

Rex Minerals Limited

(RXM \$0.405) Speculative Buy - Initiation of Coverage

EUROZ HARTLEYS

| Analyst | Date | Price Target |
|---------------|---------------------------|--------------|
| Mike Millikan | 25 th May 2021 | \$0.70/sh |

Hillside the next major (IOCG) copper development in SA

Key points

- Rex Minerals Limited ('RXM') 100%-owned Hillside Copper-Gold Project in SA remains one of Australia's largest undeveloped copper opportunities.
- RXM also has a growing gold asset in Nevada USA (Hog Ranch), with a low-cost heap leach gold start-up being considered, and a large-scale gold trend emerging.
- Hillside contains a large, shallow, Iron-Oxide-Copper-Gold (IOCG) deposit with a resource of 337Mt @ 0.6% Cu, 0.14g/t Au for ~2Mt of copper and ~1.4Moz of gold; for more contained copper than RIO's Winu deposit in Patterson Province of WA (Inferred resource ~1.8Mt of copper July'20).
- Hillside is unique in regards to its location (only 2 hours' drive from Adelaide on the Yorke Peninsula), access to infrastructure (roads, grid power, water and port all accessible), and remains "finance ready" (major government approvals/permits in place and feasibility studies completed).
- The Stage 1 proposal provides a long-life (+13 year mine life) open pit mine, producing payable copper of ~35ktpa and payable gold of ~24kozpa at an estimated AISC of ~US\$1.60/lb Cu. Stage 1 is underpinned by reserves of 82Mt @ 0.62% Cu, 0.16g/t Au for 509kt of copper and 432koz of gold.
- Pre-production capital is ~A\$585m (~US\$410m) which includes A\$158m for a mining fleet, which could be reduced by moving to contract mining and/or lease financing arrangements. Financing options are being actively pursued and could include the introduction of a development partner; dramatically reducing the capital hurdle.
- Our preliminary NPV10 Hillside post-tax valuation highlights un-risked value of ~\$340m using US\$3.50/lb copper, US\$1,700/oz gold price and 0.74 AUD:USD. We assume first production in 2HFY24.
- At current spot prices (~US\$4.50/lb Cu, ~US\$1,880/oz, 0.773) our un-risked valuation increases to ~\$650m, highlighting excellent leverage. Our NAV has been risk weighted, due largely to the funding uncertainty (debt:equity mix, terms and pricing) and timing to first concentrate production, as such our Hillside Stage 1 NPV10 (risked 60%) is \$203m (or ~46cps).
- Upside includes: higher reserve to resource conversion, currently a low 24%; with potential for a Stage 2 expansion, increasing reserves, extending mine-life and providing opportunities to lift copper-gold production levels. Improved commodity prices in particular copper; our price deck is currently 22% below spot. The proposed layout for the processing plant can accommodate an expansion to 12Mtpa, and could include an iron ore recovery circuit. Near-mine and regional exploration potential remains strong and largely untested.

| Rex Minerals Limited | Year End 3.0 June | |
|----------------------|-------------------|-----------|
| Share Price | 0.405 | A\$/sh |
| Price Target | 0.70 | A\$/sh |
| Valuation | 0.67 | A\$/sh |
| | | (npv 10%) |

| | | |
|---------------------|-----|--------------|
| Shares on issue | 438 | m, diluted * |
| Mkt Cap'n | 178 | A\$m |
| Enterprise Value | 165 | A\$m |
| Debt | 0 | A\$m |
| Cash | 12 | A\$m |
| Largest Shareholder | | Directors |

| Production F/Cast | 2022F | 2023F | 2024F |
|-------------------|-------|-------|-------|
| Hillside Cu (kt) | - | - | 17 |
| Hillside Au (koz) | - | - | 20 |
| Hog Ranch (koz) | 0 | 25 | 48 |
| AISC (US\$/lb) | - | - | 1.58 |
| AISC US\$/oz | 0 | 712 | 695 |

| Assumptions | 2022F | 2023F | 2024F |
|----------------|-------|-------|-------|
| Copper US\$/lb | 4.00 | 3.50 | 3.50 |
| US Gold | 1850 | 1800 | 1700 |
| AUDUSD | 0.75 | 0.74 | 0.74 |
| Copper A\$/lb | 5.33 | 4.73 | 4.73 |

| Key Financials | 2022F | 2023F | 2024F |
|-----------------|-------|-------|-------|
| Revenue (A\$m) | 0 | 60 | 323 |
| EBITDA (A\$m) | -16 | 29 | 166 |
| NPAT (A\$m) | -12 | -8 | 69 |
| Cashflow (A\$m) | -153 | -378 | -32 |

| | | | |
|------------|-----|-----|----|
| CFPS (Ac) | -35 | -86 | -7 |
| P/CFPS (x) | na | na | na |

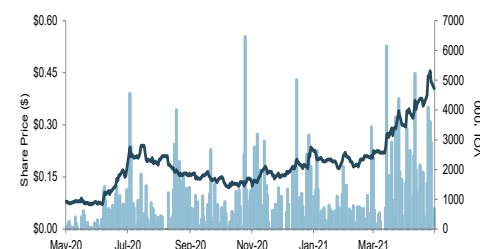
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|----------------|----|----|-----|
| EPS (Ac) | -3 | -2 | 16 |
| EPS growth (%) | na | na | na |
| PER (x) | na | na | 2.7 |

| | | | |
|---------------|----|------|-----|
| EV:EBITDA (x) | na | 18.8 | 3.4 |
| EV:EBIT (x) | na | 18.9 | 3.8 |

| | | | |
|--------------------|-----|-----|-----|
| DPS (Ac) | 0.0 | 0.0 | 0.0 |
| Dividend Yield (%) | 0% | 0% | 0% |

| | | | |
|------------------------|----|-----|-----|
| ND:Net Debt+Equity (%) | na | 63% | 53% |
| Interest Cover (x) | na | na | 1.3 |

Share Price Chart



Disclaimer

Euroz Hartleys declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Rex Minerals Limited during the last year. Euroz Hartleys has received a fee for these services.

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- Hillside is also a shallow IOCG deposit within 5m of surface (<50m average), whereas some of the other IOGC deposits of the Gawler Craton, such as the world-class Olympic Dam mine starts at ~300m below surface and extends +1,000m and similarly Carrapateena starts at ~450m and extends +1,000m. Hillside mineralisation remains open and has only been drill-tested down to ~750m depths, providing strong underground potential, at a later date.
- On copper peer metrics, RXM screens as “undervalued”, with a current EV/reserve of <US\$0.12/lb Cu (peer median ~US\$0.50/lb Cu) and EV/resource <US\$0.03/lb Cu (peer median ~US\$0.15/lb Cu).
- We also see value in Hog Ranch, both in developing a low-cost heap leach gold operation and exploring for new gold discoveries. We have conservatively modelled an initial heap leach operation at Bells NPV10 (risked 70%) which provides an additional \$56m (or ~13cps) while utilising only ~420koz (~18%) of available project resources.
- RXM expects the higher grade zones within the Bells and Krista pits (combined 54Mt @ 0.65g/t Au for 1.13Moz) will drive the next stage of study works and significantly enhance project economics. Drilling is also underway testing compelling exploration.
- We initiate coverage with a Speculative Buy recommendation on Rex Minerals with a Price Target of \$0.70/sh (P/NAV 0.6x). We see Hillside as the main value driver, highly leveraged to copper price and ultimately the successful development of the project (which remains subject to financing). Hog Ranch should not be taken lightly as a new gold district appears to be emerging. The Company is well funded (~\$12m cash and debt-free) to execute its near-term exploration strategies.

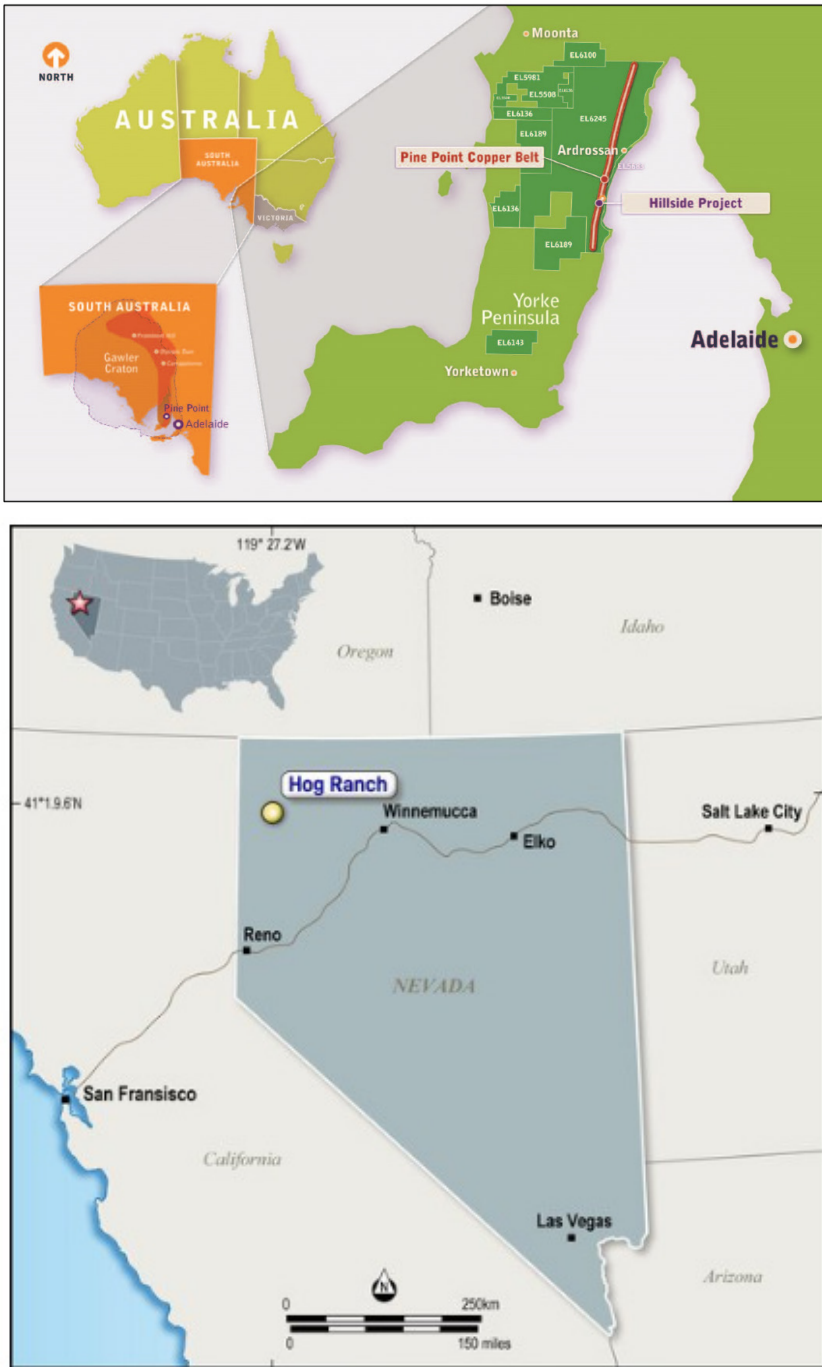
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Fig 1. Project Locations (AUS and USA)



Source: Rex Minerals Ltd

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Executive Summary

Rex Minerals Ltd (RXM) is a copper-gold developer and explorer. The Company's strategy is to advance its large copper development opportunity (Hillside) in South Australia and realise value for its large and growing gold properties (Hog Ranch) in Nevada USA.

RXM listed on the ASX in Sep'2007, and prior to listing reached agreement with Avoca Resources Limited to purchase ground in South Australia (Cowell JV-interest and the Moonta Project 100%-interest). The Moonta project area consisted of five exploration licences over the Yorke Peninsula, covering historical copper workings/mines and ground considered prospective for potential IOCG-style mineralisation (ie Olympic Dam, Carrapateena exploration models). The tenements were also contained within Freehold Land and as such not subject to Native Title. Early works of drill-testing coincident gravity and magnetic anomalies (potential IOCG targets) led to the discovery of copper mineralisation (18m @ 0.2% Cu from 298m, including 0.78m @ 2.25% Cu) at Hillside in early 2008. Hillside was the site of a historical small-scale copper mine. More significant mineralisation was encountered in Jan'2009 (259m @ 1.7% Cu, incl. 26m @ 4.4% Cu), confirming a new IOCG discovery in the Gawler Craton.

