set out below:

Name	Balance at 1 July 2020 \$	Loan drawdown \$	Est. Fee \$	Interest charged \$	Payments \$	Balance at 30 June 2021 \$
Mr Ian Smith	517,397	–	–	82,603	(600,000)	–
Mr Richard Laufmann	1,034,795	–	–	165,205	(1,200,000)	–
<i>Former</i>						
Dr David Carland	517,397	–	–	82,603	(600,000)	–
Mr Alister Maitland	258,699	–	–	41,301	(300,000)	–

Other transactions with Key Management Personnel (KMP)

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

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

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2021

Rounding

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 49 and forms part of the Directors' Report for the year ended 30 June 2021.

Dated at Melbourne this 13th day of September 2021.

Signed in accordance with a resolution of the Directors:



Mr Richard Laufmann
Chief Executive Officer



CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021

The notes on pages 31 to 47 are an integral part of the Consolidated Financial Statements.

REX MINERALS LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June

	Note	2021 \$000	2020 \$000
Current assets			
Cash and cash equivalents	7	9,682	2,990
Trade and other receivables		145	41
Prepayments		53	47
Total current assets		9,880	3,078
Non-current assets			
Exploration and evaluation expenditure	9	3,243	3,243
Property, plant and equipment	10	14,279	14,339
Water infrastructure		4,076	4,076
Total non-current assets		21,598	21,658
Total assets		31,478	24,736
Current liabilities			
Trade and other payables	11	617	344
Employee benefits	12	600	605
Borrowings	22(b)	–	4,400
Total current liabilities		1,217	5,349
Non-current liabilities			
Employee benefits	12	115	67
Provisions		–	36
Total non-current liabilities		115	103
Total liabilities		1,332	5,452
Net assets		30,146	19,284
Equity			
Issued capital	13(a)	217,502	197,953
Reserves	13(d)	846	810
Accumulated losses		(188,202)	(179,479)
Total equity		30,146	19,284

The notes on pages 31 to 47 are an integral part of these financial statements.

REX MINERALS LTD**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 30 June

	Note	2021 \$000	2020 \$000
Finance income		18	21
Government grants		55	123
Corporate and compliance		(891)	(1,017)
Depreciation expense	10	(58)	(64)
Employee benefits expense	14	(2,204)	(2,037)
Marketing expenses		(273)	(117)
Exploration and evaluation		(4,589)	(1,786)
Borrowing costs		(731)	(282)
Foreign currency revaluation		(117)	–
Gain on disposal of fixed assets		11	–
Loss before tax		(8,779)	(5,159)
Income tax benefit	15	–	–
Total loss for the period after tax		(8,779)	(5,159)
Other comprehensive income		–	–
Total comprehensive loss attributable to members of Rex Minerals Ltd		(8,779)	(5,159)
Loss per share attributable to members of Rex Minerals Ltd			
Basic loss per share (cents)	16	(2.36)	(1.70)
Diluted loss per share (cents)	16	(2.36)	(1.70)

The notes on pages 31 to 47 are an integral part of these financial statements.

REX MINERALS LTD**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June

	Note	Share capital \$000	Share based payments reserve \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 July 2020		197,953	810	(179,479)	19,284
Issue of ordinary shares	13(a)	20,539	–	–	20,539
Cost of share issue		(1,174)	–	–	(1,174)
Share based payments	13(d)	–	276	–	276
Transfer from share based payments reserve		184	(240)	56	–
Total comprehensive loss for the period		–	–	(8,779)	(8,779)
Balance at 30 June 2021		217,502	846	(188,202)	30,146
Balance at 1 July 2019		196,269	360	(174,667)	21,962
Issue of ordinary shares	13(a)	1,684	–	–	1,684
Share based payments	13(d)	–	797	–	797
Transfer from share based payments reserve		–	(347)	347	–
Total comprehensive loss for the period		–	–	(5,159)	(5,159)
Balance at 30 June 2020		197,953	810	(179,479)	19,284

The notes on pages 31 to 47 are an integral part of these financial statements.

