



Drill | Discover | Define

# ANNUAL REPORT 2010



## CORPORATE DIRECTORY

### DIRECTORS

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

### COMPANY SECRETARY

Amber Rivamonte

### PRINCIPAL and REGISTERED OFFICE

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Ballarat Victoria 3350

### CONTACT DETAILS

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### SHARE REGISTRARS

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

### AUDITORS

KPMG  
147 Collins Street  
Melbourne Victoria 3000

### BANKERS

ANZ Banking Group Limited  
927 Sturt Street  
Ballarat Victoria 3350

### LEGAL ADVISORS

Baker McKenzie  
181 William Sreet  
Melbourne Victoria 3000

## OPERATION LOCATION



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## INTRODUCTION

Rex Minerals Ltd ("Rex") is an Australian minerals exploration and development company with large-scale copper-gold projects on the Yorke Peninsula, South Australia. Rex has made an initial large-scale copper-gold discovery at the Hillside Project and aims to discover multiple large-scale copper-gold deposits underneath shallow cover rocks on the Yorke Peninsula. Rex is progressively expanding on the initial Resource at Hillside and continuing with its regional exploration program to achieve its vision of developing a new large-scale, low-cost and long-life mining operation on the Yorke Peninsula.

## HIGHLIGHTS

**First Resource** – After six months of dedicated resource definition drilling to the end of June 2010, Rex announced (28 July 2010) a maiden Inferred Mineral Resource estimate for the Hillside project of 100Mt @ 0.7% copper and 0.2g/t gold for a total of 700,000 tonnes of contained copper and 650,000 ounces of gold.

**Target Size** – Based on drilling to date and a large magnetic anomaly, Rex is targeting a range of 1.5Mt to 2.8Mt of contained copper within a conceptual open pit design at Hillside.

**Economic Studies** – Scoping studies have commenced to identify the mining and processing options at Hillside as the remaining target area at Hillside is drill defined over the next 12 months.

**Demerger** – The Company completed the demerger of the Mt Carrington assets into a new company called White Rock Minerals Ltd ("White Rock"). Rex shareholders received an allocation of White Rock shares (in-species distribution of 1 White Rock share for every 3 Rex shares) in June 2010. An IPO for White Rock is underway with listing on the ASX anticipated in early October.

**Equity Raising** – The Company successfully raised \$42 million in October 2009, providing Rex with funding to deliver a new large-scale Resource estimate at Hillside and undertake extensive regional exploration on the Yorke Peninsula.

## GOALS FOR 2011

- > **Resource** – Complete resource definition drilling at Hillside, targeting a range of 1.5Mt to 2.8Mt within the constraints of the magnetic anomaly.
- > **New Discovery** – Effectively test the highest priority targets generated regionally on the Yorke Peninsula.
- > **Economics** – Complete conceptual mining and processing studies to define the budget and scope of a pre-feasibility and feasibility study, incorporating multiple large-scale copper-gold projects on the Yorke Peninsula.

## LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

For the year ended 30 June 2010

Dear Fellow Shareholder,

Rex Minerals has achieved a great deal in the past 12 months. As strong as these achievements have been, the targets before us and our goals have only just begun.

In October 2009, Rex successfully raised \$42 million, providing Rex with funding to deliver a new large-scale Resource estimate at Hillside and undertake extensive regional exploration on the Yorke Peninsula. In the space of just 6 months, between January and June 2010, dedicated Resource definition drilling revealed the Company's Hillside copper project on the Yorke Peninsula as one of the largest copper discoveries in Australia in recent decades. The reporting of such a large Mineral Resource (100Mt @ 0.7% copper and 0.2g/t gold) is a significant milestone for the Company and one that all shareholders can take pride in.

The scale and quality of this copper mineralisation exemplifies the type of large-scale and long-life mining opportunities the Company intends to replicate along the Pine Point Copper Belt on the Yorke Peninsula.

This initial Resource also sets the scene for what we believe will be future significant upgrades during the next 6-12 months.

Rex has identified a total target size at Hillside of between 1.5 and 2.8 million tonnes of contained copper. This is based on the broad drilling information gathered across a large magnetic anomaly which defines the Hillside project area.

Of particular significance is the fact that this asset is so well situated compared to almost any other new copper development opportunity around the globe. The combination of:

- > Large scale deposits with access to oxide (secondary) copper;
- > Low-cost surface mining, utilising economies of scale; and
- > Infrastructure advantages, providing access to power, water, port facilities, skilled labour and suppliers;

distinguish Hillside and surrounding projects from the next generation of copper deposits around the world.

It is important to note that the most profitable copper mines in the world today have copper grades less than 1% and utilise large-economies of scale to reduce their cost structure and maximise profitability. Research of all the remaining resources available for both existing and undeveloped open pit mines shows that the average Resource grade for these projects (containing more than 500,000t of copper) is 0.49% copper. With a Resource grade of 0.7% copper, Hillside is in fact in the top quartile of all the remaining open pit copper Resources world-wide.

Given the location and grade advantages Hillside possesses, it is for this reason that we can consider large-scale options for Hillside's development.

There is still much to do. Three rigs will continue to run at Hillside on Resource definition drilling whilst our mining and processing studies will help to complete the story and identify the most favourable economic option for development.

This significant find is far from our ultimate vision of what exploration on the Yorke Peninsula could deliver. Rex's high-resolution geophysical surveys over the past year have identified multiple targets that appear just as compelling and in some cases much larger in scale than Hillside. To advance these in the year ahead, Rex will have one diamond drill rig, as a minimum, operating continuously and focused on identifying new discoveries on the Pine Point Copper Belt.


Accordingly, Rex provides a unique investment opportunity with a growing resource and development opportunity combined with an exciting exploration program that could discover another large scale mineral deposit.

We are very proud to be an important member of the community on the Yorke Peninsula and we look forward to working directly with the community to create a sustainable new mining operation over the coming years.

On behalf of the Board, we would like to thank our employees for their efforts and achievements during the year.

We would also like to acknowledge the support of our suppliers and our shareholders for their continued confidence in the Company.

Yours sincerely,



**Paul Chapman**  
Chairman



**Steven Olsen**  
Managing Director

## REX MINERALS LTD

### REVIEW OF OPERATIONS For the year ended 30 June 2010

#### SUMMARY

Rex has completed the following important milestones over the year.

October 2009	Capital raising of \$42 million at a share price of \$1.70.
January 2010	Commence resource definition drilling at Hillside.
April 2010	Announce the demerger of the Mt Carrington assets into a new company called White Rock Minerals Ltd.
June 2010	Complete demerger of White Rock, Rex shareholders receive 1 White Rock share for every 3 Rex shares.
June 2010	Complete resource drilling at Hillside to deliver a maiden Inferred Mineral Resource of 100Mt @ 0.7% copper and 0.2g/t gold (announced on 28 July 2010).

## REX MINERALS LTD

### EXPLORATION PROJECTS For the year ended 30 June 2010

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

Rex has 100% ownership over a 60km section of the highly prospective Pine Point Copper Belt ("PPCB") on the Yorke Peninsula of South Australia (Figure 1), between the townships of Pine Point, Ardrossan and Clinton. Rex has continued a regional exploration program throughout the Pine Point Copper Belt, which has largely been focussed on obtaining extensive geophysical information to test the host rocks of the copper which are hidden underneath a shallow layer of younger cover rocks.



Figure 1: Location diagram of the Hillside Project Area and Rex's exploration licences which host the targets along the Pine Point Copper Belt which lies on the eastern margin of the Yorke Peninsula, South Australia.

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### EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

#### PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (continued)

One of the recent geophysical datasets to be collected is a regional gravity survey. Gravity surveys were instrumental in the Prominent Hill and Olympic Dam discoveries and although gravity surveys were not as important in the Hillside discovery, these surveys are still considered to be an important guide as to where the largest IOCG (Iron-Oxide-Copper-Gold) deposits occur in the area. Figure 2 below shows the recent gravity survey completed over the Pine Point Copper Belt with a number of significant targets highlighted. Of particular interest is the fact that the Hillside project is comparatively small relative to many of the other untested targets based on this gravity survey. It is also interesting to note that the Parara project contains one of the most significant targets in almost all of the geophysical surveys completed to date, including the magnetic surveys, gravity surveys and electromagnetic (EM) surveys.