The maiden copper resource for Hillside was declared in July'2010, with an Inferred resource of 100Mt @ 0.7% Cu, 0.2g/t Au for 700kt of contained copper and 650koz of gold. Resource definition and infill continued into 2011-12 and the Hillside Pre-Feasibility Study (PFS) was released in Oct'2012. The PFS showcased a 15Mtpa operation capable of producing 70ktpa of copper and 50kozpa of gold in concentrates at a cash cost of US\$1.20/lb Cu. Pre-production capital costs were estimated to be A\$900m.

Engineering Procurement & Construction (EPC) and financing memorandum of understanding (MoU) signed with China Nonferrous Metals Foreign Engineering and Construction (NFC) for the project build and financing in June'2013. In early 2014, Korean-based Hyundai and AMEC were awarded Early Contractor Involvement for the project, adding to the competitive tension for the EPC contract. Unfortunately, declining copper prices and permitting delays, RXM started to investigate a smaller-scale start up operation for Hillside, broadening the scope of the Feasibility Study. The Extended Feasibility Study (EFS) was released in May'2015, reducing the scale to 6Mtpa for 35ktpa of copper and 24kozpa gold in concentrates at a cash cost of US\$1.60/lb Cu, and up-front capital to <A\$500m. Sustained low copper prices, the South Australian government approved extensions for the Social Management Plan (SMP) and the key Program for Environmental Protection and Rehabilitation (PEPR). The SMP was submitted in Sep'2017, and the PEPR lodged in Feb'2018.

RXM acquired the Hog Ranch gold property in Nevada USA in Aug'2019, and completed a maiden resource estimate in Sep'2019. Resource updates and a Scoping Study into a potential low-cost heap leach gold operation is completed on the Bells deposit (Hog Ranch) during early to mid-2020.

In July'2020, the major milestone PEPR approval for Hillside was received, seen as the critical strategic step in the development of copper-gold project. The approval received full bipartisan support by the South Australian parliament and aligns with the government's plan to establish the state as a world-leading copper precinct. RXM releases updated cost estimates for Hillside, which appears well-primed for the "green-energy" revolution.

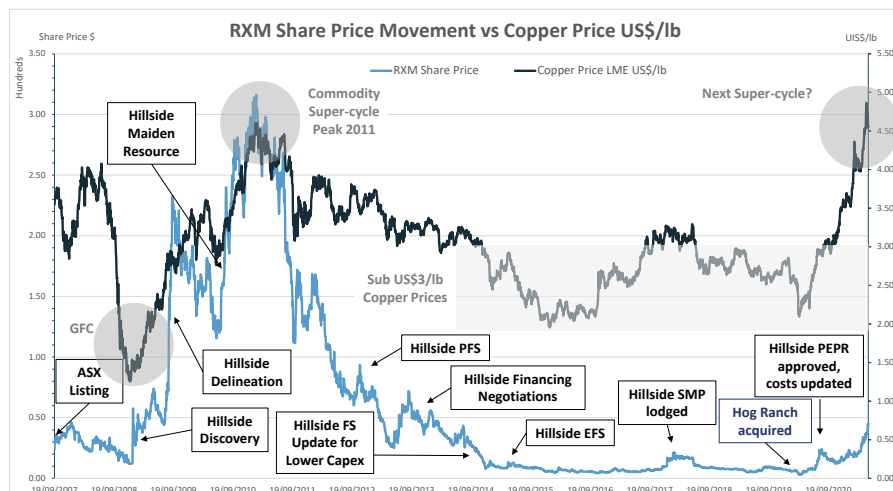
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Fig 2. Rex Minerals (RXM) Share Price Movements and Copper Price



Source: Euroz Hartleys

Valuation and Price Target

Fig 3. Preliminary “Sum of Parts” Valuation for RXM

| ASSET VALUATION | A\$m | A\$/sh |
|---|------------|-------------|
| 100% Hillside Stage 1 (NPV10%) - risked 60% | 203 | 0.46 |
| 100% Hog Ranch Bells HL (NPV10%) - risked 70% | 56 | 0.13 |
| Hedging | 0 | 0.00 |
| Corporate | -39 | -0.09 |
| Tax losses - discounted | 31 | 0.07 |
| Exploration | 30 | 0.07 |
| Net Cash/Debt | 12 | 0.03 |
| Total @ 10% | 294 | 0.67 |
| Valuation @ Spot | 486 | 1.11 |
| <i>Spot USD/AUD 0.77, Copper \$4.50/lb, Gold \$1880/oz.</i> | | |
| Price Target | 305 | 0.70 |

Source: Euroz Hartleys

We have a preliminary valuation (sum of parts) on Rex Minerals of \$0.67/sh. Hillside is seen as the largest value driver (assigned a risked \$0.46/sh), and also see value in pursuing a low-cost gold operation at Hog Ranch (assigned a risked \$0.13/sh). Our modelling remains subject to change, and will continue to be updated as development studies, and financing outcomes are released.

Our Price Target of \$0.70/sh, is largely weighted towards our commodity price forecasts, but at current spot commodity prices our RXM valuation is \$1.11/sh, highlighting very good leverage to commodity prices (in particular copper).

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Hillside Copper-Gold

- Our modelling assumptions for Hillside are summarised in the table below.
- Our preliminary NPV10 Hillside Stage 1 post-tax valuation, based largely on the Extended Feasibility Study (EFS) and latest Costing Update, highlights un-risked value of ~\$340m using our US\$3.50/lb copper, US\$1,700/oz gold price and 0.74 AUD:USD exchange rate. We assume first production in 2HFY24.
- At current spot prices (~US\$4.50/lb Cu, ~US\$1,880/oz) and FX (0.773) our un-risked valuation increases to +\$650m, highlighting excellent leverage.
- Our NAV has been risk weighted, due largely to the funding uncertainty (debt:equity mix, terms and pricing) and timing to first concentrate production, as such our Hillside Stage 1 NPV10 (risked 60%) is \$203m (or ~46cps).
- Our modelling is yet to include any potential expansions via increased reserves, with RXM now contemplating a potential doubling of reserves. The current reserve conversion for Stage 1 utilises only 24% of resources.

Fig 4. Model Assumptions for Valuation

| Hillside - RXM est | Units | Stage 1 |
|----------------------|------------|---------|
| Mine Life | Yrs | 13 |
| Strip Ratio | W:O | 6.7 |
| Reserve | Mt | 82 |
| Grade - copper | % Cu | 0.62 |
| Grade - gold | g/t Au | 0.16 |
| Contained Copper | Kt Cu | 509 |
| Contained Gold | Koz Au | 432 |
| Pre-prod Capex | A\$m | 585 |
| Production Rate | Mtpa | 6.0 |
| Grade - copper | % Cu | 0.66 |
| Grade - gold | g/t Au | 0.17 |
| Recoveries - copper | % | 92% |
| Copper Prod (ave) | Ktpa Cu | 35 |
| Gold Prod (ave) | Kozpa Au | 24 |
| Revenue (est) | A\$m | 4,524 |
| Mining (after strip) | A\$/t | 14.5 |
| Processing | A\$/t | 10.4 |
| G&A | A\$/t | 1.9 |
| Operating cost | A\$/t | 26.9 |
| Operating cost | A\$m | 2447 |
| AISC | US\$/lb Cu | 1.60 |

Source: Euroz Hartleys, based largely on RXM "Hillside EFS and Cost Update"

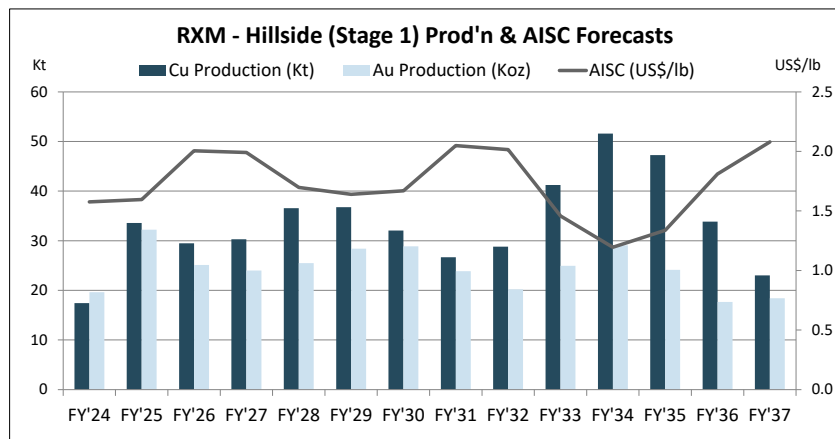
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Fig 5. Hillside Copper-Gold Production Forecasts



Source: Euroz Hartleys; subject to change

Hog Ranch Gold

- Our modelling assumptions for Hog Ranch are summarised in the table below.
- We have conservatively modelled an initial heap leach operation at Bells NPV10 (risked 70%) which provides an additional \$56m (or -13cps) while utilising only ~420koz (-18%) of available project resources.
- RXM expects the higher grade zones within the Bells and Krista pits (combined 54Mt @ 0.65g/t Au for 1.13Moz) will drive the next stage of study works and significantly enhance project economics. Drilling is also underway testing compelling exploration targets to extend mineralisation (upside potential).

Fig 6. Model Assumptions for Valuation

| Hog Ranch | Units | Bells |
|------------------|---------|-------|
| Mine Life | Yrs | 8.5 |
| Strip Ratio | W:O | 0.49 |
| Mining Inventory | Mt | 25 |
| Grade | g/t Au | 0.5 |
| Contained Gold | Koz Au | 402 |
| Pre-prod Capex | US\$m | 58 |
| Production Rate | Mtpa | 3.0 |
| Grade | g/t Au | 0.50 |
| Contained Gold | Koz Au | 402 |
| Recoveries | % | 80% |
| Recovered Gold | Koz Au | 321 |
| Mining | US\$/t | 3 |
| Processing | US\$/t | 6 |
| G&A | US\$/t | 1 |
| Operating cost | US\$/t | 10 |
| Total cash cost | US\$/oz | 825 |
| AISC | US\$/oz | 903 |

Source: Euroz Hartleys, based largely on RXM "Bells Scoping Study"

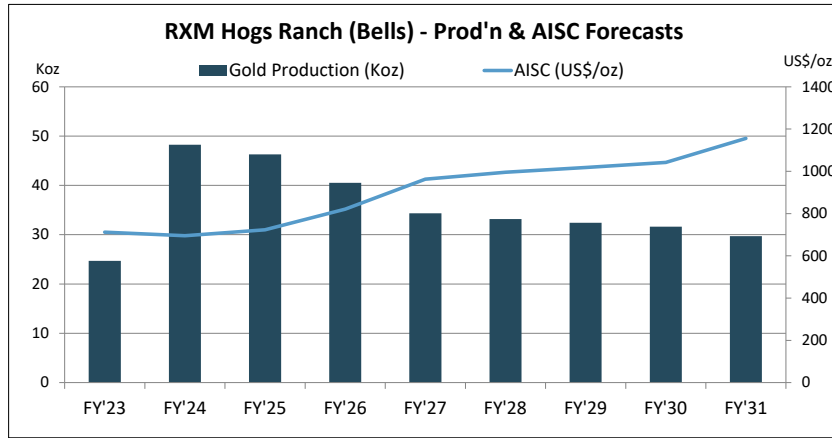
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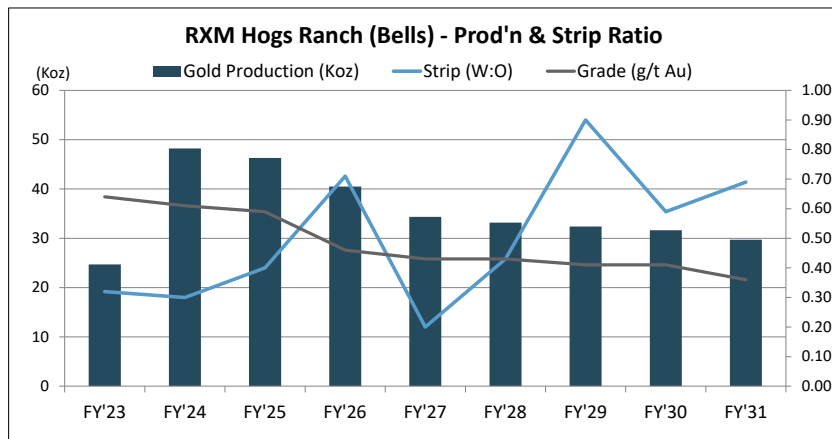
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Fig 7. Hog Ranch Gold Production Forecasts