REX MINERALS LTD**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June

	Note	2021 \$000	2020 \$000
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,115)	(3,023)
Exploration and evaluation payments		(4,246)	(1,891)
Interest received		19	26
Government grants		50	102
Net cash used in operating activities	17(a)	(7,292)	(4,786)
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(3)	(2)
Proceeds from the sale of property, plant and equipment		15	–
Net cash used in investing activities		12	(2)
Cash flows from financing activities			
Proceeds from issue of share capital	13	20,539	784
Payment of share issue costs		(1,174)	–
Proceeds from borrowings	17(b)	–	4,400
Payment of borrowing costs		(884)	(129)
Repayment of borrowings		(4,400)	–
Net cash from financing activities		14,081	5,055
Net decrease in cash and cash equivalents		6,801	267
Cash and cash equivalents at beginning of the period		2,990	2,723
Effect of change in exchange rates		(109)	–
Cash and cash equivalents at period end	7	9,682	2,990

The notes on pages 31 to 47 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 68 St Vincent Highway, Pine Point South Australia 5571. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for profit entity primarily involved in minerals exploration and evaluation in Australia and USA.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

These consolidated financial statements were approved by the Board of Directors on 13 September 2021.

(b) Basis of measurement

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

The Group financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

At 30 June 2021, the Group holds cash of \$9.682 million and net current assets of \$8.663 million. In August 2021, the Group announced a \$50 million, two tranche placement. Tranche 1 raised \$5.348 million and settled on 10 August 2021. Tranche 2 has binding commitments to raise a further \$44.652 million and is conditional on shareholder approval at a General Meeting to be held on 14 September 2021. Directors are of the opinion that the Group is able to meet its obligations as they fall due for at least twelve months from the date of signing this financial report and that the going concern basis of preparation is appropriate.

(c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the functional currency of all entities domiciled in Australia, while the entity domiciled in the USA uses US dollars.

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

(d) Use of estimates and judgements

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

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

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

- note 9 Exploration – determining the fair value of the equity instruments issued on acquisition.
- note 10 Recoverable value of non-current assets – assessment of impairment indicators.
- note 18 Share based payments – key assumptions used in the valuation model.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation**(i) Subsidiaries**

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

(ii) Transactions eliminated on consolidation

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

(b) Financial instruments

All financial assets and liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Cash and cash equivalents

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

(ii) 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.

(iii) Borrowings

Borrowings are recognised for amounts to be paid in the future for funds advanced to the Group. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

(c) Property, plant and equipment**(i) Recognition and measurement**

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

(ii) Subsequent costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Property, plant and equipment (Continued)****(iii) Depreciation**

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

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

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

Land is not depreciated.

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

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

(d) Exploration and evaluation expenditure

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

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

The ultimate recoupment of costs capitalised for exploration and evaluation is dependent on successful development and commercial exploitation or sale of the respective area of interest.

(e) Impairment**(i) Financial assets**

The Group recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost. Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs.

(ii) Non-financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Employee benefits****(i) Wages, salaries and annual leave**

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

(ii) Long-term benefits

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

(iii) Share based payments

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

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

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

(g) Tax**(i) Income taxes**

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

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

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

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

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

(ii) Tax consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(g) Tax (Continued)****(iii) Goods and services tax**

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

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

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

(h) 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.

(i) Earnings/loss per share

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

(j) Segment reporting

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

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

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

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

(k) Restoration and rehabilitation provision

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

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

(l) Government grants

The Company recognises unconditional government grants in profit or loss when the grants become receivable.

Grants that compensate the Company for expenses incurred are recognised in the profit or loss in the periods in which the expenses are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements and they are not expected to have a material effect on the Group's 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.

(a) Trade and other receivables

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

(b) Non-derivative financial liabilities

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

(c) Share based payments

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

5. FINANCIAL RISK MANAGEMENT

(a) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain an adequate capital base sufficient to maintain future exploration and progress of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities and repayment of borrowings when they fall due.