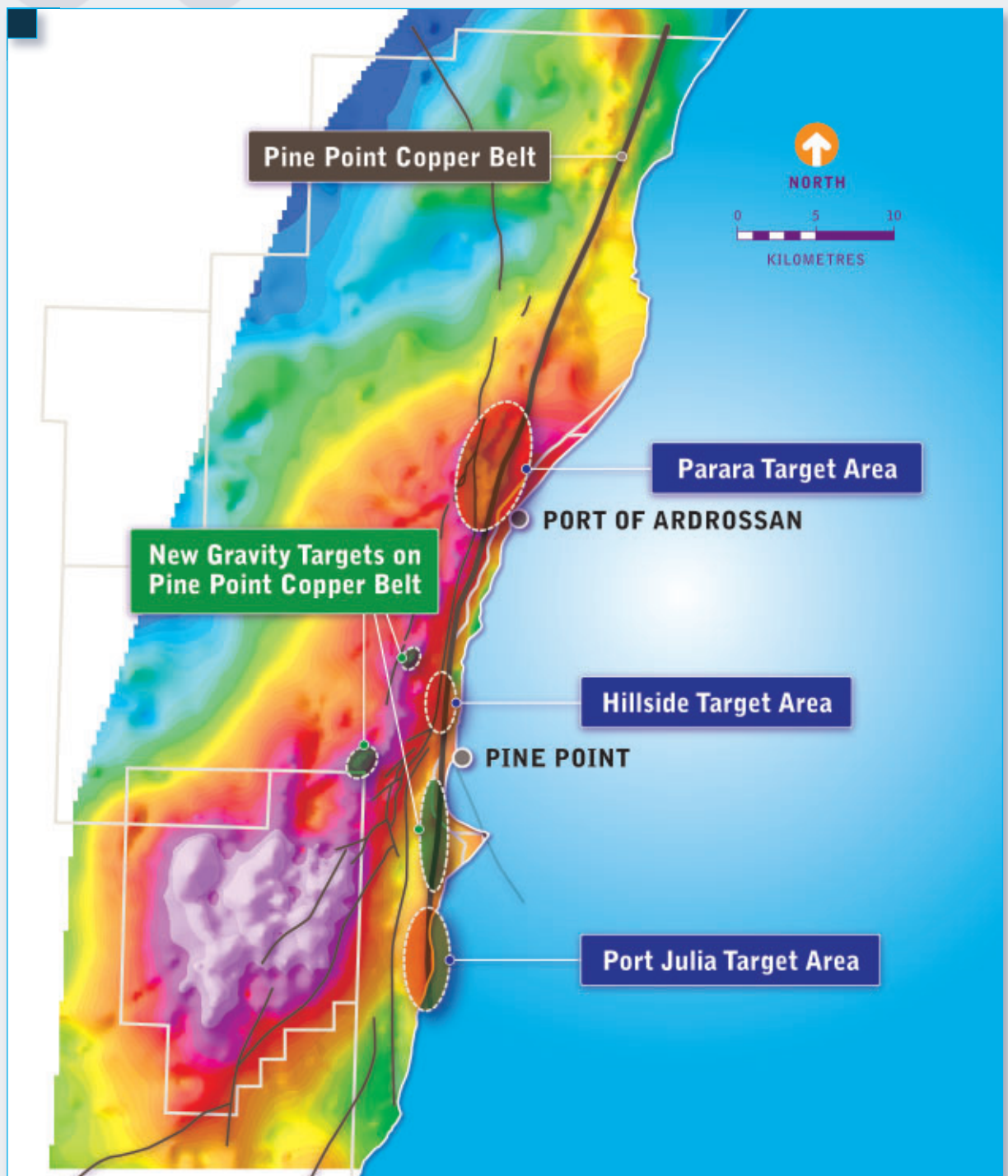


Figure 2: Bouguer gravity image highlighting the location of gravity targets on the Pine Point Copper Belt.

## REX MINERALS LTD

### EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

#### HILLSIDE COPPER-GOLD PROJECT

The Hillside project was the first target to be effectively drill tested on the Yorke Peninsula by Rex Minerals soon after its listing on the ASX in 2007. Early indications of significant copper mineralisation were intersected in June 2008 and the discovery of large-scale copper mineralisation confirmed in January 2009. After the initial discovery of copper mineralisation at Hillside it was shown that the copper had a close relationship with the mineral magnetite, and that as a result, a detailed magnetic survey could be used to effectively "see through" the shallow cover rocks to uncover the extent of the copper mineralisation at Hillside. A detailed magnetic survey was subsequently completed in August 2009, and drill testing of the many detailed magnetic features from this survey at Hillside continued throughout the remainder of 2009.

Drill testing of the magnetic anomaly has shown that not only was the magnetic survey very effective in locating the presence of large-scale copper mineralisation, but also that on the eastern margin of the magnetic anomaly, the copper mineralisation was very shallow (starting from only 10m beneath the surface).

After broadly confirming that the magnetic survey was the key to uncovering the extent of the copper mineralisation at Hillside, a large resource drilling campaign commenced in early 2010. This significant drilling campaign was made possible by the Company's \$42 million capital raising completed in October 2009.

On 28 July 2010, Rex announced its maiden Mineral Resource estimate for the Hillside project, which is based on drilling information collected up to the end of June, 2010. The initial Mineral Resource estimate at Hillside of 100Mt @ 0.7% copper and 0.2g/t gold is all classified as Inferred and reported in accordance with the JORC code.

The current Inferred Resource at Hillside contains a total of 700,000t of copper and 650,000ozs of gold. This Resource covers approximately 30% of the total area that has been targeted by Rex as is defined by the detailed magnetic survey which was completed in September, 2009. On the basis of the information gathered to date at Hillside, Rex has commenced conceptual mining studies and has defined a target range of 1.5Mt to 2.8Mt of contained copper down to a depth of approximately 500m, which could exist within a conceptual open pit design.<sup>1</sup> (see figures 4 to 7 – refer to Pages 7 and 8).

The total potential and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource in excess of that currently announced, and while Rex has confidence in this target statement, it is uncertain if further exploration will result in the determination of additional Mineral Resources.<sup>2</sup>

Table 1: Hillside Mineral Resource summary.

Type	Resource Category	Tonnes (million tonnes)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Copper (tonnes)	Gold (ounces)
Secondary (supergene)	Inferred	23	0.6	0.2		
Primary	Inferred	78	0.7	0.2		
<b>Total</b>	<b>Inferred</b>	<b>100</b>	<b>0.7</b>	<b>0.2</b>	<b>700,000</b>	<b>650,000</b>

\* Copper Resources reported above 0.2% cut-off grade.

\* Tonnage is rounded to two significant figures and grade is rounded to one significant figure in accordance with the guidance of the JORC Code 2004.

Figure 3 (refer to Page 6) identifies the location of the Hillside Mineral Resource relative to the detailed magnetic survey completed to define the extent of the copper mineralisation. Figures 4 to 7 (refer to Pages 7 and 8) show cross sections throughout the Mineral Resource area along with the location of a conceptual open pit design which captures both the Inferred Resource and exploration potential at Hillside.

Highlights from the drilling completed over 2009/2010 financial year are shown in Table 2.

These drilling results occur both within and beyond the recently reported Minerals Resource at Hillside.

<sup>1</sup> On the basis of this study the competent person has formed the opinion that there are "reasonable prospects for eventual economic extraction" of the published resource as required by the JORC Code 2004.

<sup>2</sup> This statement is inserted in accordance with the requirements of Clause 18 of the JORC Code 2004.