Source: Euroz Hartleys; subject to change

Fig 8. Hog Ranch Gold Production and Strip Ratio



Source: Euroz Hartleys; subject to change

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Opportunities and Risks

Some of the key opportunities include:

- **Reserve growth, add mine life and/or increase production levels:** both projects (Hillside and Hog Ranch) have significant exploration upside. Some of the large resource base of Hillside is expected to convert into reserves, effectively doubling the reserve position as part of a Stage 2 plan. Once in production RXM can expand the processing infrastructure to lift production and sustain a long mine-life. Pit optimisation using a lower cut-off grade could improve the strip ratio and lower mining costs. A future underground mine is expected at Hillside, but not as yet included into the development plans. Drilling is currently underway at Hog Ranch testing a number of priority targets which could extend existing mineralisation and provide new discoveries.
- **Hillside well serviced infrastructure:** Grid power, sealed roads, water are all available for the Hillside development. Concentrates are proposed to be transported via sealed road to Port Adelaide, a distance of ~160km. Yorke Peninsula is a largely a farming region, with numerous nearby country towns supporting a few thousand people. Adelaide, the capital of South Australia has a population over 1.2 million, is located ~150km by road.
- **Quality copper concentrates:** The dominant primary copper mineral at Hillside is chalcopyrite and as such quality concentrates are produced (~27% copper concentrate grades at a very good 92% recoveries). The low arsenic, low uranium and low halides also makes it an attractive concentrate, which is expected to be highly sought after by potential offtake partners. The surrounding carbonate rocks in the waste rock is also a clear advantage for minimising any potential acid mine drainage.
- **Costs provides copper and gold price leverage:** Hillside's anticipated AISC of ~US\$1.60-1.70/lb Cu highlight healthy margins in the current copper-gold price environment. A potential heap leach gold operation at Hog Ranch is expected to have relatively low upfront capital costs and attractive AISC (~US\$900/oz), hence good leveraged to the gold price.

Some of the key risks include:

- **Project funding:** funding for the project developments are required. Hillside is "finance ready", with funding options now being considered, one of which may include the introduction of a development partner (ie part project interest sell down). Copper prices have increased considerably and conventional debt options are now also becoming available. In addition, equity markets remain open to feasible copper project developments (which remain few and far between).
- **Capital cost escalation:** RXM updated cost estimates for Hillside in July'2020, which saw the pre-production capital increase from A\$480m (in the May'2015 EFS) to A\$585m. The increase in mining fleet costs from A\$66m to A\$158m, was a factor due to buying the fleet outright. A move to a mining contractor and/or leasing the fleet would reduce some of the capital burden. Processing plant capex was also increased but may need to be re-estimated prior to the finalisation of a funding solution.

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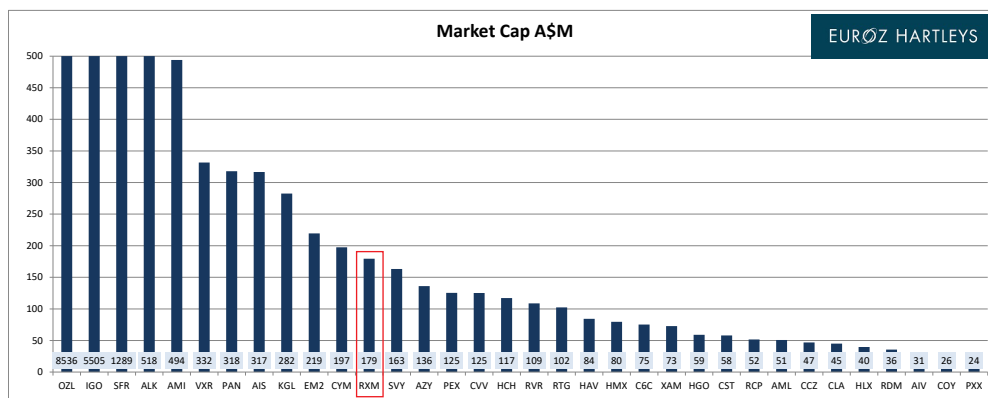
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- Labour shortages:** Skilled workers for mines currently remain in high demand and in short supply. Border closures during times of COVID-19 outbreaks have only exasperated some shortages. Luckily Hillside is well located to attract and retain skilled workers. The long mine life will also be an attraction.
- Additional permitting required:** all major approvals are in place for Hillside, with the number of smaller permits for operational activities expected before mining commencing. Additional approvals would be required for Stage 2 and RXM would need to complete and submit an amendment PEPR. While unlikely that permits will not be granted it is still a risk. Hog Ranch is still in the early development study phase, with resource confidence building for a larger inventory and ultimately higher production outcome.
- Copper and gold price and exchange rate movements:** while the initial operation(s) are expected to be relatively low cost, copper price movements (down) in particular are a key risk to the development of Hillside.

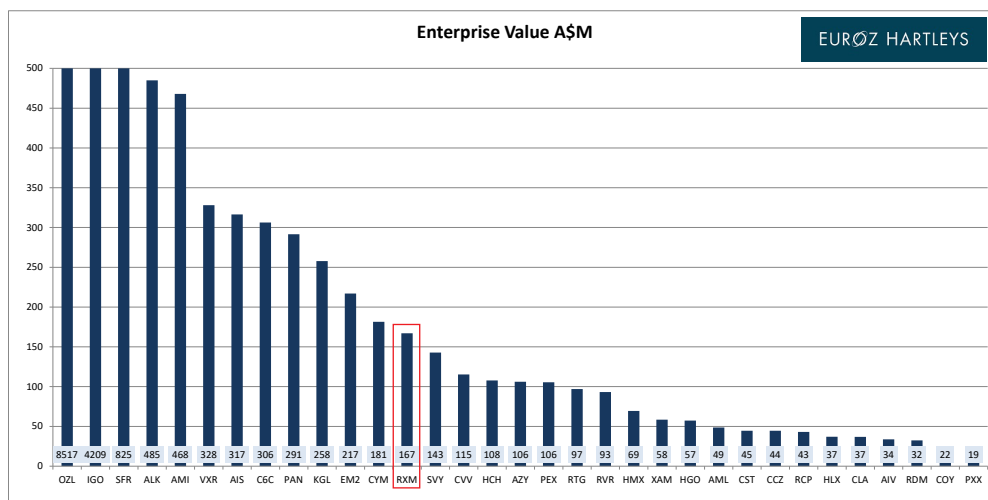
Peer Analysis

Fig 9. ASX Copper Peers - Market Capitalisation



Source: Euroz Hartleys

Fig 10. ASX Copper Peers - Enterprise Value

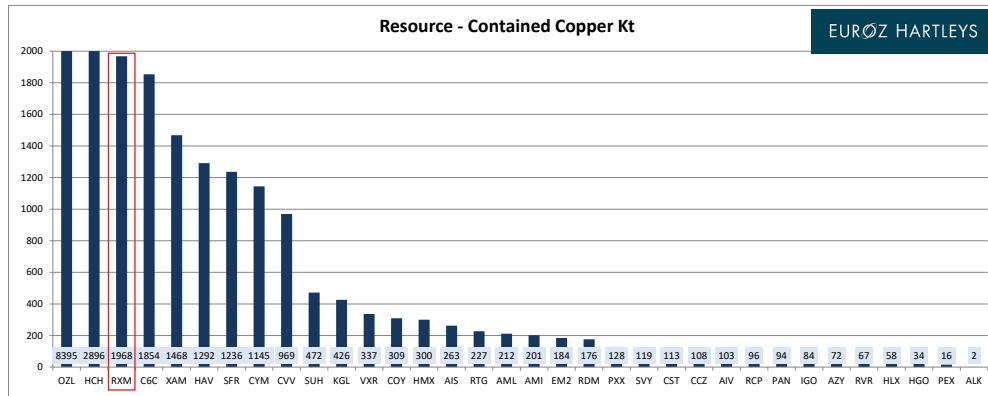


Source: Euroz Hartleys

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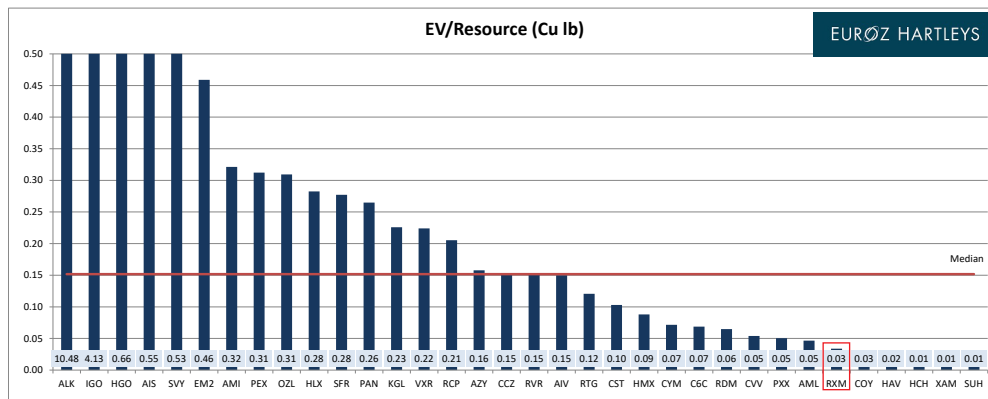
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Fig 11. ASX Copper Peers - Resource - Contained Copper Kt



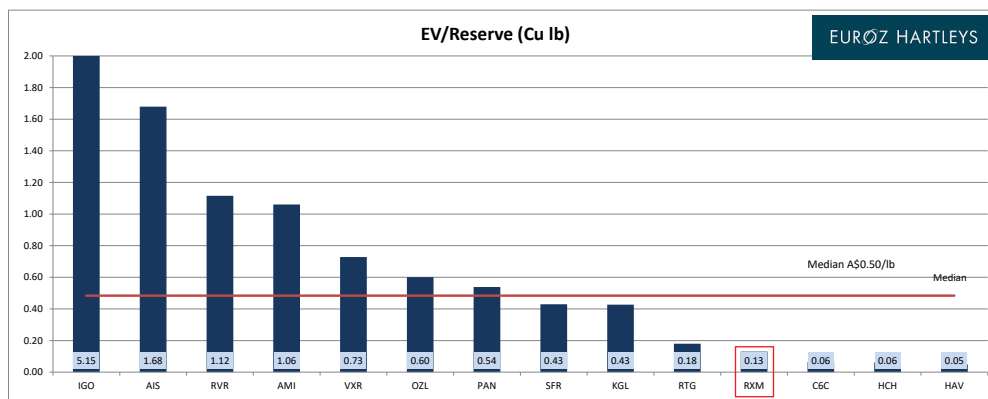
Source: Euroz Hartleys

Fig 12. ASX Copper Peers - EV/Resource (Cu lb)



Source: Euroz Hartleys

Fig 13. ASX Copper Peers - EV/Reserve (Cu lb)



Source: Euroz Hartleys

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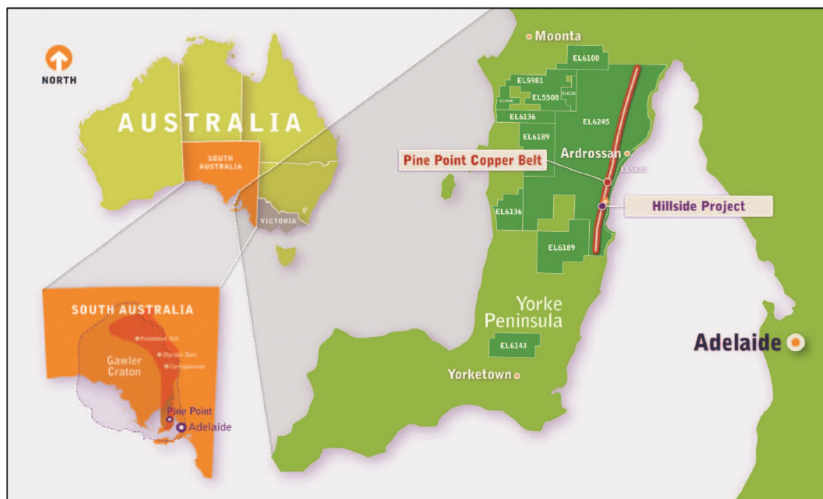
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Hillside Copper-Gold Project

Location and History

The Hillside Copper-Gold Project is located on the Yorke Peninsula of South Australia (SA), some 150km by sealed road from Adelaide. The nearest country town is Ardrossan, located some 12km to the north. The project is 100% RXM owned.