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

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

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

(b) Credit risk

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

(c) Liquidity risk

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

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

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

6. SEGMENT REPORTING

The Group has two reportable segments for the year ended 30 June 2021 which are the Group's areas of focus. The areas offer different exploration potential and are managed separately due to their physical locations. In South Australia, the Group has the Hillside Copper-Gold Project and also its highly prospective exploration portfolio; whilst in Nevada, USA the Group has the Hog Ranch Property, where the focus is on gold exploration in key project areas. For each reportable segment, the CEO reviews internal management reports on at least a quarterly basis, segment assets and liabilities are not reported to the CEO.

2021	South Australia \$000	Nevada, USA \$000	Unallocated \$000	Total \$000
Finance income	–	–	18	18
Government grants	–	–	55	55
Losses before tax (including depreciation and interest expense)	1,421	4,185	3,173	8,779
Depreciation	52	–	6	58
Interest expense	–	–	727	727

2020	South Australia \$000	Nevada, USA \$000	Unallocated \$000	Total \$000
Finance income	–	–	21	21
Government grants	–	–	123	123
Losses before tax (including depreciation and interest expense)	930	1,869	2,360	5,159
Depreciation	57	–	7	64
Interest expense	–	–	153	153

7. CASH AND CASH EQUIVALENTS

	2021 \$000	2020 \$000
Bank balances and short-term deposits	9,682	2,990
Cash and cash equivalents	9,682	2,990

The Group's total cash and funds on deposit of \$9.682 million (2020: \$2.990 million) is exposed to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 19.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2021 \$000	2020 \$000
Exploration and evaluation assets	(494)	(494)
Property, plant and equipment	(49)	(67)
Provisions	214	193
Equity costs	323	71
Net DTA/(DTL)	(6)	(297)
Tax losses recognised to the extent of the DTL	6	297
	–	–

Tax losses do not expire under current tax legislation. A DTA has not been recognised in respect of these items because it is not probable within the immediate future, that taxable profits will be available, against which the Company can utilise the benefits. The DTA not recognised is \$57.251 million (2020: \$56.143 million).

9. EXPLORATION

	2021 \$000	2020 \$000
Balance at 1 July	3,243	1,645
Additions	–	1,598
Balance at 30 June	3,243	3,243

In August 2019, the Group acquired the Hog Ranch Project. The total acquisition value of \$1.640 million was based on the fair value of the equity instruments issued as a consideration (comprising \$0.900 million (10 million shares) and \$0.740 million (20 million HRCR)). The value of the HRCR was determined using the Black-Scholes model (based on a share price of 8.2 cents on the issue date) and considering the probability of each milestone being achieved. The amount capitalised is the portion of that valuable attributed to exploration.

10. PROPERTY, PLANT AND EQUIPMENT

2021	Land and buildings \$000	Plant and equipment \$000	Total \$000
Cost			
Balance at 1 July 2020	14,309	1,960	16,269
Additions	–	3	3
Disposals	–	(91)	(91)
Balance at 30 June 2021	14,309	1,872	16,181
Depreciation			
Balance at 1 July 2020	81	1,849	1,930
Depreciation	9	49	58
Disposals	–	(86)	(86)
Balance at 30 June 2021	90	1,812	1,902
Carrying amounts			
At 1 July 2020	14,228	111	14,339
At 30 June 2021	14,219	60	14,279

REX MINERALS LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

2020	Land and buildings \$000	Plant and equipment \$000	Total \$000
Cost			
Balance at 1 July 2019	14,309	1,958	16,267
Additions	–	2	2
Balance at 30 June 2020	14,309	1,960	16,269
Depreciation			
Balance at 1 July 2019	72	1,794	1,866
Depreciation	9	55	64
Balance at 30 June 2020	81	1,849	1,930
Carrying amounts			
At 1 July 2019	14,237	164	14,401
At 30 June 2020	14,228	111	14,339

As at 30 June 2021, land and buildings were no longer held as security for the loan facility (2020: \$14.110 million). Refer to Note 22(b).