HILLSIDE COPPER-GOLD PROJECT (continued)

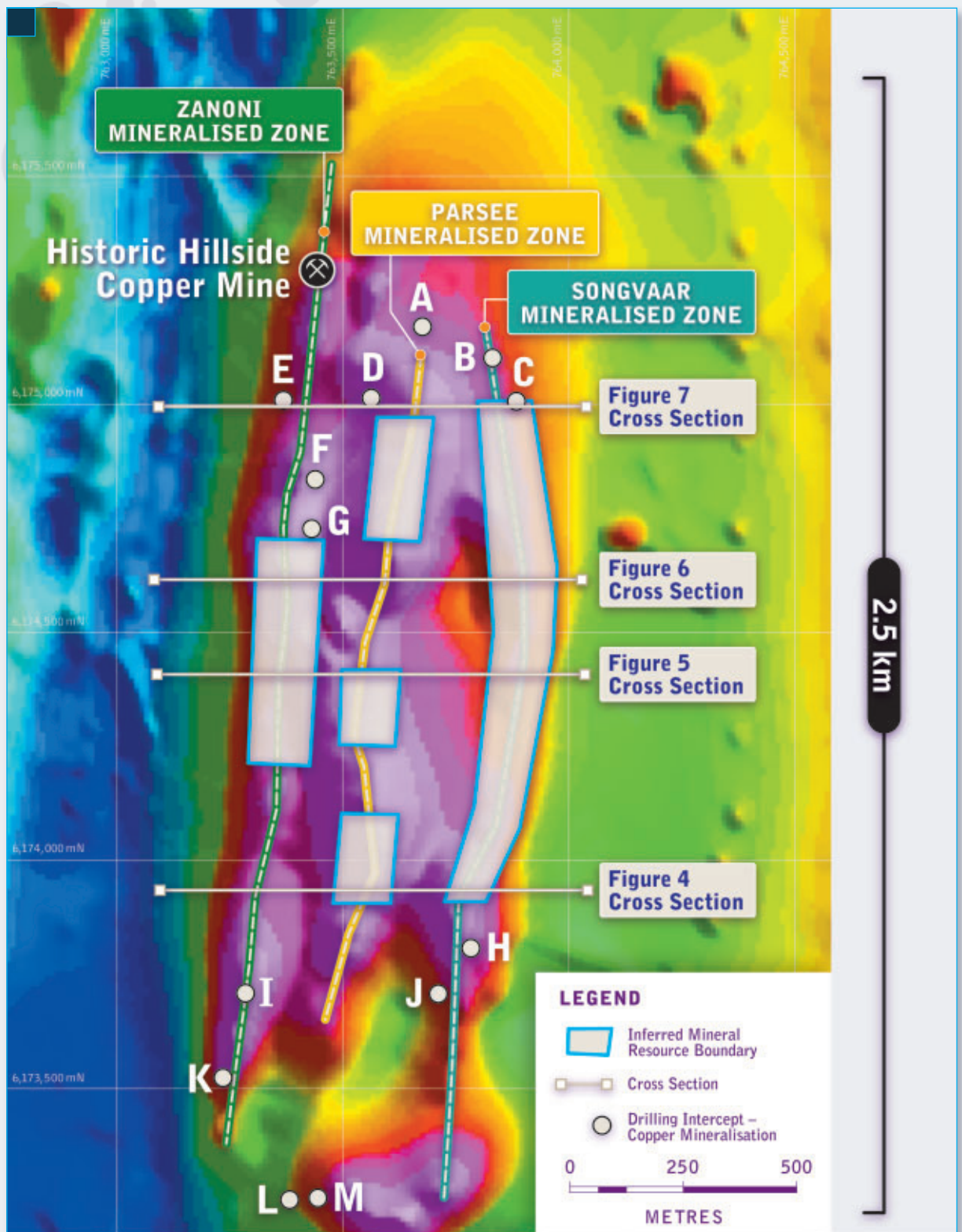


Figure 3: Magnetic map of the Hillside project, showing location of the Inferred Resource, and other drilling highlights defining further extensions to the copper mineralisation at Hillside. The location of four cross-sections (figures 4-7) are also shown. Additional assay results outside of the maiden Mineral Resource for Hillside include the following\*;  
 A: 200m @ 0.4% copper, B: 24m @ 0.9% copper, C: 34m @ 0.7% copper, D: 26m @ 1.0% copper,  
 E: 25m @ 1.1% copper, F: 14m @ 1.6% copper, G: 12m @ 1.1 % copper, H: 56m @ 0.5% copper,  
 I: 15m @ 2.2% copper, J: 11m @ 0.7% copper, K: 10m @ 0.7% copper, L: 20m @ 1.3% copper,  
 M: 15m @ 2.2% copper. \*All drill hole intersections quoted are down-hole lengths.



**HILLSIDE COPPER-GOLD PROJECT (continued) CROSS SECTIONS**

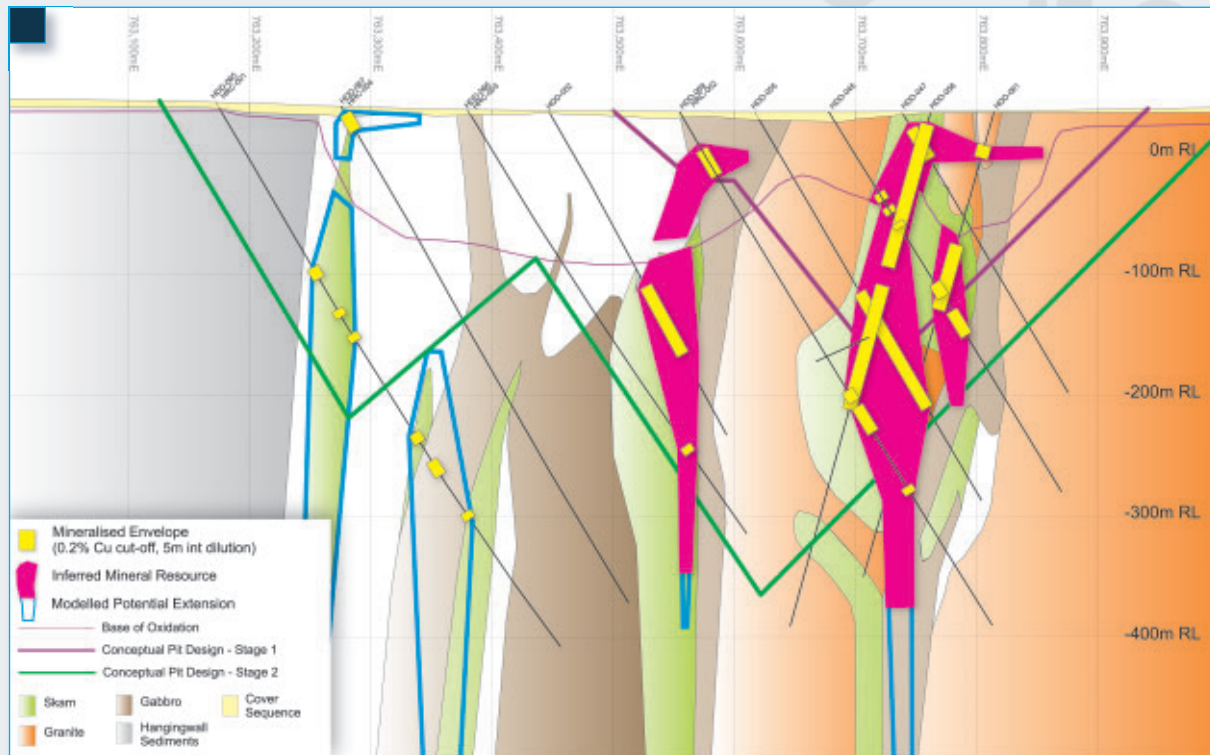


Figure 4: Geological section 3900N at Hillside showing drilling results and outline of the Inferred Resource.

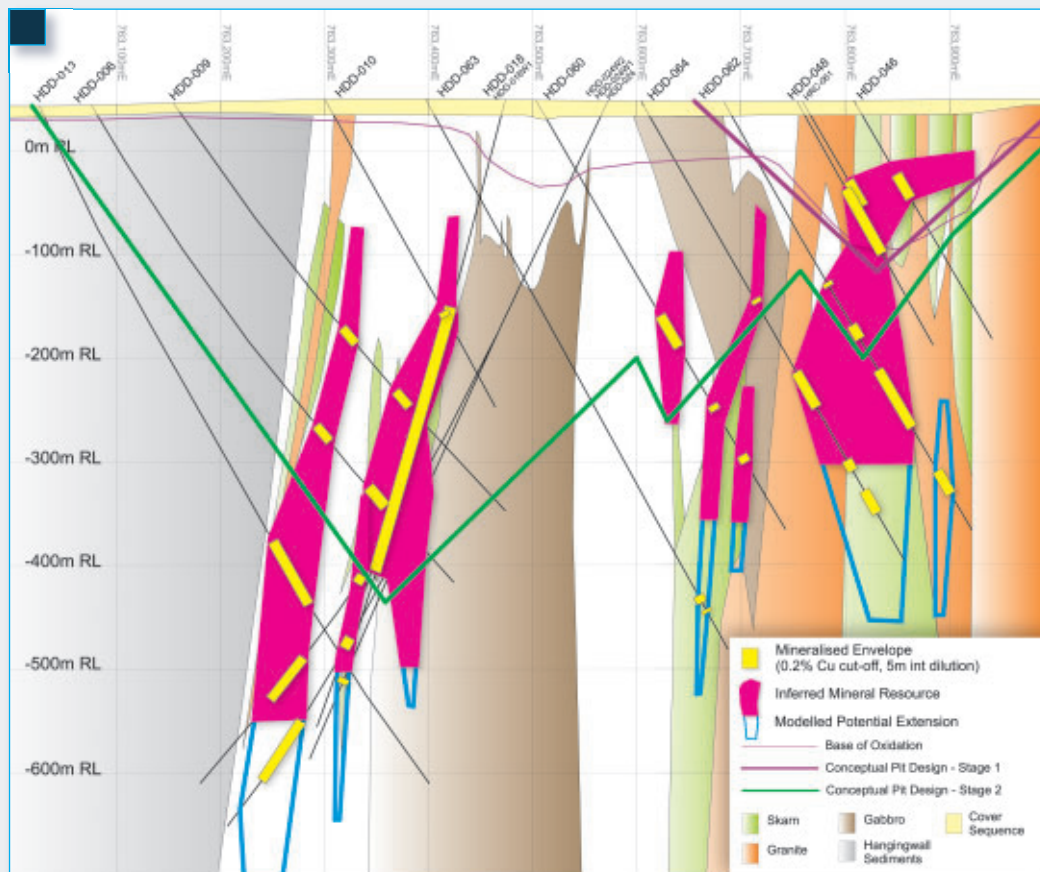


Figure 5: Geological section 4400N at Hillside showing drilling results and outline of the Inferred Resource.