Fig 14. Hillside Project Location



Source: Rex Minerals Ltd

- In 2007, prior to listing on the ASX, RXM acquired a large package of exploration tenements on Yorke Peninsula, SA from Avoca Resources Ltd.
- Following drilling in 2008, numerous board copper-gold intersections were identified at Hillside, leading to the discovery of an Iron-Oxide-Copper-Gold (IOCG) style deposit.
- Hillside is similar in style to Olympic Dam, Carrapateena and Prominent Hill and presented the first discovery of IOCG on Yorke Peninsula (a region known for historical copper mines), along the eastern margin of the Gawler Craton.
- The maiden Hillside resource was released in July'2010 and after extensive drilling throughout 2011, RXM completed a concept study on a potential 7.5Mtpa operation increasing up to 15Mtpa producing both a copper-gold and iron ore concentrate.
- The project progressed into a Pre-Feasibility Study (PFS), released Oct'2012, concentrating on the larger-scale 15Mtpa operation producing both a copper-gold and iron ore concentrates.
- The mineral lease, miscellaneous purpose licence and extractive minerals lease were granted in Sep'2014, following successful supporting document submissions in 2013.
- RXM continued with development studies on the large-scale project until a large downturn in commodity prices (iron ore and copper) prompted the Company to change its focus towards an initial copper-gold only project, with lower upfront capital and higher copper head grades.

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- The Extended Feasibility Study (EFS) was released in May'2015, delivering a 6Mtpa scale project for copper-gold in concentrate production, with the smaller Stage 1 (EFS) project presented in the Program for Environmental Protection and Rehabilitation (PEPR). Additional approvals would be required for Stage 2 and RXM would need to submit and amend the PEPR.
- The PEPR was approved in July'2020, seen as the critical strategic step in the development of Hillside. The approval received full bipartisan support by the South Australian parliament and aligns with the government's plan to establish the state as a world-leading copper precinct. RXM released an updated cost estimate around the same time.

Geology (reference to RXM website)

Hillside was discovered in 2008, and represents an Iron-Oxide-Copper-Gold (IOCG) deposit. Hillside is located within the Moonta Subdomain of the Olympic Copper-Gold Province of the eastern Gawler Craton SA, which is host to the Olympic Dam, Prominent Hill, Carrapateena, and Moonta-Wallaroo deposits.

Copper-gold mineralisation is hosted by a sequence of steeply west-dipping, intensely altered structures. Mineralisation which predominantly strikes north-south has so far been observed over the area of 2.3km north-south length and a 900m west-east width. At least four main structures with individual copper-mineralised strike lengths of +2.0km have been defined to date. Copper mineralisation within all structures remains open along strike and at depth, from as shallow as 5m below surface to 710m below surface with true widths estimated to be in the order of 1m to 130m. A zone of shallow mineralisation with an apparent east-west strike rather than north-south (corresponding with a magnetic response) was identified on the southeast extension of the orebody.

Primary copper zones comprise parallel, steeply-dipping structures of massive sulphide dominated by chalcopyrite with subordinate bornite and chalcocite. Gold tends to occur as inclusions within chalcopyrite. Uranium and magnetite are associated with sulphides. Uranium is present at low levels within the orebody.

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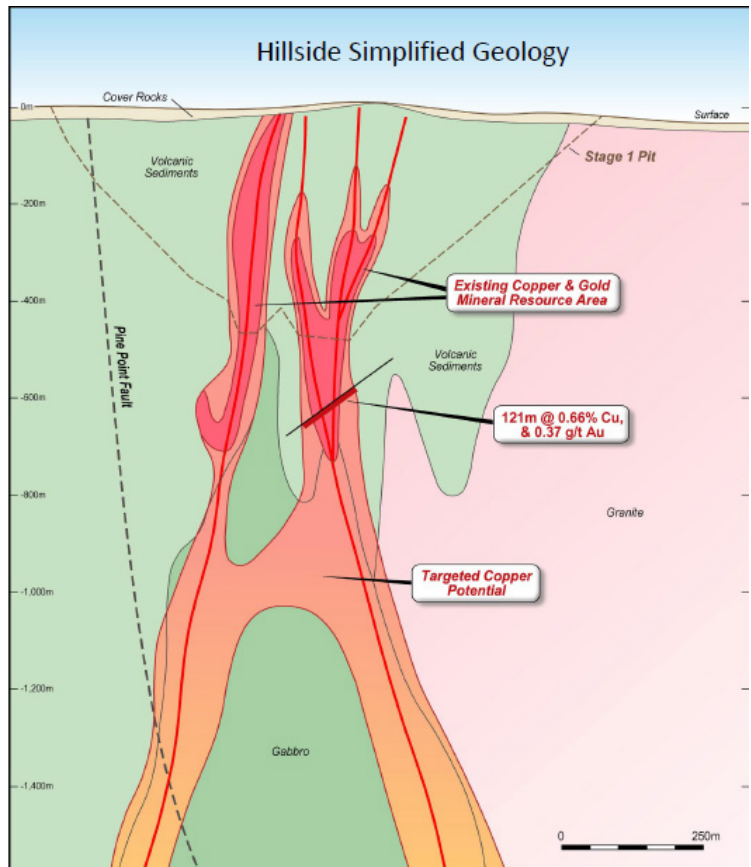
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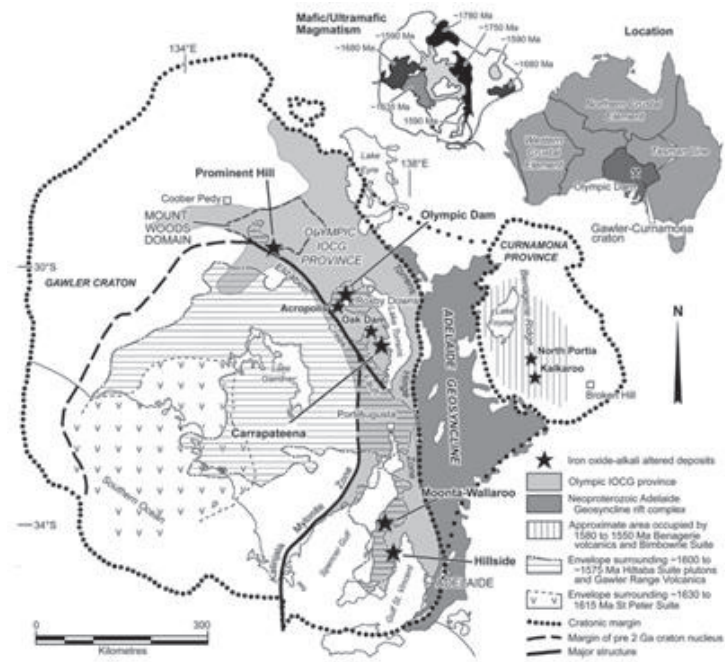


Fig 15. Hillside Geology



Source: Rex Minerals Ltd

Fig 16. Gawler Craton Geology - Major IOCG



Source: PorterGeo Database

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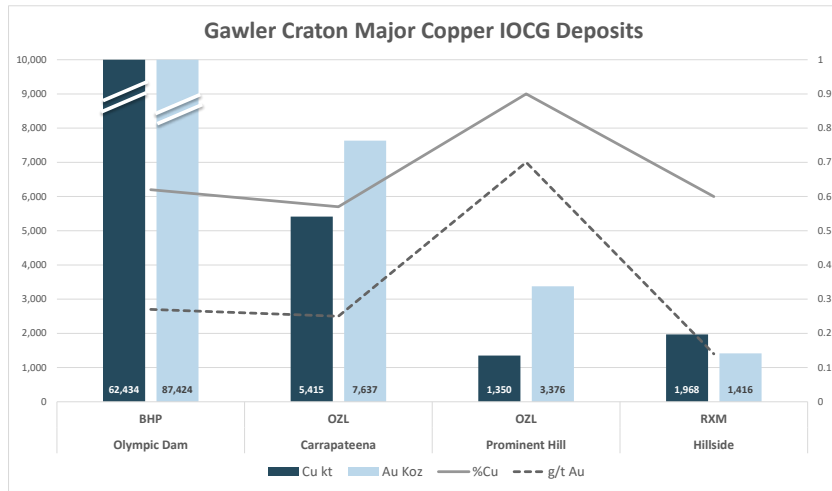
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Fig 17. Gawler Craton - Major IOCG Resources



Source: Company Reports, Euroz Hartleys

Infrastructure

Best summarised by the below image.

Fig 18. Hillside - Infrastructure

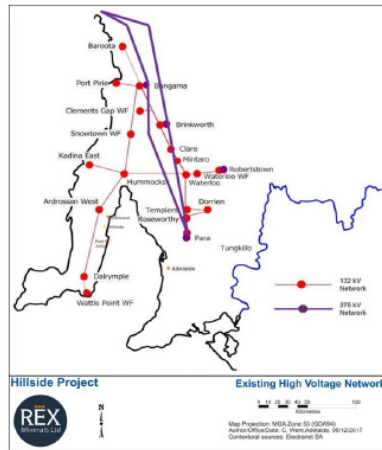
Roads

- A section of the Yorke Highway will be realigned circa 5km.
- prior to commencing mining operations.
- The concentrate will be exported via Port Adelaide, situated approximately 160km by road from Hillside



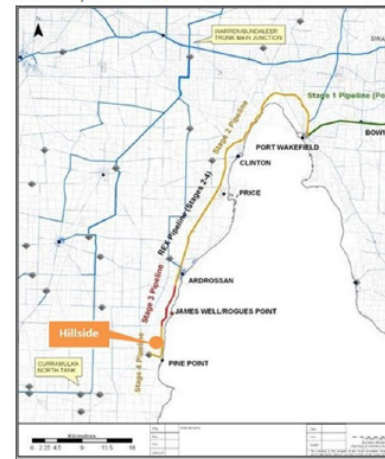
Power

- Total Project load is 34.5 MW
- Power for the process plant site will be supplied a direct connection to Ardrossan West 132 kV substation (approximately 12km from site)



Potable Water

- SA Water complete the connection from Ardrossan to the Project site (12km)
- From the Upper Wakefield storage facility and piped via Port Wakefield to Ardrossan (41km already installed.)
- Maximum of 0.55GL/a of potable water. 2.64GL/a of saline water from bores and pit.



Source: Rex Minerals Ltd

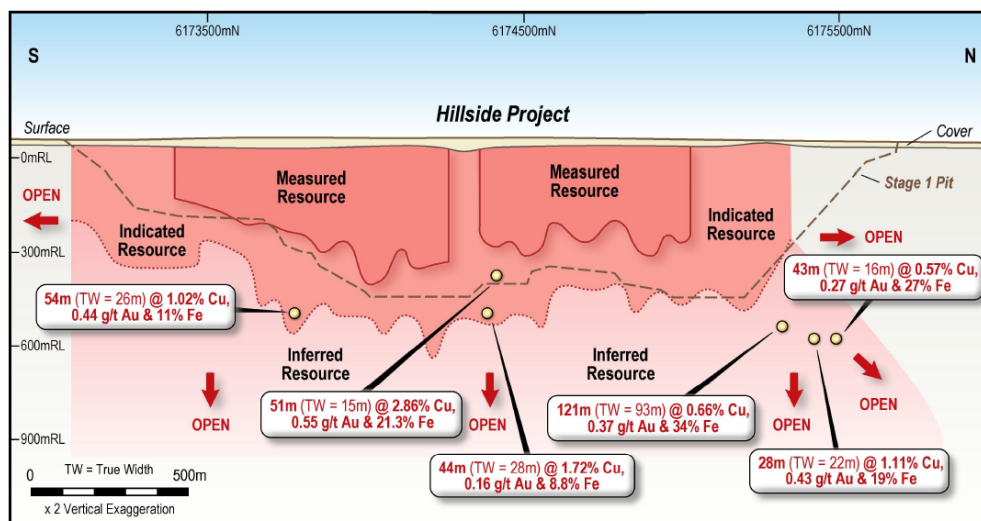
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Resources and Reserves