11. TRADE AND OTHER PAYABLES

	2021 \$000	2020 \$000
Current		
Trade payables	57	13
Accrued expenses	560	331
Total current trade and other payables	617	344
Total trade and other payables	617	344

12. EMPLOYEE BENEFITS PROVISIONS

	2021 \$000	2020 \$000
Current		
Annual leave	442	417
Long service leave	158	188
Total current employee benefits provisions	600	605
Non-current		
Long service leave	115	67
Total non-current employee benefits provisions	115	67
Total employee benefits provisions	715	672

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. EQUITY

(a) Movements in shares on issue:

	Date of issue	Number of shares	Issue price \$	\$000
Opening balance at 1 July 2020		309,674,882		197,953
Exercise of options	29/07/2020	666,666	0.084	56
Issue of shares	09/09/2020	60,606,062	0.165	10,000
Cost of share issue	09/09/2020			(597)
Issue of shares	05/10/2020	5,289,976	0.165	873
Cost of share issue	05/10/2020			(19)
Exercise of options	16/02/2021	333,333	0.084	28
Conversion of HRCR	23/03/2021	5,000,000	0.037	184
Exercise of options	23/03/2021	1,166,667	0.070	82
Issue of shares	23/04/2021	39,583,334	0.240	9,500
Cost of issue	23/04/2021			(558)
Closing balance at 30 June 2021		422,320,920		217,502

Opening balance at 1 July 2019		287,234,215		196,269
Issue of shares	20/08/2019	9,353,849	0.090	842
Exercise of options	19/09/2019	250,000	0.063	16
Exercise of options	15/10/2019	100,000	0.063	6
Exercise of options	17/10/2019	1,000,000	0.063	63
Exercise of options	08/11/2019	340,000	0.063	22
Issue of shares	25/11/2019	646,151	0.090	58
Exercise of options	29/11/2019	10,750,667	0.063	677
Closing balance at 30 June 2020		309,674,882		197,953

(b) Movements in HRCR:

	Date of issue	Number of rights	Exercise price \$	Expiry date
Opening balance as at 1 July 2020		20,000,000		
Conversion of HRCR	25/11/2019	(5,000,000)	–	31/10/2024
Closing balance as at 30 June 2021		15,000,000		

	Date of issue	Number of rights	Exercise price \$	Expiry date
Opening balance as at 1 July 2019		–		
Issue of HRCR	25/11/2019	20,000,000	–	31/10/2024
Closing balance as at 30 June 2020		20,000,000		

As announced to the ASX on 25 November 2019, the Company completed the acquisition of Hog Ranch Group Pty Ltd and issued 20 million HRCR which convert to Rex shares on the outcome of the following milestones:

- 5 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 on completion of an Inferred Mineral Resource in addition to any Indicated and Measured Mineral Resource in total of 2Moz or higher of contained gold as defined by the 2012 JORC Code with respect to the Hog Ranch Property and has a minimum grade of 0.4 g/t of gold in addition to a minimum tonnage of 100 Mt; and
- 15 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 of the Board approving a decision to mine the Hog Ranch Property.

During the year, 5 million HRCR were converted to Rex shares on the achievement of milestone a. (the Mineral Resource milestone) above, as announced to the ASX on 23 March 2021.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. EQUITY (CONTINUED)

(c) Movements in in options on issue:

	Date of issue	Number of options	Exercise price \$	Expiry date
Opening balance as at 1 July 2020		14,100,000		
Exercise of options	14/02/2019	(666,666)	0.084	31/01/2023
Issue of options	1/12/2020	5,000,000	0.175	30/11/2024
Exercise of options	14/02/2019	(333,333)	0.084	31/01/2023
Exercise of options	6/03/2020	(1,166,667)	0.070	29/02/2024
Issue of options	28/05/2021	200,000	0.470	28/05/2025
Closing balance as at 30 June 2021		17,133,334		