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## EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

### HILLSIDE COPPER-GOLD PROJECT (continued) CROSS SECTIONS

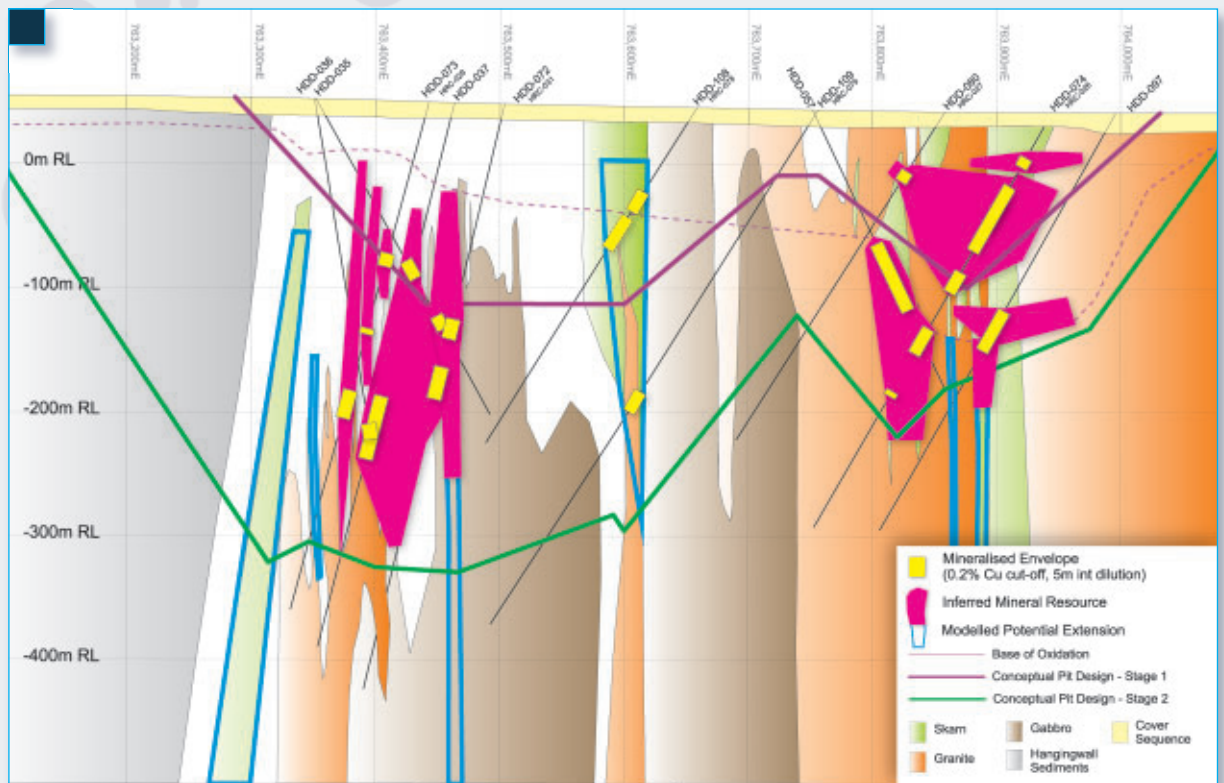


Figure 6: Geological section 4600N at Hillside showing drilling results and outline of the Inferred Resource.

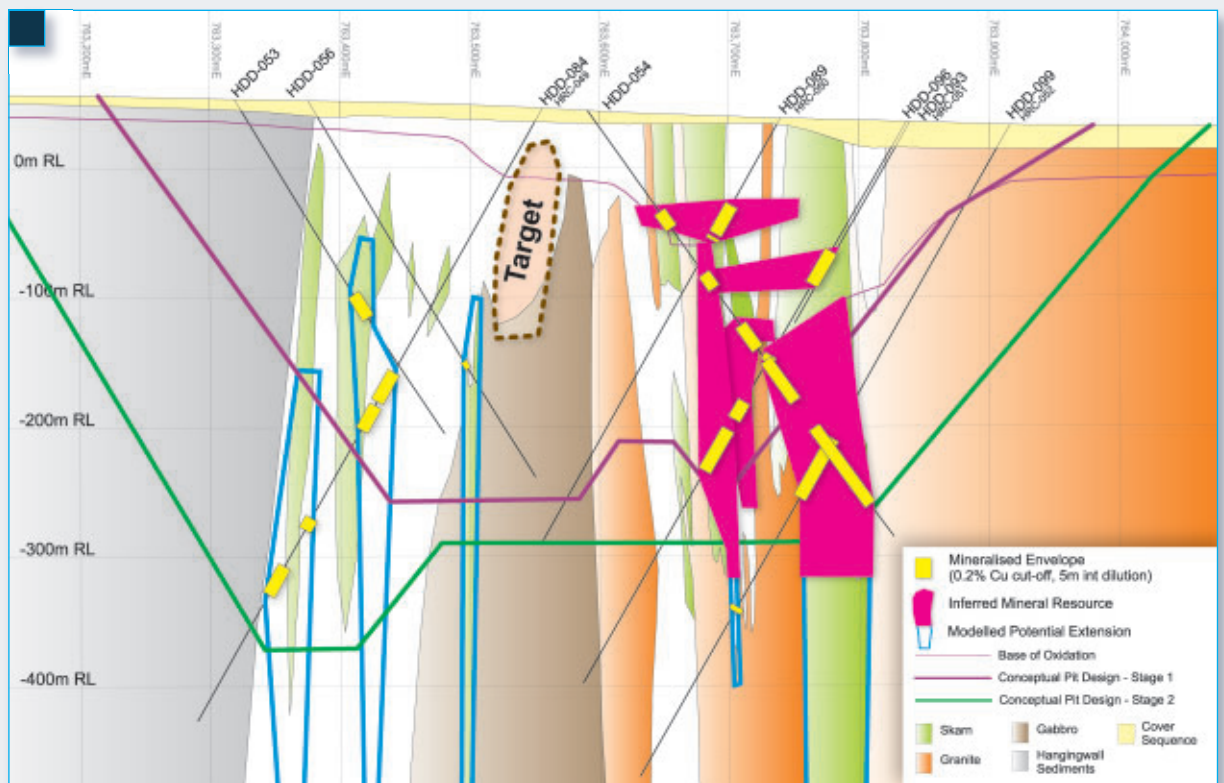


Figure 7: Geological section 5000N at Hillside showing drilling results and outline of the Inferred Resource.

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EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

HILLSIDE COPPER-GOLD PROJECT (continued)



## REX MINERALS LTD

### EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

#### HILLSIDE COPPER-GOLD PROJECT (continued)

Table 2: Drilling highlights from the Hillside copper-gold project for the 2009/2010 financial year. All drilling results are reported as down-hole lengths.