Fig 19. Hillside Resources - 25May'2015

| Project | Resource Category | Tonnage (Mt) | Copper % Cu | Gold (g/t) | Copper (kt Cu) | Gold (Koz) |
|--------------------|-------------------|--------------|-------------|-------------|----------------|--------------|
| Oxide Copper | Measured | 16 | 0.54 | 0.23 | 86 | 118 |
| | Indicated | 4 | 0.51 | 0.13 | 20 | 17 |
| | Inferred | 0.2 | 0.70 | 0.2 | 1 | 1 |
| Secondary Sulphide | Measured | 9 | 0.61 | 0.2 | 55 | 58 |
| | Indicated | 3 | 0.55 | 0.12 | 17 | 12 |
| | Inferred | 0.1 | 0.6 | 0.1 | 1 | 0 |
| Primary Sulphide | Measured | 47 | 0.54 | 0.16 | 254 | 242 |
| | Indicated | 144 | 0.59 | 0.13 | 850 | 602 |
| | Inferred | 114 | 0.60 | 0.1 | 684 | 366 |
| TOTAL | | 337 | 0.60 | 0.14 | 1,968 | 1,416 |



Source: Rex Minerals Ltd

Fig 20. Hillside Reserves - 25May'2015

| Project | Resource Category | Tonnage (Mt) | Copper % Cu | Gold (g/t) | Copper (kt Cu) | Gold (Koz) |
|------------------|-------------------|--------------|-------------|-------------|----------------|------------|
| Hillside Stage 1 | Proved | 42 | 0.55 | 0.19 | 228 | 250 |
| | Probable | 40 | 0.70 | 0.14 | 281 | 181 |
| TOTAL | | 82 | 0.62 | 0.16 | 509 | 432 |

Source: Rex Minerals Ltd

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Hillside Development Plan – Phase 1

- RXM has an aim of establishing a sustainable, long-term producing copper mine. The Stage 1 open pit has an estimated mine life of ~13 years, processing ore at a rate of 6Mtpa to produce copper-gold concentrates.
- Average annual production of ~35ktpa of copper and ~24kozpa of gold in concentrates at C1 cash costs of ~US\$1.40/lb Cu and AISC of US\$1.60/lb Cu.
- Pre-production capital costs were updated to be ~A\$585m (see breakdown in Fig.22).

Fig 21. Hillside EFS Costing Update – July'2020

| Hillside - RXM est | Units | Stage 1 |
|----------------------|------------|---------|
| Mine Life | Yrs | 13 |
| Strip Ratio | W:O | 6.7 |
| Reserve | Mt | 82 |
| Grade - copper | % Cu | 0.62 |
| Grade - gold | g/t Au | 0.16 |
| Contained Copper | Kt Cu | 509 |
| Contained Gold | Koz Au | 432 |
| Pre-prod Capex | A\$m | 585 |
| Production Rate | Mtpa | 6.0 |
| Grade - copper | % Cu | 0.66 |
| Grade - gold | g/t Au | 0.17 |
| Recoveries - copper | % | 92% |
| Copper Prod (ave) | Ktpa Cu | 35 |
| Gold Prod (ave) | Kozpa Au | 24 |
| Revenue (est) | A\$m | 4,524 |
| Mining (after strip) | A\$/t | 14.5 |
| Processing | A\$/t | 10.4 |
| G&A | A\$/t | 1.9 |
| Operating cost | A\$/t | 26.9 |
| Operating cost | A\$m | 2447 |
| AISC | US\$/lb Cu | 1.60 |

Source: Rex Minerals Ltd; Using US\$3/lb Cu, US\$1,550/oz, 0.70 AUD:USD

Fig 22. Hillside EFS Pre-Production Capital Costs – July'2020

| Pre-Production Capital | |
|--|---------|
| EPCM - Processing Plant & Associated Infrastructure | A\$198m |
| EPCM - Design & Construction | A\$28m |
| Mining Fleet | A\$158m |
| Non-EPCM Works | A\$68m |
| Owner's Cost (Including Land) | A\$22m |
| Total Owner Contingency & Growth (EPCM and Non EPCM) | A\$48m |
| Total Pre-Production Capital | A\$523m |
| Mine Development Operating Costs (inc. pre-strip) | A\$62m |
| Total Pre-Production Costs | A\$585m |

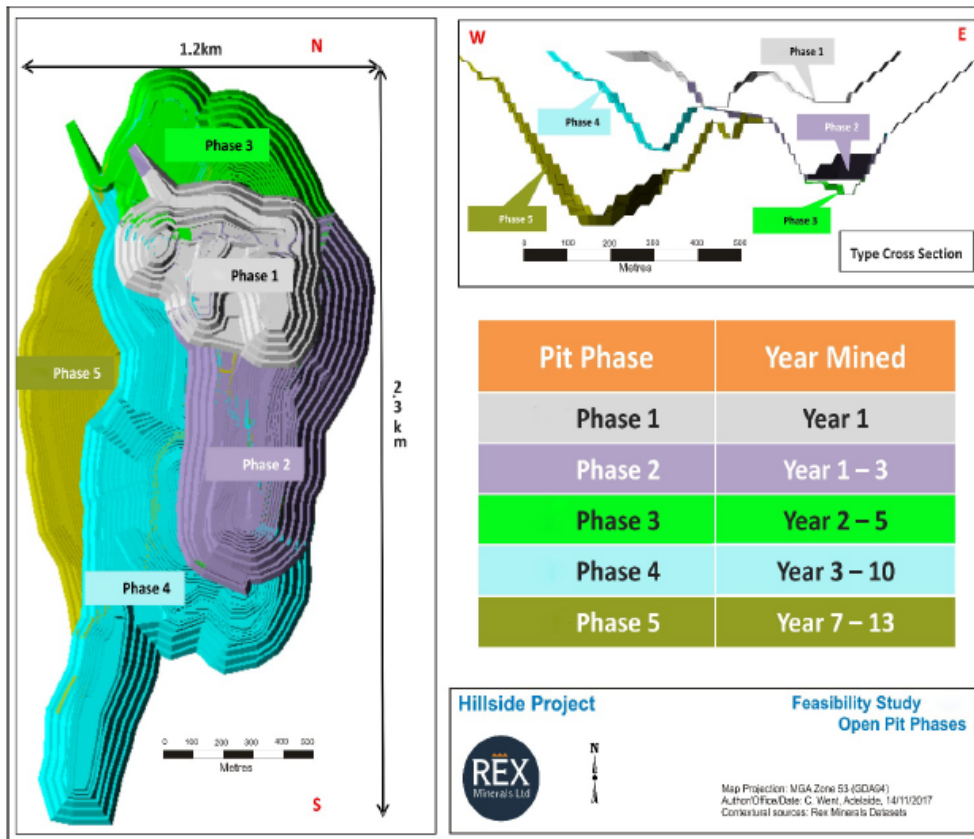
Source: Rex Minerals Ltd

- The open pit is expected to be mined in five phases (as shown in Fig.23). The pre-strip is expected to move ~54Mt over a 12-month period and is included in the mine development (pre-production) cost of ~A\$62m. RXM anticipates some 30-100m to be free-dip, and once completed the LOM strip ratio is expected to be ~6.7:1 (waste:ore).

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Fig 23. Hillside Open Pit Mine Plan



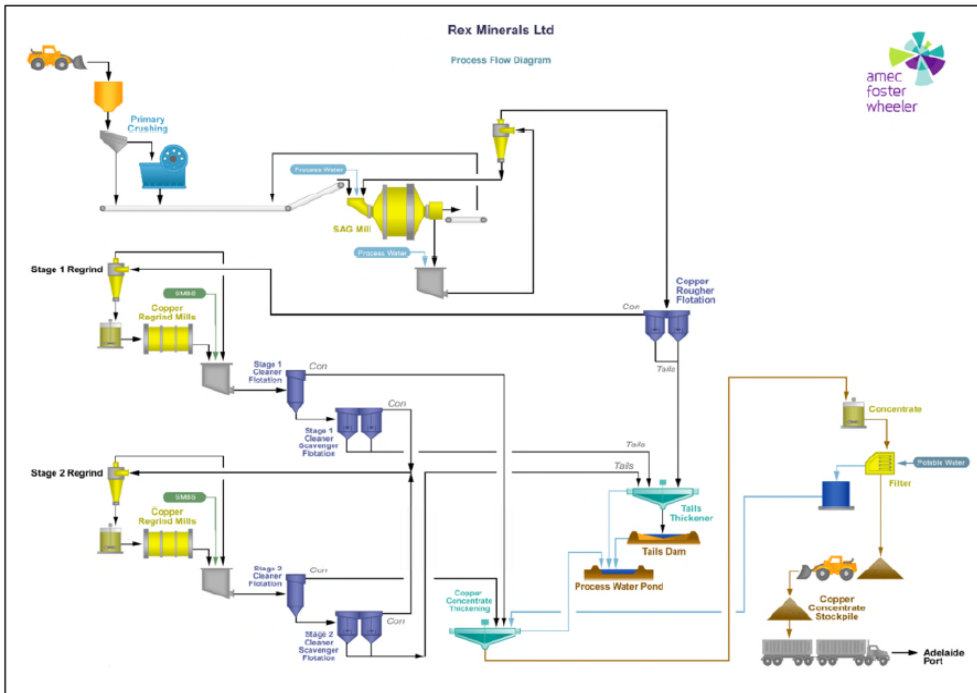
Source: Rex Minerals Ltd

- The processing plant has a throughput capacity of 6Mtpa. Conventional crushing and grinding before a first stage (rougher) flotation. This is followed by a fine-grind and second stage (cleaner) flotation, before preparation for transport as a copper-gold concentrate.
- The dominant primary copper mineral at Hillside is chalcopyrite and as such quality concentrates are produced (~27% copper concentrate grades at a very good 92% recoveries). The low arsenic, low uranium and low halides also made it an attractive concentrate, which is expected to be highly sought after by potential offtake partners.
- The layout for the processing plant allows for expansion capacity to a nominal 12Mtpa and the inclusion of an iron ore recovery circuit (if deemed appropriate).

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Fig 24. Hillside Processing Flowsheet



Source: Rex Minerals Ltd

Rex Minerals Limited

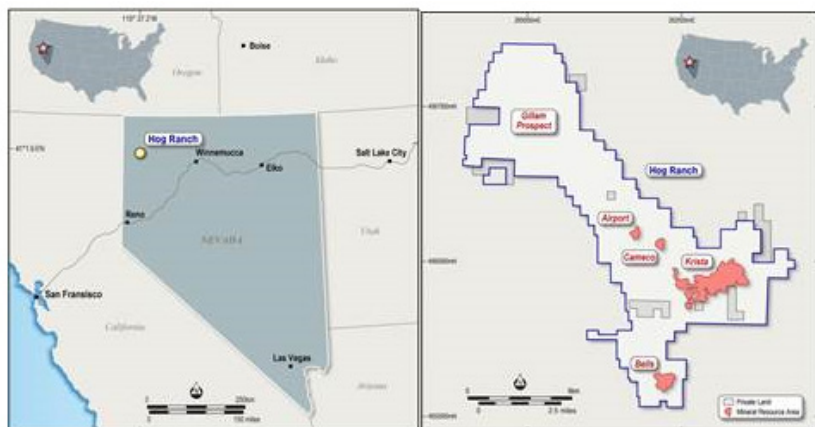
(RXM \$0.405) Speculative Buy - Initiation of Coverage

Hog Ranch Gold Project

Location and History

Hog Ranch is located ~270km north of Reno in Washoe County, north-west Nevada. The Property comprises 1035 unpatented mining claims on Federal Land for a total area of ~8,572 hectares.

Fig 25. Hog Ranch Gold Project Location



Source: Rex Minerals Ltd

- Rex completed the acquisition of the property in Aug'19, for a consideration of 10m RXM shares (~\$900k value at the time) and 20m consideration rights upon milestones of +2Moz resource delivery (5m rights) and decision to mine (15m rights).
- The project was last mined by Western Mining Corporation (WMC) from 1988 to 1992, as a simple heap leach operation and produced an estimated 200koz of gold.
- The property contains a number of known gold occurrences with Bells Project situated at the southern end and Krista at the northern end of the Mining Claims that make up the Hog Ranch Property. Other deposits and prospects which extend in a north-westerly direction from Krista extend from Cameco to Airport and include the recently pegged Gillam Prospect.
- Hog Ranch is emerging as a significant and exciting new gold opportunity for the Company, and since acquisition RXM has delivered a maiden resource, and released four resource updates. Total resources currently stand at 2.26Moz, with the discovery cost an impressive ~US\$0.70/oz. Indicated resources are now 560koz and expected to grow considered through targeted infill drilling.
- Gold mineralisation throughout the region is distinctly oxide and sulphide, with over 2Moz gold in oxide material ideally suited to heap leach extraction and recovery.
- The alteration footprint in the area is extensive, and RXM believes there is lots of “low hanging fruit” in which to extend known mineralisation and discover new zones (and deposits).
- Recent exploration has seen the completion a large regional airborne magnetic survey, detailed mapping and surface sampling and the application of hyperspectral surveys and Induced Polarisation (IP), some which 3D IP.
- The hyperspectral survey data is considered an useful tool for identify key alteration targets and map potential oxide occurrences; whereas the IP can be used to identify potential accumulations of sulphides (mineralisation).