	Date of issue	Number of options	Exercise price \$	Expiry date
Opening balance as at 1 July 2019		15,824,017		
Exercise of options	30/11/2015	(250,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(100,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(1,000,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(340,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(10,750,667)	0.063	30/11/2019
Lapse of options	30/11/2015	(1,383,350)	0.063	30/11/2019
Issue of options	06/03/2020	12,100,000	0.070	29/02/2024
Closing balance as at 30 June 2020		14,100,000		

(d) Movements in share based payment reserve:

	\$000
Opening balance at 1 July 2020	810
Share based payments – options	276
Transfer from share based payments	(240)
Closing balance at 30 June 2021	846
Opening balance at 1 July 2019	360
Share based payments – options	84
Share based payments – HRCR	713
Transfer from share based payments	(347)
Closing balance at 30 June 2020	810

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

14. EMPLOYEE BENEFITS EXPENSE

	2021 \$000	2020 \$000
Wages and salaries	1,956	1,972
Share based payments	204	56
Increase/(decrease) in liability for annual leave	25	(45)
Increase/(decrease) in liability for long service leave	19	54
Total employee benefits expense	2,204	2,037

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2021 \$000	2020 \$000
Loss before tax for the period	(8,779)	(5,159)
Income tax benefit using the corporation tax rate of 30% (2020: 30%)	(2,634)	(1,548)
Non-deductible expenses	78	104
Other non-temporary differences	–	(13)
Effect of jurisdictional tax variances	377	168
DTA not recognised – other jurisdiction	879	–
Net effect of tax losses not recognised	1,300	1,289
Total income tax expense/(benefit) on pre-tax net loss	–	–

16. LOSS PER SHARE

	2021 cents	2020 cents
Loss per share		
Basic loss per share	(2.36)	(1.70)
Diluted loss per share	(2.36)	(1.70)

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2021 was based on the loss attributable to ordinary equity holders of \$8.779 million (2020: \$5.159 million) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 372,330,731 (2020: 304,017,870).

(b) Diluted loss per share

The calculation of diluted loss per share at 30 June 2021 is the same as basic loss per share. In accordance with AASB 133 Earnings per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to the Option Incentive Plan totalled 17,133,334 at 30 June 2021.

17. RECONCILIATION OF CASH FLOWS

(a) Reconciliation of net profit to cash used in operating activities

	Note	2021 \$000	2020 \$000
Loss before tax for the period		(8,779)	(5,159)
Adjustments for non-cash items:			
Depreciation	10	58	64
Share based payments	13(d)	276	84
Adjustments for other items:			
Borrowing costs		884	282
Other funds received		–	15
Foreign currency revaluation		109	–
Gain on disposal of property plant and equipment		(11)	–
Operating loss before changes in working capital and provisions		(7,463)	(4,714)
(Increase)/decrease in receivables and prepayments		(110)	(15)
(Decrease)/increase in trade and other payables		273	(66)
(Decrease)/increase in employee benefits		44	9
(Decrease)/increase provisions		(36)	–
Net cash used in operating activities		(7,292)	(4,786)

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. RECONCILIATION OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities to financing cash flows

	2021 \$000	2020 \$000
Opening balance at 1 July	4,400	–
Proceeds from borrowings	–	4,400
Repayment of borrowings	(4,400)	–
Closing balance at 30 June	–	4,400

18. SHARE BASED PAYMENTS

(a) Description of share based payment arrangements

During the financial year ending 30 June 2021, 5 million options were granted to a Director on 1 December 2020, expiring 30 November 2024. Options are exercisable at a price of 17.5 cents each and options will vest in three equal tranches as follows: one third on 30 November 2021; one third on 30 November 2022 and one third on 30 November 2023. An additional 200,000 were granted on 28 May 2021, expiring 28 May 2025. Options are exercisable at a price of 47 cents each and options will vest in three equal tranches as follows: one third on 28 May 2022; one third on 28 May 2023 and one third on 28 May 2024.