Hole Number	From (m)	To (m)	Interval (m)	Copper (%)	Gold (g/t)	Structure
HDD033	280	340	60	3.0	0.5	Zanoni
HDD033W1	275	426	151	1.5	0.3	Zanoni
HDD034	158	215	57	1.4	0.2	Zanoni
HDD037	244	297	53	1.7	0.2	Zanoni
HDD038	134	163	29	1.0	0.2	Zanoni
HDD040	138	152	14	2.7	0.6	Zanoni
HDD048	101	172	71	1.5	0.4	Songvaar
HDD050	71	99	28	1.1	0.6	Songvaar
HDD054	92	110	18	0.7	0.3	Parsee
	149	167	18	0.6	0.1	Parsee
	203	226	23	0.6	0.3	Parsee
	237	277	40	0.6	0.3	Parsee
	301	380	79	0.4	0.1	Parsee
HDD057	119	179	60	0.7	0.4	Songvaar
HDD058	11	132	121	0.6	0.3	Songvaar
HDD059	89	104	15	2.2	0.7	Zanoni
HDD061	114	176	62	0.7	0.3	Songvaar
HDD070	62	134	72	1	0.1	Songvaar
HDD078	29	129	100	0.9	0.4	Songvaar
HDD083	187	235	48	1	0.3	Songvaar
HDD084	235	261	26	1	0.2	Zanoni
HDD098	69	94	25	1	0.4	Parsee
HDD099	280	333	53	0.7	0.4	Songvaar
HDD100	169	216	47	0.7	0.3	Songvaar
HDD101	399	438	39	0.7	0.3	Parsee
HRC033	29	109	80	0.6	0.4	Songvaar
HRC060	57	100	43	1	0.2	Songvaar
HRC070	136	150	14	1.6	0.3	Zanoni
HRC076	134	147	13	1.3	0.7	Parsee

## REX MINERALS LTD

EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

### HILLSIDE COPPER-GOLD PROJECT (continued)



Port facility at the township of Ardrossan.



Diamond drilling at the Hillside copper-gold Project.

## REX MINERALS LTD

### EXPLORATION PROJECTS (continued) For the year ended 30 June 2010

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

The Wandearah project in South Australia comprises 2 Exploration Licences which have large scale copper-gold potential. Historical drilling at Wandearah has confirmed the presence of low grade copper mineralisation and iron-oxide alteration similar to that observed at Prominent Hill and Olympic Dam. Although this project exists underneath 300m of cover sediments, combined gravity and magnetic anomalies on the project suggest that a massive mineralised IOCG system could exist in basement rocks.

Limited exploration has occurred at Wandearah over the period due to a focus on the Resource drilling campaign at Hillside. However, the intention is to utilise some of the learning's from the Hillside discovery and additional geophysical surveys to then complete new geophysical surveys at Wandearah. This should provide a greater focus to a subsequent drilling campaign at Wandearah in an effort to reduce the costs of discovery here, given that the project has a thick blanket of cover rocks over the prospective basement rocks.

#### COWELL PROJECT, SOUTH AUSTRALIA

The Cowell project in South Australia comprises a single Exploration Licence on the Eyre Peninsula immediately north of the township of Cowell in South Australia. Limited work was completed at the Cowell project over the year, however a renewed focus on this licence is expected to deliver new opportunities for copper-gold and/or uranium targets. As such, the Cowell licence remains an important asset as part of Rex's exploration portfolio.

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

The Mt Carrington project was demerged from the Group during the year into a new company, White Rock Minerals Ltd. This process was initiated to enable the two separate companies to focus on specific geographic and commodity based aspects of the Rex exploration portfolio, providing for each company to operate with independent Boards and management teams. This has resulted in White Rock emerging with the Mt Carrington gold-silver project as its 100% owned flagship project.

Leading up to the demerger, Rex completed a number of activities at Mt Carrington to ensure that White Rock Minerals was in a good position to proceed with issuing its Prospectus in the September quarter 2010, with ASX listing anticipated for early October 2010. Regional exploration work continued at Mt Carrington with various geophysical and geochemical programs completed along with further technical studies. The current work program is designed to advance targets within the central leases and at the White Rock prospect. In addition, low level exploration continued to advance the regional prospects to generate a number of targets for drill testing in 2011. Further environmental management work also commenced, the most significant of which is the installation of a Reverse Osmosis (RO) plant to significantly improve the water quality and water management on site in line with a Mine Operating Plan completed by Rex in 2009 for the Mt Carrington project.

## REX MINERALS LTD

### TENEMENT SCHEDULE For the year ended 30 June 2010

Tenement	Locality	Lease Status	Area Type	Current Area	Grant Date
EL3875	Moonta South	Granted	km <sup>2</sup>	416	02/08/2007
EL3874	Moonta South	Granted	km <sup>2</sup>	1262	02/08/2007
EL4514	Moonta South	Granted	km <sup>2</sup>	24	10/06/2010
EL3876	Wandearah	Granted	km <sup>2</sup>	127	02/08/2007
EL3459	Wandearah	Granted	km <sup>2</sup>	81	29/11/2005
EL3418	Cowell	Granted	km <sup>2</sup>	85	16/09/2005

# REX MINERALS LTD

## DIRECTORS' REPORT For the year ended 30 June 2010

The Directors present their report together with the financial report of Rex Minerals Ltd ("the Company") and its subsidiaries (the "Group" or "Rex"), and the Group's interest in associates and jointly controlled entities for the financial year ended 30 June 2010 and the auditors' report thereon.

### 1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Paul Chapman <b>Independent Chairperson</b> (B.Comm, ACA, Grad.Dip. Tax, MAICD, SAFin, MAusIMM)	Mr Paul Chapman is a chartered accountant and has over 25 years resources experience gained in Australia and the US. He has worked in a number of commodity businesses including gold, nickel, manganese, bauxite/alumina and oil/gas. Mr Chapman has held senior management roles in public companies of various sizes and is Chairman of ASX listed explorer Encounter Resources Ltd and listed gold producer Silver Lake Resources Ltd. Director since 2007.
Mr Richard Laufmann <b>Independent Non-Executive Director</b> (B.Eng (Mining), MAusIMM, MAICD)	Mr Richard Laufmann is a mining engineer with a proven track record in the resources sector both in Australia and overseas. He was Managing Director of Ballarat Goldfields NL from 2002 until 2007, at which time Ballarat Goldfields merged with Lihir Gold Limited. Mr Laufmann also previously led WMC Resources Limited's Gold Business as General Manager – Operations. His extensive operational experience includes three years as General Manager of St Ives Gold in Western Australia. Mr Laufmann is currently the Managing Director of Indophil Resources, an ASX listed company operating in the Philippines. Director since 2007.
Mr Steven Olsen <b>Managing Director</b> (B.Sc.(Hons), M.Sc.(MinEx), Grad.Dip (F&I), MAusIMM)	Mr Steven Olsen has over 17 years experience in the resources industry with a background of fourteen years working as a mine geologist and exploration geologist, predominantly in Western Australia and Canada, on nickel and gold deposits. Mr Olsen has had continued exploration success for both nickel and gold mineralisation throughout his career. Mr Olsen's qualifications include a B.Sc(Hons) from the University of Melbourne, Masters in Mineral Exploration from Queens University, Ontario and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia. Mr Olsen is a Non-Executive Director of White Rock Minerals Ltd. Director since 2007.
Mr Brian Phillips (Resigned 15 June 2010) <b>Independent Non-Executive Director</b> (AWASM-Mining (C Eng), FAusIMM, MIMMM)	Mr Phillips is a mining engineer with over 40 years experience in the mining industry. Mr Phillips joined MPI Mines Limited in 1992 and was managing director from October 2002 until December 2004, followed by two years as chairman of Leviathan Resources Limited. He was a non-executive director of Perseverance Corporation from January 2007 until February 2008, and was a non-executive director of Tawana Resources NL until July 2009. He is a Non-Executive Director of Panoramic Resources Limited and Chairman of Indophil Resources NL. Appointed Director 12 February 2010, resigned 15 June 2010.
Mr Geoffrey Lowe (Resigned 15 June 2010) <b>Executive Director Exploration</b> (B.Sc, MAusIMM, MAIG)	Mr Lowe is a geologist with over 23 years experience in both greenfields and near mine exploration for gold and copper in Australia. His career includes 18 years with the Normandy Mining Group and Newmont Australia Limited, followed by two years with Leviathan Resources Ltd and Perseverance Corporation Ltd. Mr Lowe joined Rex Minerals Ltd as Exploration Manager in August 2007, establishing and managing the exploration portfolio and programs for Rex up to June 2010. Appointed Director 12 February 2010, resigned 15 June 2010.

### 2. COMPANY SECRETARY

Ms Amber Rivamonte CPA, B.Bus (Acc) was appointed to the position of Company Secretary and CFO in July 2007. Ms Rivamonte was on 12 months leave during 2009 and returned from this leave in January 2010, to resume her role as Company Secretary. Ms. Rivamonte is a CPA and has over 16 years experience in the financial management of publicly listed exploration companies. She has previously held the role of company secretary and chief financial officer for Ballarat Goldfields NL and company secretary for Indophil Resources NL.  
Ms Rivamonte is also currently the Company Secretary of White Rock Minerals Ltd.