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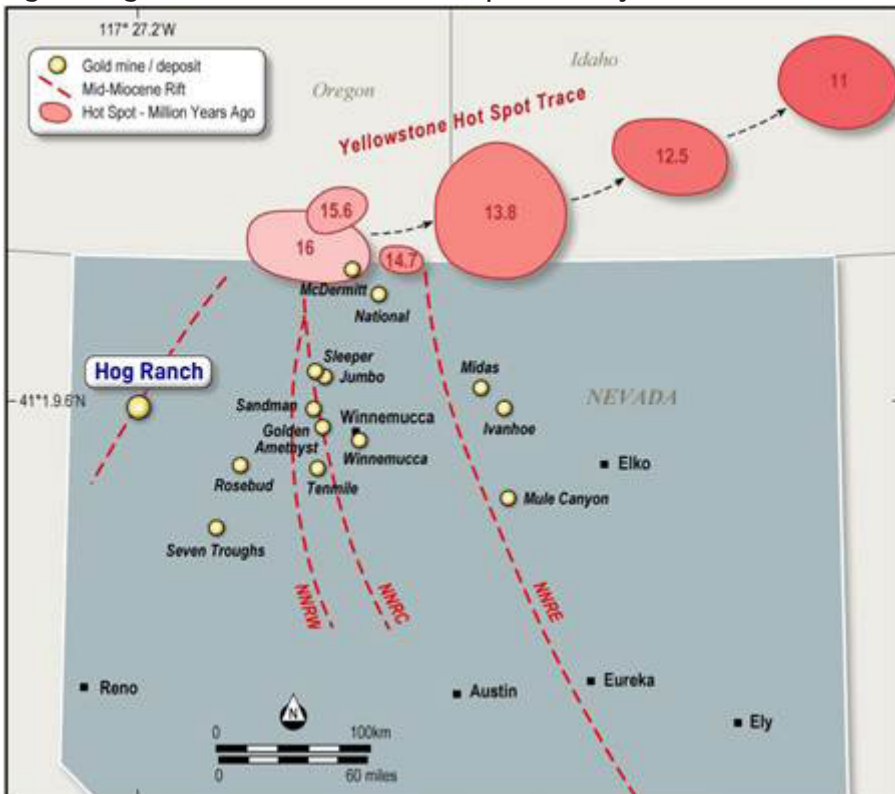
Geology (reference to RXM Scoping Study June'20 and website)

The geological environment that has led to the creation of the gold mineralisation at Hog Ranch has long been recognised as an epithermal style of gold deposit which formed close to the surface, similar to a modern day hot spring setting. There are also numerous similar epithermal gold deposits close to Hog Ranch which have all been dated and interpreted to have formed at the same time.

Hog Ranch lies within a broad region of relatively young (15Ma) volcanic rocks consisting of banded rhyolite units interlayered with unconsolidated bedded tuffs. The volcanic host rocks and subsequent hydrothermal activity associated with this volcanism is interpreted to be the cause of the gold mineralisation and associated large-scale alteration observed at Bells and throughout the project area.

Throughout north-west Nevada, there exists other similar epithermal gold deposits (such as Midas and Sleeper) which have a documented age similar to the Hog Ranch deposits and are interpreted to be related to volcanism and hydrothermal activity from the Yellowstone “Hot Spot”. The gold mineralisation within this large alteration feature is predominantly dispersed horizontally along favourable host rocks. This style of mineralisation is dominated by relatively flat-lying and dispersed low-grade gold mineralisation. Higher vein hosted gold could also be present within feeder structures underneath the extensive low grade (disseminated) gold mineralisation. These higher grade deposits remain an exploration focus for RXM.

Fig 26. Hog Ranch Gold related to “Hot Spot” activity



Source: Rex Minerals Ltd

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Resources

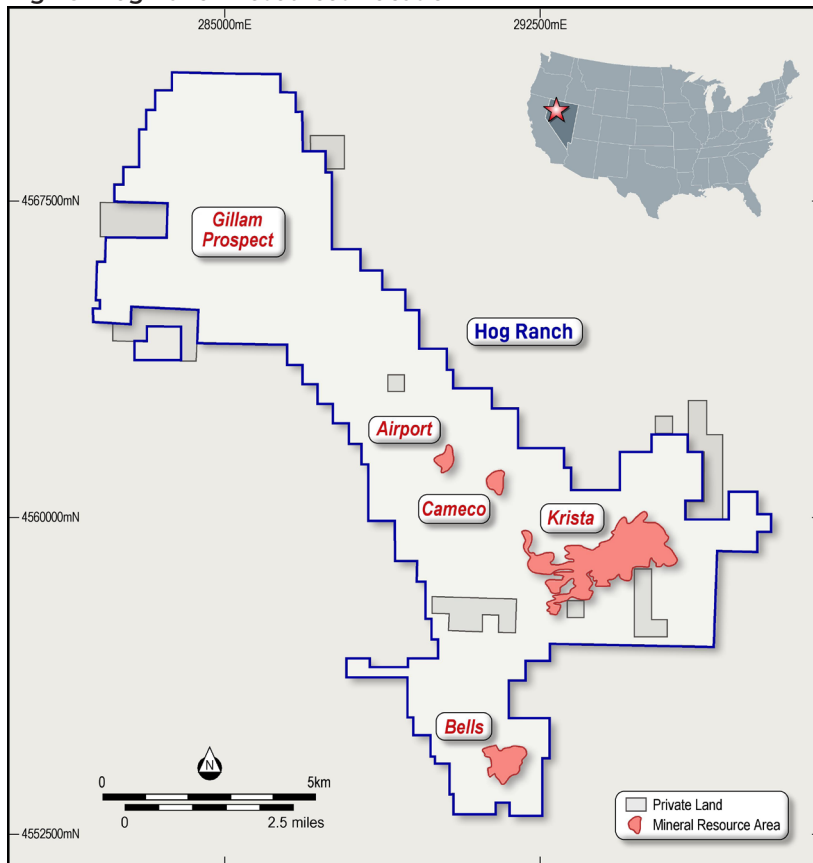
Extensive shallow epithermal mineralisation with a large alteration footprint that extends for +20sqkm. Over 80% of resources are less than 100m from surface.

Fig 27. Hog Ranch Resources - 23Mar'21

| Project | Resource Category | Tonnage (Mt) | Gold (g/t) | Gold (Koz) |
|---------------------------|-------------------|--------------|-------------|--------------|
| Krista Oxide | Indicated | 11 | 0.48 | 170 |
| | Inferred | 110 | 0.39 | 1,380 |
| Bells Oxide | Indicated | 24 | 0.5 | 390 |
| | Inferred | 13 | 0.4 | 170 |
| Cameco & Airport Sulphide | Inferred | 6.7 | 0.7 | 150 |
| TOTAL | | 165 | 0.43 | 2,260 |

Source: Rex Minerals Ltd; Krista and Bells 0.2g/t Au LC; Cameco and Airport 0.3g/t Au LC

Fig 28. Hog Ranch Resources Location



Source: Rex Minerals Ltd

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Proposed Development Plans

Rex's Scoping Study into a potential stand-alone open pit mine feeding into a heap leach processing operation demonstrated strong financial metrics from the Bells deposit (which represents less than 20% of the current project resource base).

Fig 29. Hog Ranch (Bells) Scoping Study Outcomes

| Hog Ranch | Units | Bells |
|------------------|---------|-------|
| Mine Life | Yrs | 8.5 |
| Strip Ratio | W:O | 0.49 |
| Mining Inventory | Mt | 25 |
| Grade | g/t Au | 0.5 |
| Contained Gold | Koz Au | 402 |
| Pre-prod Capex | US\$m | 58 |
| Production Rate | Mtpa | 3.0 |
| Grade | g/t Au | 0.50 |
| Contained Gold | Koz Au | 402 |
| Recoveries | % | 80% |
| Recovered Gold | Koz Au | 321 |
| Mining | US\$/t | 3 |
| Processing | US\$/t | 6 |
| G&A | US\$/t | 1 |
| Operating cost | US\$/t | 10 |
| Total cash cost | US\$/oz | 825 |
| AISC | US\$/oz | 903 |

Source: Rex Minerals Ltd, Euroz Hartleys

- Low-cost start up of only US\$58m (pre-production)
- Gold recovered via conventional heap leaching and adsorption, desorption, regeneration technology for gold extraction from crushed/agglomerated ore using standard "off the shelf" equipment.
- Production rate of 3Mtpa over 8.5 year mine life, for average production levels of ~39kozpa at an estimated AISC of US\$903/oz.
- Attractive low strip ratio of only 0.5:1 (waste:ore), average grade of 0.5g/t Au and recoveries of 80% over the LOM.
- RXM saw potential for capital pay-back in under 2 years, using a US\$1,550/oz gold price.
- The study only used 72% of the Bells oxide material and excluded the larger Krista oxide deposit which contains 1.55Moz (only 11% Indicated resources).

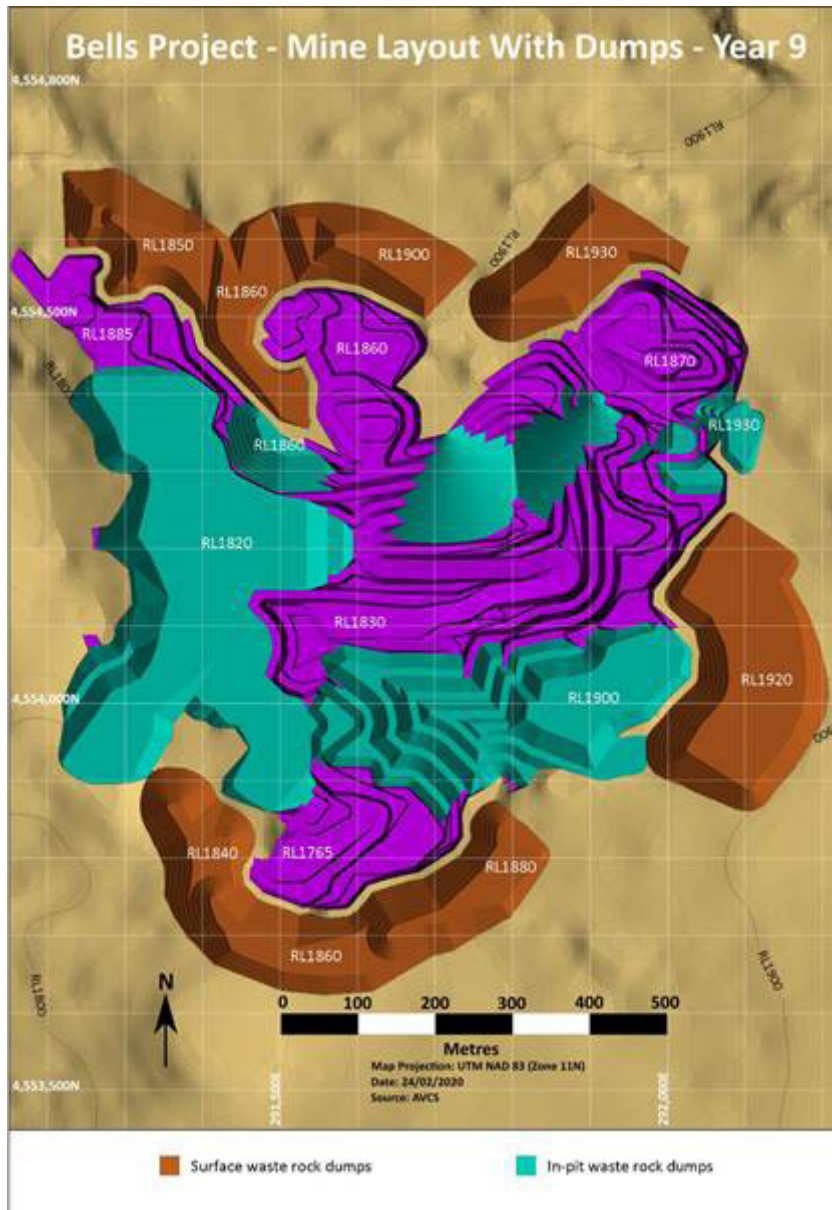
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Fig 30. Hog Ranch (Bells) Mine Layout



Source: Rex Minerals Ltd

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Directors and Management (from Company website)

RXM's Board consists of highly experienced mining executives, with a good mix of investment banking and commercial experience, and technical, mining engineering expertise.