During the financial year ending 30 June 2020, 12.1 million options were granted to employees on 6 March 2020, expiring 29 February 2024. Options are exercisable at a price of 7.0 cents each and options will vest in three equal tranches as follows: one third on 28 February 2021; one third on 28 February 2022 and one third on 28 February 2023.

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

(b) Measurement of fair values

The fair value of the unlisted options granted in 2021 were measured independently at the date of grant based upon the Black-Scholes options pricing model. The inputs used in the measurement of the fair values at grant date are as follows:

Grant date	1 December 2020	28 May 2021
Fair value at grant date (cents)	6.6	19.3
Exercise price (cents)	17.5	47.0
Expected volatility (percentage)	75	80
Option life (years)	3.5	3.5
Free interest rate (percentage)	0.13	0.28

(c) Option expense

	2021 \$000	2020 \$000
Option expense	276	84
Total recognised as share based payments	276	84

(d) Outstanding options

At 30 June 2021, there were 17,133,334 unlisted options outstanding, 1,333,334 at an exercise price of 8.4 cents, expiring 31 January 2023; 10,600,000 at an exercise price of 7.0 cents, expiring 29 February 2024; 5,000,000 at an exercise price of 17.5 cents, expiring 30 November 2024 and 200,000 at an exercise price of 47.0 cents, expiring 28 May 2025.

19. FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

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

(b) Fair value

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

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

Financial liabilities Group	Carrying amount \$000	Contractual cash flows \$000	1 year or less \$000	1-2 years \$000
2021				
Trade and other payables	617	(617)	(617)	–
Borrowings	–	–	–	–
	617	(617)	(617)	–
2020				
Trade and other payables	344	(344)	(344)	–
Borrowings	4,400	(4,400)	(4,400)	–
	4,744	(4,744)	(4,744)	–

(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:

	2021 \$000	2020 \$000
Cash and cash equivalents	9,682	2,990
Total cash and cash equivalents	9,682	2,990

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 2021, if interest rates had moved, as illustrated in the table below, with all other variables constant, profit or loss and equity would have been affected as follows:

	Profit or loss higher/(lower)		Equity higher/(lower)	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Group				
+1% (100 basis points)	97	30	–	–
–1% (100 basis points)	(97)	(30)	–	–

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

(e) Impairment losses

None of the Group's receivables are past due (2020: nil).

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. 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 South Australian Government has the authority to defer, waive or amend its minimum expenditure requirements.

South Australia	2021 \$000	2020 \$000
Not later than one year	712	600
Later than one year but not later than five years	430	–

Nevada, USA	2021 \$000	2020 \$000
Not later than one year	67	72
Later than one year but not later than five years	869	3,950
Later than five years	10,841	13,405

21. 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 \$0.020 million 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 \$0.020 million as at 30 June 2021 (2020: \$0.020 million).

22. RELATED PARTIES

(a) Parent and ultimate controlling party

	Country of Incorporation	Ownership Interest	
		2021	2020
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%
Hog Ranch Group Pty Ltd	Australia	100%	100%
Hog Ranch USA Pty Ltd	Australia	100%	100%
Hog Ranch Minerals Incorporated	USA	100%	100%
CRHK01 Limited ¹	Hong Kong	–	100%

¹ Ceased business on 30 April 2020 and deregistered 9 April 2021.

(b) Transactions with Key Management Personnel (KMP)

(i) Loans to Directors

There were no loans advanced to Directors for the year ending 30 June 2021.

22. RELATED PARTIES (CONTINUED)

(b) Transactions with Key Management Personnel (KMP) (Continued)

(ii) Loans from Directors

During the year ended 30 June 2021, the Group repaid its Loan Facility and the associated interest in full.

The Loan Facility Agreement was for a total amount of \$4.400 million from a group of lenders (including four Directors), with a one off establishment fee of 2%, an interest rate of 10%, for a period of 12 months using the Group's freehold land as security. The period was subsequently extended by 12 months to February 2022, all other terms remained the same.