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

### 3. DIRECTORS' MEETINGS

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

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr Paul Chapman	16	17	1	2
Mr Richard Laufmann	15	17	2	2
Mr Steven Olsen <sup>1</sup>	17	17	2	2
Mr Brian Phillips	5	6	1	1
Mr Geoffrey Lowe	5	6	–	–

A – Number of meetings attended.

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

<sup>1</sup> – Mr Olsen is not a member of the Audit Committee, but is invited and attends meetings as appropriate.

### 4. CORPORATE GOVERNANCE STATEMENT

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

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

The following table summarises Rex's position in regard to corporate governance.

Recommendation	Comment
<p><b>4.1 Lay solid foundations for management and oversight</b></p> <p>4.1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.</p>	<p>The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The respective roles and responsibilities of the Board and the Managing Director are set out in the Company's Board Charter.</p> <p>The primary responsibility of the Board is to protect and advance the interest of shareholders. To fulfil this role, the Board has overall responsibility for developing and approving the Company's corporate strategy and monitoring implementation of the strategy, appointing the Managing Director, monitoring senior executives' performance and approving the Company's risk and audit framework. The Board is also responsible for the Company's general corporate governance matters, including matters such as disclosures and the appointment and monitoring of any committees set up by the Board.</p>



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

Recommendation	Comment
4.1.1 Continued.	<p>The Managing Director has primary responsibility to the Board for the affairs of Rex. The Managing Director's responsibilities include implementing and monitoring (together with the Board) the strategic and financial plans for Rex, managing the appointment of senior executive positions, being the primary channel of communication and point of contact between the senior executives and the Board, providing strong leadership to, and effective management of, Rex and otherwise carrying out the day to day management of Rex.</p> <p>This recommendation is also satisfied in as much as should a new Director be appointed, Rex's Board Charter and other corporate governance documentation together with updated financial statements will be given to the new Directors together with a formal letter of appointment which will set out details in respect of, amongst other matters:</p> <ul style="list-style-type: none"> <li>&gt; Rex's financial, strategic, operational and risk management position;</li> <li>&gt; each Director's rights, duties and responsibilities; and</li> <li>&gt; the role of the Board and senior executives.</li> </ul>
4.1.2 Companies should disclose the process for evaluating the performance of senior executives.	<p>Rex's goals for the year are set out in the Annual Report and these are used as the basis for evaluating performance of senior executives. Performance evaluations are undertaken annually, in June, by the Managing Director. The Managing Director's performance evaluation is also undertaken annually, in June, by the Board.</p>
4.1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	<p>It is intended that:</p> <ul style="list-style-type: none"> <li>&gt; an explanation of any departure from Recommendations 1.1, 1.2 or 1.3 will be included in the corporate governance statement in the Annual Report; and</li> <li>&gt; the Annual Report will disclose whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> </ul>
<b>4.2 Structure the Board to add value</b>	
4.2.1 A majority of the Board should be independent Directors.	This recommendation is satisfied.
4.2.2 The Chair should be an independent Director.	This recommendation is satisfied.
4.2.3 The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	This recommendation is satisfied.

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

### 4. CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation	Comment
<p>4.2.4 The Board should establish a nomination committee.</p>	<p>The Board has not adopted a charter relevant to the specific functions of a nomination committee. Given the size of Rex and the Board, and the start up nature and straight forward structure of Rex, the Directors consider that any efficiencies achieved by the establishment of a nomination committee would be minimal, thereby not making its establishment cost effective. Rex has Board processes in place which raise issues that would otherwise be considered by a nomination committee.</p>
<p>4.2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.</p>	<p>The Directors consider that due to the size of Rex and its Board, such a formal review procedure is not appropriate at this point in time and has instead adopted a self evaluation process to measure its own performance. This recommendation is satisfied in as much as the details have been included in the Annual Report and the Board Charter.</p>
<p>4.2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	<p>The following material is included in the Annual Report:</p> <ul style="list-style-type: none"> <li>&gt; the skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report;</li> <li>&gt; the names of the Directors considered by the Board to constitute independent Directors and Rex's materiality thresholds;</li> <li>&gt; the existence of any of the relationships listed in Box 2.1 of the Guide (regarding director independence) and an explanation of why the Board considers a Director to be independent, notwithstanding the existence of those relationships;</li> <li>&gt; a statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of Rex;</li> <li>&gt; a statement as to the mix of skills and diversity for which the Board is looking to achieve in membership of the Board;</li> <li>&gt; the period of office held by each Director in office at the date of the Annual Report;</li> <li>&gt; whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and</li> <li>&gt; an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.</li> </ul> <p>The following material is intended to be publicly available on Rex's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>&gt; a description of the process for the selection and appointment of new Directors and the re-election of incumbent Directors; and</li> <li>&gt; the Board's policy for the selection and appointment of directors.</li> </ul>

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

Recommendation	Comment
<b>4.3 Promoting ethical and responsible decision making</b>	
<p>4.3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>&gt; the practises necessary to maintain confidence in the Company's integrity;</li> <li>&gt; the practises necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>&gt; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>This recommendation is satisfied. Rex's Code of Conduct sets out Rex's expectations for the conduct of Rex's Directors, senior executives and employees, including in relation to business conduct, personal and professional conduct (such as confidentiality, personal behaviour and respect for others).</p>
<p>4.3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>This recommendation is satisfied. Rex's Code of Conduct sets out Rex's policy concerning diversity. In summary, Rex's policy concerning diversity is as follows:</p> <p>Rex recognises that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximise the achievement of corporate goals. The objectives for achieving diversity are included in the corporate governance statement in the Annual Report. In order to promote gender diversity, Rex will engage in reviews and reporting to the Board about the proportion of women at Rex and strategies to address diversity. Rex intends to recruit the most qualified persons for each position and considers persons from a diverse pool of qualified candidates.</p>
<p>4.3.3 Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The objectives for achieving diversity are included in the corporate governance statement in the Annual Report.</p>
<p>4.3.4 Companies should disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.</p>	<p>This recommendation is satisfied. At 30 June 2010, women made up 29% of the total workforce; and 50% of senior executives. There are currently no women on the Board of Rex.</p>
<p>4.3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>The following material is intended to be made publicly available on Rex's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>&gt; any applicable code of conduct or a summary; and</li> <li>&gt; the diversity policy or a summary of its main provisions.</li> </ul>

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

### 4. CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation	Comment
<b>4.4 Safeguard integrity in financial reporting</b>	
4.4.1 The Board should establish an Audit Committee.	This recommendation is satisfied.
4.4.2 The Audit Committee should be structured so that it: <ul style="list-style-type: none"> <li>&gt; consists only of non-executive Directors;</li> <li>&gt; consists of a majority of independent Directors;</li> <li>&gt; is chaired by an independent Chair who is not chair of the Board; and</li> <li>&gt; has at least 3 members.</li> </ul>	The members of the Audit Committee are Paul Chapman and Richard Laufmann, who are both independent Directors. Richard Laufmann is an independent Chair of the Audit Committee (and he is not Chair of the Board). Given the size of Rex and the Board, and the start up nature and straight forward structure of Rex, the Directors consider that the Audit Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.
4.4.3 The Audit Committee should have a formal charter.	This recommendation is satisfied.
4.4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	<p>The following material is included in the corporate governance statement in the Annual Report:</p> <ul style="list-style-type: none"> <li>&gt; the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out</li> <li>&gt; the number of meetings of the audit committee (contained within the Directors' Report)</li> <li>&gt; explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4</li> </ul> <p>The following material is intended to be made publicly available on Rex's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>&gt; the audit committee charter, including information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul>
<b>4.5 Make timely and balanced disclosure</b>	
4.5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	This recommendation is satisfied. Rex has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance. Rex's Continuous Disclose Policy sets out Rex's policies and procedures with regard to the reporting of material price sensitive information to the ASX subject to confidentiality carve-out aspects and Rex's procedures in this regard.