Dr David Carland (Non-Executive Chairman)

Dr David Carland has been a Director since 12 December 2013 and was appointed Chairman of Rex Minerals on 1 January 2014. Dr Carland also serves as a member of the Company's Audit Committee and its Remuneration Committee.

Dr Carland has over 35 years of investment banking and commercial experience in both the private sector and government. He is the Executive Director of Australian Resources Development Limited, a company focused on the provision of specialised advice and assistance on the structuring, financing and developing of energy and resource projects. Dr Carland was the co-founder and part-owner of BurnVoir Corporate Finance Limited (BurnVoir), an independent specialist investment banking firm focusing on the energy, resource and infrastructure sectors. Prior to establishing BurnVoir, Dr Carland was executive vice president and head of energy and power at Bankers Trust, and before that, he was deputy managing director and head of corporate finance at UBS Australia. He was previously a non-executive director of Indophil Resources NL. Dr Carland has held senior executive roles with the CRA Group (now Rio Tinto), including management of the commercial arrangements for the purchase of the Gladstone Power Station. His roles have seen him based in the US and London.

Richard Laufmann (CEO & MD)

Mr Richard Laufmann is a founding Director of Rex Minerals and was formerly a non-executive director (since 2007). He was appointed Chief Executive Officer and Managing Director (CEO) of the Company on 23 April 2015.

Mr Laufmann is a mining engineer with broad experience in the resources sector, both corporate and operational. Mr Laufmann's previous roles include chief executive officer of Indophil Resources NL (until January 2015, an ASX listed company with a large copper-gold Joint Venture in the Philippines) and prior to that, chief executive officer of Ballarat Goldfields NL. Mr Laufmann also previously led WMC Resources Limited's gold business as general manager-operations.

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Alister Maitland (Non-Executive Director)

Alister Maitland was appointed a Director of Rex Minerals on 16 September 2011. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Alister is a former Executive Director of ANZ Banking Group with a background in international finance. His banking experience extended beyond Australasia to cover Asia, the Sub Continent, the Middle East, Europe and America. His professional experience has included global business expansion, internal and external consulting, treasury projects and international political agendas. As Chief Executive of ANZ Bank for New Zealand, he was responsible to the local board for the country's operations. He has been a Non-Executive Director of a number of publicly-listed ASX companies and Government bodies covering a wide range of activities including property services, mining, banking, asset management and health. He is a former Chairman of Ballarat Goldfields NL, Director of Lihir Gold Ltd and Director of Malayan Banking Berhad (Maybank).

Ian Smith (Non-Executive Director)

Mr Ian Smith was appointed a Director of Rex Minerals on 18 February 2019. Mr Smith 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. Mr Smith is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Institute of Engineers.

In prior roles Mr Smith 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. Mr Smith is a past president of the Australian Mines & Metals Association and is a past chairman of the Minerals Council of Australia. Mr Smith was formerly a non-executive director of White Rock Minerals Ltd.

Ronald Douglas (Non-Executive Director)

Mr Ronald Douglas was appointed a Director of Rex Minerals on 18 February 2019. Mr Douglas is an engineer by qualification and has extensive experience leading owners' teams for major projects located around the world. Mr Douglas is the Executive Vice President, Project Delivery 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. Mr Douglas 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.

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Kay Donehue (Company Secretary)

Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector. Ms Donehue 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. Ms Donehue is an Associate of the Governance Institute of Australia and holds a Graduate Diploma in Applied Corporate Governance.

Amber Rivamonte (CFO)

Amber Rivamonte 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) in Australia. She has previously held the roles of CFO and Company Secretary at Rex Minerals, Ballarat Goldfields. Amber also previously held the role of Company Secretary at Indophil Resources, White Rock Minerals and has been a director of a number of companies in Australia and internationally.

Amber's experience includes the structure, set up and listing of Rex Minerals and White Rock Minerals, including raising capital from seed through to public raisings of up to \$A82 million. Amber's experience covers all aspects of managing resources companies, from project acquisition, mergers, demergers, takeovers, schemes and various forms of fund raisings.

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Directors Shareholdings

Fig 31. Director Shareholdings

| Directors | Position | Shares | Options |
|---------------------|-------------------|-------------------|------------------|
| Dr David Carland | Non Exec Chairman | 2,204,706 | - |
| Mr Richard Laufmann | CEO & MD | 8,419,893 | 6,292,303 |
| Mr Alister Maitland | Non Exec Director | 1,459,577 | - |
| Mr Ian Smith | Non Exec Director | 848,485 | 333,334 |
| Mr Ronald Douglas | Non Exec Director | 333,333 | 1,000,000 |
| Total | | 13,265,994 | 7,625,637 |

Source: Company reports

Top 20 Shareholders

Fig 32. Top 20 - 31July'21

| Rank | Shareholders | Shares | % Held |
|------|--|-------------------|--------------|
| 1 | Grand South Development Limited | 14,653,777 | 4.72 |
| 2 | S & S Olsen Pty Ltd | 8,336,606 | 2.69 |
| 3 | United Overseas Service Management Ltd | 7,856,571 | 2.53 |
| 4 | Greenstone Property Pty Ltd (Titeline Property A/C) | 5,345,531 | 1.72 |
| 5 | Panjeta Investment Group Pty Ltd | 5,050,000 | 1.63 |
| 6 | Silver Rayne Pty Ltd | 4,084,606 | 1.32 |
| 7 | Laufmann Longterm Investments Pty Ltd (Laufmann Super Fund A/C) | 3,950,666 | 1.27 |
| 8 | Mrs Vickie Jane Jones | 3,798,148 | 1.22 |
| 9 | Mrs Natalie Laufmann | 3,500,000 | 1.13 |
| 10 | Dr Steven G Rodwell | 3,130,906 | 1.01 |
| 11 | Mr Karl Laufmann & Mrs Philippa Laufmann (K & P Laufmann Super Fund A/C) | 3,100,000 | 1.00 |
| 12 | Stone Poneys Nominees Pty Ltd (Chapman Super Fund A/C) | 3,018,667 | 0.97 |
| 13 | Crescente Investments Pty Ltd | 2,715,378 | 0.87 |
| 14 | Mr Paul Christopher Walker (York Court A/C) | 2,656,738 | 0.86 |
| 15 | Mr Paul Carew Flint | 2,527,095 | 0.81 |
| 16 | Diemar & Associates Pty Limited (Superannuation Fund A/C) | 2,185,848 | 0.70 |
| 17 | Ms Fei Chen | 2,106,200 | 0.68 |
| 18 | BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP) | 2,071,328 | 0.67 |
| 19 | Program Images Pty Ltd (The Carland Super Fund A/C) | 2,022,888 | 0.65 |
| 20 | Ozga Super Fund Pty Ltd (Ozga Super Fund A/C) | 2,000,000 | 0.64 |
| | Total | 36,986,202 | 27.10 |

Source: Company reports

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Rex Minerals Limited

(RXM \$0.405) Speculative Buy - Initiation of Coverage

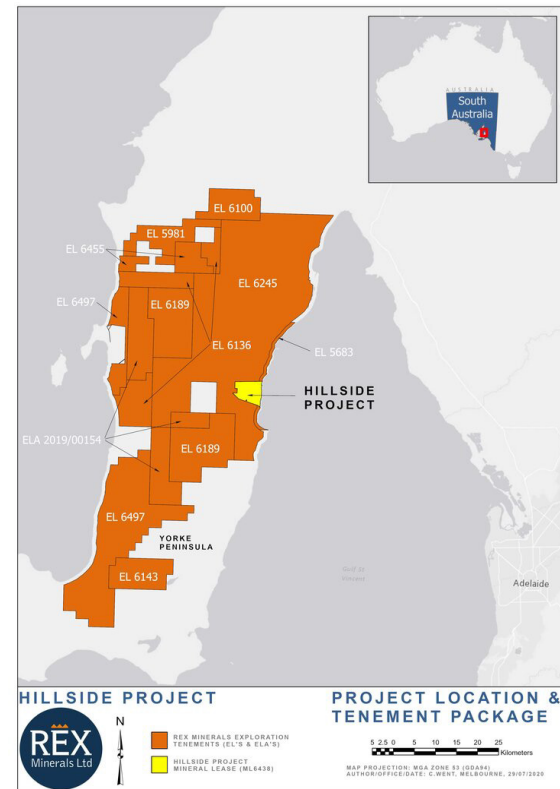
EUROZ HARTLEYS

Key Variables

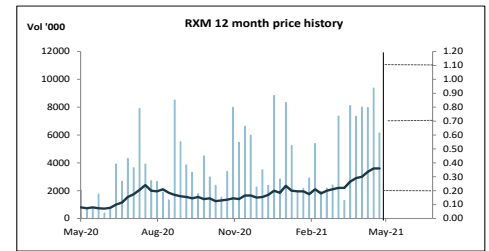
| Val/ Sh | | Copper \$ | | | | | | | | |
|---------|--------|-----------|------|------|------|------|------|------|------|-----|
| AUDUSD | \$0.67 | -20% | -15% | -10% | -5% | 0% | 5% | 10% | 15% | 20% |
| 20% | 0.00 | 0.07 | 0.14 | 0.21 | 0.28 | 0.36 | 0.43 | 0.50 | 0.57 | |
| 15% | 0.07 | 0.14 | 0.22 | 0.29 | 0.37 | 0.44 | 0.52 | 0.59 | 0.67 | |
| 10% | 0.15 | 0.22 | 0.30 | 0.38 | 0.46 | 0.54 | 0.62 | 0.69 | 0.77 | |
| 5% | 0.23 | 0.31 | 0.40 | 0.48 | 0.56 | 0.64 | 0.72 | 0.81 | 0.89 | |
| 0% | 0.33 | 0.41 | 0.50 | 0.58 | 0.67 | 0.76 | 0.84 | 0.93 | 1.01 | |
| -5% | 0.43 | 0.52 | 0.61 | 0.70 | 0.79 | 0.88 | 0.97 | 1.06 | 1.15 | |
| -10% | 0.54 | 0.64 | 0.74 | 0.83 | 0.93 | 1.02 | 1.12 | 1.21 | 1.31 | |
| -15% | 0.67 | 0.77 | 0.87 | 0.98 | 1.08 | 1.18 | 1.28 | 1.38 | 1.48 | |
| -20% | 0.82 | 0.92 | 1.03 | 1.14 | 1.25 | 1.36 | 1.46 | 1.57 | 1.68 | |

| Val/ Sh | | Gold \$ | | | | | | | | |
|---------|--------|---------|------|------|------|------|------|------|------|-----|
| AUDUSD | \$0.67 | -20% | -15% | -10% | -5% | 0% | 5% | 10% | 15% | 20% |
| 20% | 0.17 | 0.20 | 0.23 | 0.26 | 0.28 | 0.31 | 0.34 | 0.37 | 0.40 | |
| 15% | 0.25 | 0.28 | 0.31 | 0.34 | 0.37 | 0.40 | 0.43 | 0.46 | 0.49 | |
| 10% | 0.34 | 0.37 | 0.40 | 0.43 | 0.46 | 0.49 | 0.52 | 0.55 | 0.58 | |
| 5% | 0.43 | 0.46 | 0.50 | 0.53 | 0.56 | 0.59 | 0.62 | 0.66 | 0.69 | |
| 0% | 0.54 | 0.57 | 0.60 | 0.64 | 0.67 | 0.70 | 0.74 | 0.77 | 0.80 | |
| -5% | 0.65 | 0.69 | 0.72 | 0.76 | 0.79 | 0.83 | 0.86 | 0.90 | 0.93 | |
| -10% | 0.78 | 0.81 | 0.85 | 0.89 | 0.93 | 0.96 | 1.00 | 1.04 | 1.08 | |
| -15% | 0.92 | 0.96 | 1.00 | 1.04 | 1.08 | 1.12 | 1.16 | 1.20 | 1.24 | |
| -20% | 1.08 | 1.12 | 1.16 | 1.21 | 1.25 | 1.29 | 1.33 | 1.37 | 1.42 | |

| Euroz Forecast | FY'20 | FY'21 | FY'22 | FY'23 | FY'24 | FY'25 |
|----------------|---------|---------|---------|---------|---------|---------|
| Copper US\$/lb | \$2.57 | \$3.70 | \$4.00 | \$3.50 | \$3.50 | \$3.50 |
| Gold US\$/oz | \$1,563 | \$1,857 | \$1,850 | \$1,800 | \$1,700 | \$1,700 |
| AUDUSD | \$0.67 | \$0.75 | \$0.75 | \$0.74 | \$0.74 | \$0.74 |



Our Share Price Sensitivity



Our Market Sensitivity

Valuation - \$0.67/sh

Price Target - \$0.70/sh

Bull Scenario - \$1.10/sh

At current spot copper and gold prices our Rex valuation is \$1.11/sh, which again assumes our base case model inputs and a financing solution. Hillside has a very large resource which can be converted into reserves over time for open pit extensions and a potential future underground, which have not as yet been modelled for upside.