The balances in relation to the related parties' portion is as follows:

	2021	2020
	\$	\$
Balance at 1 July	2,328,288	–
Loan drawdown	–	2,250,000
Establishment fee	–	45,000
Interest charged	371,712	78,288
Amount paid	(2,700,000)	(45,000)
Balance at 30 June	–	2,328,288

(iii) KMP compensation

KMP compensation comprised the following:

	2021	2020
	\$	\$
Short-term benefits	966,949	1,050,430
Post-employment benefits	54,093	56,050
Share based payments	191,997	22,292
Other long-term benefits	6,227	40,240
	1,219,266	1,169,012

Information regarding individual Directors' and Executive Officers' compensation and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report on pages 18 to 24.

There have been no changes to KMP between 1 July 2021 and the date of this report.

(iv) Other KMP transactions

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

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

Information regarding individual Directors' and Executive Officers' compensation are provided in the Remuneration Report section of the Directors' Report on pages 18 to 24.

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

Transaction	Transaction values		Balance payable	
	year ended 30 June		as at 30 June	
	2021	2020	2021	2020
	\$	\$	\$	\$
IT services ¹	54,337	75,727	–	9,000
Acquisition of Hog Ranch Group Pty Ltd	–	521,239	–	–

¹ During the year, IT consulting services (2020: IT consulting) were independently provided by a company jointly controlled by the Chief Financial Officer. The contract terms are based on normal market rates for this type of service and amounts are payable under normal market terms.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2021, the parent company of the Group was Rex Minerals Ltd.

	2021 \$000	2020 \$000
Result of the parent entity		
Loss for the period	(4,360)	(3,297)
Other comprehensive income	—	—
Total comprehensive loss for the period	(4,360)	(3,297)
Financial position of the parent entity at year end		
Current assets	9,772	3,078
Total assets	31,658	20,667
Current liabilities	1,041	5,334
Total liabilities	1,157	5,437
Total equity of the parent entity comprising of		
Share capital	217,502	197,953
Share based payments reserve	846	810
Accumulated losses	(187,847)	(183,533)
Total equity	30,501	15,230

Parent entity contingencies

The Parent entity's contingencies are the same as the Group's contingencies as detailed in Note 21.

24. SUBSEQUENT EVENTS

On 4 August 2021, the Company launched a \$50 million two tranche placement. Tranche 1 raised \$5.3 million and settled on 10 August 2021 with Tranche 2, subject to shareholder approval at a General Meeting to be held on 14 September 2021, to raise a further \$44.7 million.

Other than mentioned above, 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.

25. AUDITORS' REMUNERATION

	2021 \$	2020 \$
KPMG Australia		
Audit services	47,000	47,500

No non-audit services were provided in the current year.

REX MINERALS LTD

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Rex Minerals Ltd (the Company):
 - (a) the consolidated financial statements and notes and the Remuneration Report in the Directors' Report, set out on pages 18 to 24, 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 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.
3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Mr Richard Laufmann
Chief Executive Officer

Dated this 13th day of September 2021.



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

To the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Rex Minerals Limited for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko
Partner

Adelaide

13 September 2021



Independent Auditor's Report

To the shareholders of Rex Minerals Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

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

Basis for opinion

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

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

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

Key Audit Matters

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

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



Assessment of impairment indicators for the Hillside Copper-Gold Project land and buildings and water infrastructure