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

Recommendation	Comment
4.5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	An explanation of any departures from Recommendations 5.1 or 5.2 are included in the corporate governance statement in the Annual Report. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements are intended to be publicly available on Rex's website in a clearly marked corporate governance section.
<b>4.6 Respect the rights of shareholders</b>	
4.6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>Rex places a high priority on communications with its Shareholders. Although Rex does not have a standalone communications policy, Rex considers that its Continuous Disclosure Policy, together with disclosure through the following means, should be sufficient to promote effective communications with shareholders:</p> <ul style="list-style-type: none"> <li>&gt; announcements released through to the ASX company announcements platform;</li> <li>&gt; notices of meetings to shareholders; and</li> <li>&gt; provision of all relevant documentation released on Rex's website.</li> </ul>
4.6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	<p>An explanation of any departure from Recommendations 6.1 or 6.2 are included in the corporate governance statement in the Annual Report.</p> <p>Rex describes its communication policy with Shareholders in the corporate governance statement in the Annual Report.</p>
<b>4.7 Recognise and manage risk</b>	
4.7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Although there is no standalone risk management policy, the Board Charter provides that it is the Board's responsibility to approve Rex's risk and audit framework, systems of risk management and internal control, as well as approving compliance with any risk and audit policies and protocols in place at the time.
4.7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	This recommendation is satisfied.

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

### 4. CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation	Comment
4.7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	This recommendation is satisfied.
4.7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	The following material is intended to be included in the corporate governance statement in the Annual Report: <ul style="list-style-type: none"> <li>&gt; explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4;</li> <li>&gt; whether management has reported to the Board under Recommendation 7.2; and</li> <li>&gt; whether the Board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.</li> </ul>
<b>4.8 Remunerate fairly and responsibly</b>	
4.8.1 The Board should establish a Remuneration Committee.	This recommendation is not satisfied. Given the size of Rex and the Board, and the start up nature and straight forward structure of Rex, the Directors consider that any efficiencies achieved by the establishment of a remuneration committee would be minimal, not making its establishment cost effective.
4.8.2 The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members.	The Board has not adopted a charter relevant to the specific functions of a remuneration committee. Given the size of Rex and the Board, and the start up nature and straight forward structure of Rex, the Directors consider that any efficiencies achieved by the establishment of a remuneration committee would be minimal, thereby not making its establishment cost effective. Rex has Board processes in place which raise issues that would otherwise be considered by a remuneration committee.
4.8.3 Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives.	This recommendation is satisfied. However, Board members are entitled to options as set out in this Annual Report having regard to the small number of Rex's management team.
4.8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	The following material or a clear cross-reference to the location of the material is included in the corporate governance statement in the Annual Report or elsewhere in the Annual Report (as appropriate): <ul style="list-style-type: none"> <li>&gt; the names of the members of the remuneration committee and their attendance at meetings of the committee, or where the company does not have a remuneration committee how the functions of a remuneration committee are carried out;</li> <li>&gt; the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and</li> <li>&gt; an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4.</li> </ul>

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

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### 5. PRINCIPAL ACTIVITIES

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

Rex has moved from being a diversified exploration company to a company focussed on the exploration and development of large-scale copper-gold projects on the Yorke Peninsula, South Australia. Rex's strategy is to discover large-scale copper-gold deposits which can lead to the development of a new long-life and low-cost mining operation on the Yorke Peninsula. Rex applies its extensive technical experience and existing drilling capacity to progress its projects, laying solid foundations for long term growth, enabling Rex to uncover the substantial deposits of copper that Rex interprets to exist under shallow cover rocks on the Yorke Peninsula.

#### 5.1 Objectives

The Group's principal objective is to create value through the discovery, development and mining of mineral resources. To progress with the Group's primary objective, the following targets have been set for 2011 and later financial years.

- > Expand on the initial Inferred Resource estimate to the level defined as a target size (within 28 July 2010 announcement) of over 1.5Mt of contained copper for the Hillside copper-gold project in South Australia.
- > Identify the broad economic parameters (capital and operating costs) associated with the Hillside copper-gold project.
- > Make at least one new copper discovery along the Pine Point Copper Belt.

### 6. OPERATING AND FINANCIAL REVIEW

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The income statement shows a profit after tax of \$2,327,007 (2009 loss: \$1,851,166) for the year. The Group has no bank debt. As at 30 June 2010 the Group had a cash position of \$31,474,941 (2009: \$12,286,067). Operating activities incurred a cash inflow for the year of \$273,168 (2009: cash outflow of \$829,394).

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

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On 26 October 2009, Rex announced an underwritten equity raising of approximately \$42 million, comprising a 3 for 10 accelerated non-renounceable pro-rata entitlement offer at an offer price of \$1.70 per share. The offer comprised a non-renounceable entitlement offer to institutional and to retail shareholders. This equity raising was successfully completed in two stages during October and November 2009.

On 15 June 2010, White Rock Minerals Ltd was demerged from the Rex Group, following approval by Rex Shareholders at a General Meeting held on 3 June 2010. Existing Rex Shareholders received shares in White Rock on a 1:3 basis. Prior to the demerger being completed, on 15 June 2010, White Rock Minerals acquired Rex Minerals Ltd's wholly owned subsidiary Rex Minerals (NSW) Pty Ltd (now named White Rock Minerals (MTC) Pty Ltd), which includes the Mt Carrington project in northern NSW. The Mt Carrington project is, as a result, no longer part of the Rex Group.

In the opinion of the Directors there were no further significant changes in the state of affairs of the Group during the year ended 30 June 2010.

### 8. DIVIDENDS PAID OR RECOMMENDED

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

### 9. EVENTS SUBSEQUENT TO REPORTING DATE

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Subsequent to 30 June 2010 there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

### 10. LIKELY DEVELOPMENTS

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

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

### 11. DIRECTORS' INTERESTS

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

	Rex Minerals Ltd	
	Ordinary shares	Options over ordinary shares
Mr Paul Chapman	3,270,000	250,000
Mr Richard Laufmann	2,500,000	1,000,000
Mr Brian Phillips	–	–
Mr Steven Olsen	5,500,000	500,000
Mr Geoffrey Lowe	–	–

### 12. SHARE OPTIONS

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

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

	Number of options granted	Exercise price	Expiry date
<b>Directors</b>			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Brian Phillips	–	–	–
Mr Steven Olsen	–	–	–
Mr Geoffrey Lowe	–	–	–
<b>Executives</b>			
Ms Amber Rivamonte	73,800	\$1.22*	24 May 2013
Ms Janet Mason	73,800	\$1.22*	24 May 2013

\*The exercise price is shown post the reduction arising from the demerger of White Rock Minerals Ltd. Exercise prices were reduced by \$0.148 per share as a result of the demerger.

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

#### 12.2 Unissued shares under option

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

Expiry date	Exercise price	Number of shares
30 June 2011	\$0.102	2,250,000
30 June 2011	\$0.152	1,000,000
30 June 2011	\$0.217	150,000
31 May 2012	\$0.552	60,000
31 October 2012	\$2.052	240,000
24 May 2013	\$1.220	600,000
<b>Total</b>		<b>4,300,000</b>

\*All exercise prices are shown post the reduction arising from the demerger. Exercise prices were reduced in accordance with the ASX listing rules by \$0.148 per share as a result of the demerger.

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



## REX MINERALS LTD

### DIRECTORS' REPORT (continued) For the year ended 30 June 2010

#### 12. SHARE OPTIONS (continued)

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

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

Number of shares	Amount paid on each share
3,350,000	\$0.250
500,000	\$0.300
30,000	\$0.365
180,000	\$0.410
120,000	\$0.700
100,000	\$0.102
120,000	\$0.552
<b>4,400,000</b>	

#### 13. INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

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

#### 14. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, did not provide any non-audit services to the Company (2009: nil).

#### 15. REMUNERATION REPORT – AUDITED

##### 15.1 Principles of compensation

Remuneration is referred to as compensation through this report.

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

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

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

	2010	2009	2008	IPO Sept 2007
Net profit/(loss) attributable to equity holders of the parent	\$2,327,007	\$(1,851,166)	\$(857,987)	\$ –
Closing share price	\$1.250	\$0.555	\$0.260	\$0.250

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

**15. REMUNERATION REPORT – AUDITED (continued)****15.1.1 Fixed compensation**

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

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

**15.1.2 Performance linked compensation**

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

**15.1.3 Short-term incentive bonus**

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

**15.1.4 Long-term incentive**

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

**15.1.5 Service agreements**

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

The Group has entered into contracts with each key management person, excluding the Chief Executive Officer, that are capable of termination on three month's notice. The Group retains the right to terminate a contract immediately by making payment equal to three month's pay in lieu of notice. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The employment contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the Senior Executive and any changes required to meet the principles of the compensation policy.