Base Scenario - \$0.70/sh

Our modelling assumes Hillside and Hog Ranch can be funded into production. A low-cost heap leach gold operation from FY23 at Hog Ranch appears feasible and first copper concentrate production from Hillside in FY24 achieved assuming financing package/and or project partner can be finalised. As financing becomes more certain we expect Rex to be re-rated. The Company also has divestment opportunities to provide some funding options.

Bear Scenario - \$0.20/sh

Rex remains highly leveraged to copper prices and ultimately the development of the Hillside Copper-Gold Project. On the scenario of copper prices falling below US\$3/lb Cu, funding options would likely be difficult with more value likely to be directed to the fast-tracking gold production at Hog Ranch.

Company Summary

Rex Minerals Ltd (RXM) controls the Hillside Copper-Gold Project in South Australia and the Hog Ranch Gold Property in Nevada, USA. Hillside contains a large shallow IOCG deposit (337Mt @ 0.6% Cu for ~2.0Mt of contained copper) which remains "development ready" for a 6Mtpa operation capable of producing ~35ktpa copper and ~24kozpa gold over a long +12 year mine life. Estimated AISC are also attractive at ~US\$1.60/lb Cu, for strong leverage to improving copper prices. State and Federal approvals are in place with financing and/or JV partners being sought. Hogs Ranch contains +2.2Moz of gold, which continues to grow, with potential for low-cost heap leach gold operation. Exploration upside remains strong at both properties.

Disclaimer

The projections and information above is based on the set assumptions outlined. Due care and attention has been used in the preparation of this information. However actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Euroz Hartleys.

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Rex Minerals Limited

(RXM \$0.405) Speculative Buy - Initiation of Coverage

EUROZ HARTLEYS

| Market Statistics | | | | Year End 30 June | | | |
|---|--------------|---------------|------------------------|------------------|---------------|--------|-------|
| Share Price | 0.405 | A\$/sh | Directors | | | | |
| Issued Capital | | | D. Carland | NE Chair | | | |
| FP Ord | 422 | m | R. Laufmann | MD & CEO | | | |
| Unlisted Opts | 17 | m | A. Maitland | NE Dir | | | |
| Unlisted Rights | 15 | m | I. Smith | NE Dir | | | |
| Total Dil. (itm) | 438 | m | R. Douglas | NE Dir | | | |
| Mkt Capital'n | \$178 | m | Shareholders | | | | |
| Enterprise Value | \$165 | m | No substantial holders | >5% | | | |
| Debt (est) | \$- | m | Directors | 3.1% | | | |
| Cash (est) | \$12 | m | | | | | |
| Hedging | na | | | | | | |
| Asset Valuation | | | | A\$m | A\$/sh | | |
| 100% Hillside Stage 1 (NPV10%) - risked 60% | | | 203 | 0.46 | | | |
| 100% Hog Ranch Bells HL (NPV10%) - risked 70% | | | 56 | 0.13 | | | |
| Hedging | | | 0 | 0.00 | | | |
| Corporate | | | -39 | -0.09 | | | |
| Tax losses - discounted | | | 31 | 0.07 | | | |
| Exploration | | | 30 | 0.07 | | | |
| Net Cash/Debt | | | 12 | 0.03 | | | |
| Total @ 10% | | | 294 | 0.67 | | | |
| Valuation @ Spot | | | 486 | 1.11 | | | |
| <i>Spot USD/AUD 0.77, Copper \$4.50/lb, Gold \$1880/oz.</i> | | | | | | | |
| Price Target | | | 305 | 0.70 | | | |
| F/Cast Production (A\$m) 2020A 2021F 2022F 2023F 2024F | | | | | | | |
| Hillside (100%) | | | | | | | |
| Throughput (Mtpa) | - | - | - | - | 2.6 | | |
| Grade (Cu %) | - | - | - | - | 0.7% | | |
| Cu Prod'n (kt) | - | - | - | - | 17.4 | | |
| Au Prod'n (koz) | - | - | - | - | 19.6 | | |
| AISC (A\$/lbs) | - | - | - | - | 2.13 | | |
| AISC (US\$/lbs) | - | - | - | - | 1.58 | | |
| Hog Ranch (100%) | | | | | | | |
| Throughput (Mtpa) | - | - | - | 1.5 | 3.0 | | |
| Grade (Au g/t) | - | - | - | 0.64 | 0.63 | | |
| Gold Production (koz) | - | - | - | 24.7 | 48.2 | | |
| AISC (US\$/oz) | - | - | - | 712 | 695 | | |
| Assumptions | | | | | | | |
| Copper (US\$/lbs) | 2.57 | 3.70 | 4.00 | 3.50 | 3.50 | | |
| Copper (A\$/lbs) | 3.84 | 4.96 | 5.33 | 4.73 | 4.73 | | |
| Gold (US\$/oz) | 1,563 | 1,857 | 1,850 | 1,800 | 1,700 | | |
| Gold (A\$/oz) | 2,328 | 2,487 | 2,467 | 2,432 | 2,297 | | |
| FX (US\$:A\$) | 0.67 | 0.75 | 0.75 | 0.74 | 0.74 | | |
| Ratio Analysis (A\$m) 2020A 2021F 2022F 2023F 2024F | | | | | | | |
| CF (A\$m) | (5) | (4) | (153) | (378) | (32) | | |
| CF / Sh (Ac/sh) | (1) | (1) | (35) | (86) | (7) | | |
| CF Ratio (x) | na | na | na | na | na | | |
| Earnings (A\$m) | (5) | (9) | (12) | (8) | 69 | | |
| EPS (Ac/sh) | (1) | (2) | (3) | (2) | 16 | | |
| EPS Growth (%) | na | na | na | na | na | | |
| Earnings Ratio (x) | na | na | na | na | 3 | | |
| E'prise Val. (A\$m) | 183 | 171 | 150 | 538 | 556 | | |
| EV : EBITDA (attr)(x) | na | na | na | 19 | 3 | | |
| EV : EBIT (attr)(x) | na | na | na | 19 | 4 | | |
| Net Debt / ND+Eq (%) | 7% | na | na | 63% | 53% | | |
| Net Debt : Equity (%) | 7% | na | na | 168% | 113% | | |
| Interest Cover (x) | na | na | na | na | 1 | | |
| EBIT Margin (%) | na | na | na | 47% | 45% | | |
| ROE (%) | -27% | -23% | -5% | -4% | 21% | | |
| ROA (%) | -21% | -23% | -3% | -1% | 10% | | |
| Div. (Ac/sh) | - | - | - | - | - | | |
| Div. payout ratio | 0% | 0% | 0% | 0% | 0% | | |
| Div. Yield | 0% | 0% | 0% | 0% | 0% | | |
| Div. Franking | 0% | 0% | 0% | 0% | 0% | | |
| Profit and Loss (A\$m) 2020A 2021F 2022F 2023F 2024F | | | | | | | |
| Sales Revenue | - | - | - | 60 | 323 | | |
| Hedging Revenue | - | - | - | - | - | | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | | |
| Other Revenue | 0 | 0 | - | - | - | | |
| TOTAL REVENUE | 0 | 0 | 0 | 60 | 323 | | |
| Operating Costs | 2 | 2 | 3 | 20 | 144 | | |
| Dep/Amort | 0 | 0 | - | 0 | 20 | | |
| O/H + New Bus Dev | 1 | 1 | 4 | 6 | 8 | | |
| WriteOff (expl'n) | 2 | 5 | 5 | 5 | 5 | | |
| Provisions | - | 2 | 4 | - | - | | |
| EBITDA | (5) | (11) | (16) | 29 | 166 | | |
| EBIT | (5) | (11) | (16) | 28 | 146 | | |
| Interest Expense | 0 | 0 | - | 39 | 52 | | |
| Net Profit bef Tax | (5) | (11) | (16) | (10) | 94 | | |
| Tax | - | (2) | (4) | (3) | 25 | | |
| Minority Interest | - | - | - | - | - | | |
| NET PROFIT | (5) | (9) | (12) | (8) | 69 | | |
| Net Adjustment | - | - | - | - | - | | |
| Net Profit After Adjustment | (5) | (9) | (12) | (8) | 69 | | |
| Cash Flow (A\$m) 2020A 2021F 2022F 2023F 2024F | | | | | | | |
| Net Profit | (5) | (9) | (12) | (8) | 69 | | |
| + Working Capital Adj | (1) | (1) | - | - | - | | |
| + Dep/Amort | 0 | 0 | - | 0 | 20 | | |
| + Provisions | 2 | 7 | 9 | 5 | 5 | | |
| + Tax Expense | - | (2) | (4) | (3) | 25 | | |
| - Tax Paid | - | - | - | - | - | | |
| Operating Cashflow | (5) | (4) | (7) | (5) | 119 | | |
| -Capex + Development | - | - | 146 | 373 | 151 | | |
| -Exploration | - | 8 | 10 | 10 | 6 | | |
| -Assets Purchased | 0 | (0) | 15 | - | - | | |
| +Asset Sales | - | - | - | - | - | | |
| Investing Cashflow | (0) | (8) | (171) | (383) | (157) | | |
| + Equity Issues | 1 | 20 | 200 | - | 20 | | |
| +Loan Drawdown | 4 | - | 200 | 200 | - | | |
| +Other | - | - | - | - | - | | |
| -Loan Repayment | 0 | - | - | - | 12 | | |
| -Dividends | - | - | - | - | - | | |
| Financing Cashflow | 5 | 20 | 400 | 200 | 8 | | |
| Period Sur (Def) | 0 | 8 | 222 | (188) | (30) | | |
| Cash Balance | 3 | 11 | 232 | 44 | 14 | | |
| Net Cash Balance | (1) | 11 | 32 | (356) | (374) | | |
| Balance Sheet (A\$m) 2020A 2021F 2022F 2023F 2024F | | | | | | | |
| Assets | | | | | | | |
| Cash | 3 | 11 | 232 | 44 | 14 | | |
| Current Receivables | 0 | 0 | 0 | 0 | 0 | | |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 | | |
| Non-Current Assets | 22 | 30 | 186 | 569 | 706 | | |
| Total Assets | 25 | 40 | 418 | 613 | 720 | | |
| Liabilities | | | | | | | |
| Borrowings | 4 | - | 200 | 400 | 388 | | |
| Current Accounts Payable | 0 | 1 | 1 | 1 | 1 | | |
| Other Liabilities | 1 | 1 | 1 | 1 | 1 | | |
| Total Liabilities | 5 | 1 | 201 | 401 | 389 | | |
| Net Assets | 19 | 39 | 217 | 211 | 331 | | |
| Reserves and Resources | | | | | | | |
| | | Reserves | | Resources | | | |
| | | Mt | Grade | Kt Cu | Mt | Grade | Kt Cu |
| Hillside (100%) Copper | 82 | 0.62% | 509 | 337 | 0.6% | 1,968 | |
| | Mt | Grade | Koz Au | Mt | Grade | Koz Au | |
| Hogs Ranch (100%) Gold | - | - | - | 165 | 0.43g/t | 2,260 | |

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