Land and buildings \$14.219m – Note 10
 Water infrastructure \$4.076m

The key audit matter	How the matter was addressed in our audit
<p>The assessment of whether impairment indicators exist over the carrying value of the Hillside Copper-Gold Project land and buildings and water infrastructure is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balances to the financial statements, being 58% of total assets; and • The significance of this determination and its effect on the scope and depth of our work. The presence of impairment indicators would necessitate a detailed analysis by the Group of the recoverable value of the Hillside Copper-Gold Project non-current assets. <p>In assessing the presence of impairment indicators, we focused on the valuation of land and buildings obtained from the Group’s external valuation expert.</p> <p>We involved senior audit team members for this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the Group’s assessment of impairment indicators against the requirements of the accounting standards. • Evaluating the Group’s assessment of indicators of asset impairment at 30 June 2021 with reference to our knowledge of the Group, our industry experience and current market conditions. • Comparing the carrying value of land and buildings and water infrastructure to an externally sourced fair value estimate. • Assessing the scope, competence and objectivity of the Group’s external valuation expert engaged to value the land and buildings. • Involving a valuation specialist to assess the validity of the valuation of land and buildings provided by the Group’s external specialist. • We checked the data used by the Group’s external valuation expert to recent sale transactions of comparable land and observable trends in a COVID-19 economic environment.

Other Information

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

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

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

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



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Rex Minerals Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 18 to 24 of the Directors' report for the year ended 30 June 2021.

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



Paul Cenko
Partner

Adelaide

13 September 2021



ADDITIONAL SHAREHOLDER INFORMATION

For the year ended 30 June 2021

REX MINERALS LTD

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) Listing Rules and not shown elsewhere in this report is set out below and the information was applicable as at 19 August 2021.

Distribution of ordinary shares

The number of shareholders, by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	612	240,728	0.05
1,001 – 5,000	1,441	4,193,387	0.95
5,001 – 10,000	854	6,782,583	1.54
10,001 – 100,000	1,931	69,169,889	15.72
100,001 – 999,999,999	576	359,761,636	81.74
Total	5,414	440,148,223	100.00

The number of shareholders holding less than a marketable parcel:

925

Twenty largest shareholders

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

	Name	Number of Shares Held	% of Issued Capital
1.	Grand South Development Limited	14,656,588	3.33
2.	Curious Capital Group Pty Ltd (Curious Capital A/C)	7,608,470	1.73
3.	Zero Nominees Pty Ltd	7,547,940	1.71
4.	JP Morgan Nominees Australia Pty Limited	7,107,833	1.61
5.	S & S Olsen Pty Ltd	6,628,909	1.51
6.	United Overseas Service Management Ltd	6,622,390	1.50
7.	CS Third Nominees Pty Limited (HSBC Cust Nom Au Ltd 13 A/C)	6,132,222	1.39
8.	UBS Nominees Pty Ltd	5,856,156	1.33
9.	Panjeta Investment Group Pty Ltd (Panjeta Family Group A/C)	5,600,000	1.27
10.	Silver Rayne Pty Ltd	5,376,909	1.22
11.	Stone Poneys Nominees Pty Ltd (Chapman Super Fund A/C)	5,332,540	1.21
12.	Laufmann Longterm Investments Pty Ltd (Laufmann Super Fund A/C)	4,919,893	1.12
13.	BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	4,521,646	1.03
14.	Citicorp Nominees Pty Ltd	4,095,089	0.93
15.	BNP Paribas Noms Pty Ltd (DRP)	4,027,456	0.91
16.	BT Portfolio Services Limited (Warrell Holdings S/F A/C)	3,616,604	0.82
17.	Mrs Natalie Laufmann	3,500,000	0.80
18.	Mrs Vickie Jane Jones	3,476,594	0.79
19.	HSBC Custody Nominees (Australia) Limited – A/C 2	3,439,498	0.78
20.	ZW 2 Pty Ltd	3,300,000	0.75
Total		113,366,637	25.76

Substantial shareholders

There is currently one substantial shareholder lodged with the Company:

Ellerston Capital Limited	26,448,494	6.26
---------------------------	------------	------

Voting rights

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

Stock exchange listing

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

REX MINERALS LTD

NOTES

2021

ANNUAL REPORT



ABN 12 124 960 523



STAY IN TOUCH

- A 68 St Vincent Highway, Pine Point,
South Australia 5571
- T 1300 822 161 (Australia)
- T +61 3 9068 3077 (International)
- P PO Box 3435, Rundle Mall,
South Australia 5000
- E rex@rexminerals.com.au
- W www.rexminerals.com.au

ABN 12 124 960 523