Mr Steven Olsen, Chief Executive Officer, has a contract of employment dated 1 July 2010 with the Company and terminates on the 30 June 2013. The contract specifies the duties and obligations to be fulfilled by the Chief Executive Officer and provides that the Board and Chief Executive Officer will consult and agree objectives for achievement each year.

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

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

**> Non-Executive Directors**

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2007 AGM, is not to exceed \$300,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' base fees are presently \$135,000 per annum.

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

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

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

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

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

		Short-term				Post-employment		Share-based payments		Total \$	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees \$	STI cash bonus \$ <sup>(A)</sup>	Non-monetary benefits \$	Total \$	Superannuation benefits \$	Termination benefits \$	Fair Value Options \$ <sup>(B)</sup>				
<b>Directors</b>												
<b>Non-Executive Directors</b>												
	2010	62,500	–	–	62,500	5,625	–	–	68,125	–	–	
	2009	50,000	–	–	50,000	4,500	–	–	54,500	–	–	
	2010	52,500	–	–	52,500	4,725	–	–	57,225	–	–	
	2009	45,000	–	–	45,000	4,050	–	–	49,050	–	–	
	2010	20,508	–	–	20,508	1,846	–	–	22,354	–	–	
	2009	–	–	–	–	–	–	–	–	–	–	
<b>Executive Directors</b>												
	2010	263,000	30,000	–	293,000	23,670	–	–	316,670	9.5	–	
	2009	216,000	15,000	–	231,000	19,440	–	–	250,440	6.0	–	
	2010	203,361	35,000	20,000	258,361	18,302	–	–	276,663	12.7	–	
	2009	170,000	–	20,000	190,000	15,300	–	12,626	217,926	–	5.8	
<b>Executives</b>												
	2010	45,000	–	–	45,000	4,050	–	20,664	69,714	–	29.6	
	2009	87,192	–	–	87,192	7,847	–	12,626	107,666	–	11.7	
	2010	153,452	7,500	–	160,952	13,811	–	20,664	195,427	3.8	10.6	
	2009	84,038	–	–	84,038	7,563	–	35,520	127,122	–	27.9	
Total compensation: key management personnel		2010	800,321	72,500	20,000	892,821	72,029	–	41,328	1,006,178		
		2009	652,230	15,000	20,000	687,230	58,700	–	60,772	806,703		

<sup>1</sup> Mr Phillips was appointed Director on 12 February 2010 and resigned 15 June 2010. <sup>2</sup> Mr Lowe was previously Exploration Manager and was appointed Director on 12 February 2010 and resigned 15 June 2010. <sup>3</sup> Ms Rivamonte was on leave for 6 months during 2010 and also 6 months during 2009.

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

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

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

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

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

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

Grant Date	Option life	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate
3rd June 2010	2.81 years	\$0.28	\$1.22	\$1.067	40%	4.67%

#### 15.3 Equity Instruments

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

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

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

	Number of options granted during 2010	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2010
<b>Directors</b>						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Brian Phillips	–	–	–	–	–	–
Mr Steven Olsen	–	–	–	–	–	–
Mr Geoffrey Lowe	–	–	–	–	–	200,000
<b>Executives</b>						
Ms Amber Rivamonte	73,800	3 June 2010	\$0.28	\$1.22	24 May 2013	273,800
Ms Janet Mason	73,800	3 June 2010	\$0.28	\$1.22	24 May 2013	113,800

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

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

# REX MINERALS LTD

## DIRECTORS' REPORT (continued) For the year ended 30 June 2010

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

#### 15.3 Equity Instruments (continued)

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

As per the ASX Listing rule Clause 7.22.3 which deals with the effect on options from a return of share capital, the exercise price of each Rex option on issue reduced by 14.8 cents on 15 June 2010. This price reduction did not impact on the fair value of the options.

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

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

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation:

	Number of shares	Amount paid \$/share
<b>Executives</b>		
Ms Amber Rivamonte	600,000	\$0.25
Ms Janet Mason	120,000	\$0.41

##### 15.3.4 Analysis of movements in options

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

	Granted in year \$ <sup>(A)</sup>	Value of Options Exercised in year \$ <sup>(B)</sup>	Lapsed in year \$ <sup>(C)</sup>
<b>Directors</b>			
Mr Paul Chapman	-	-	-
Mr Richard Laufmann	-	-	-
Mr Brian Phillips	-	-	-
Mr Steven Olsen	-	-	-
Mr Geoffrey Lowe	-	-	-
<b>Executives</b>			
Ms Amber Rivamonte	20,664	72,600	-
Ms Janet Mason	20,664	35,520	-
	<b>41,328</b>	<b>108,120</b>	<b>-</b>

(A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option pricing model as described in note 23. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(B) The value of options exercised during the year is calculated at grant date using the Black Scholes option pricing model as described in note 23.

(C) No options lapsed during the year.

### 16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 56 and forms part of the Directors' report for the year ended 30 June 2010.

Dated at Melbourne this 24th day of September 2010.

Signed in accordance with a resolution of the Directors:



Steven Olsen  
Managing Director

## REX MINERALS LTD

### STATEMENT OF FINANCIAL POSITION As at 30 June 2010

		<b>Group</b>	<b>Group</b>
		<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	Note		
<b>Current Assets</b>			
Cash assets	7	31,474,941	12,286,067
Receivables	8	229,478	24,720
Other assets	9	22,263	1,271,008
<b>Total current assets</b>		<b>31,726,682</b>	<b>13,581,795</b>
<b>Non-current assets</b>			
Other assets	9	1,000,000	–
Exploration and evaluation expenditure	10	22,278,777	9,127,523
Property, plant and equipment	12	373,671	165,636
<b>Total non-current assets</b>		<b>23,652,448</b>	<b>9,293,159</b>
<b>Total assets</b>		<b>55,379,130</b>	<b>22,874,954</b>
<b>Current Liabilities</b>			
Trade payables	13	1,808,670	228,042
Employee benefits	14	141,989	82,938
<b>Total current liabilities</b>		<b>1,950,659</b>	<b>310,980</b>
<b>Total liabilities</b>		<b>1,950,659</b>	<b>310,980</b>
<b>Net assets</b>		<b>53,428,471</b>	<b>22,563,974</b>
<b>Equity</b>			
Issued capital	15(i)	52,948,677	24,711,046
Reserves	15(iii)	520,080	552,130
Accumulated losses		(40,286)	(2,699,202)
<b>Total equity</b>		<b>53,428,471</b>	<b>22,563,974</b>

The notes on pages 32 to 55 are an integral part of these financial statements.

**REX MINERALS LTD****STATEMENT OF COMPREHENSIVE INCOME** For the year ended 30 June 2010

		<b>Group</b>	<b>Group</b>
		<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	Note		
Finance income	16	1,433,666	246,809
Other income	17	85	–
Administrative expenses		(727,549)	(334,667)
Depreciation expense		(76,137)	(39,321)
Employee benefits expense	18	(668,928)	(700,981)
Marketing expenses		(155,147)	(135,189)
Profit on demerger of investment	19	2,521,017	–
Loss on sale of subsidiary	19	–	(887,817)
<b>Profit/(Loss) before tax</b>		<b>2,327,007</b>	<b>(1,851,166)</b>
Income tax (expense)/benefit	20	–	–
<b>Total Profit/(Loss) for the period</b>		<b>2,327,007</b>	<b>(1,851,166)</b>
<b>Total comprehensive loss attributable to members of Rex Minerals Ltd</b>		<b>2,327,007</b>	<b>(1,851,166)</b>
<b>Earnings per share attributable to ordinary equity holders</b>			
Basic earnings per share (cents)	21	2.48	(3.13)
Diluted earnings per share (cents)	21	2.36	(3.13)

The notes on pages 32 to 55 are an integral part of these financial statements.

**REX MINERALS LTD****STATEMENT OF CHANGES IN EQUITY** For the year ended 30 June 2010**Attributable to equity holders of the Group**

	Share Capital \$	Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2008	9,195,395	362,781	(868,535)	8,689,641
Issue of ordinary shares	15,515,651	–	–	15,515,651
Share based payments compensation	–	209,848	–	209,848
Reversal of share based payments reserve	–	(20,499)	20,499	–
Loss for the period	–	–	(1,851,166)	(1,851,166)
<b>Balance at 30 June 2009</b>	<b>24,711,046</b>	<b>552,130</b>	<b>(2,699,202)</b>	<b>22,563,974</b>
Balance at 1 July 2009	24,711,046	552,130	(2,699,202)	22,563,974
Issue of ordinary shares	45,212,617	–	–	45,212,617
Share based payments compensation	–	299,859	–	(299,859)
Reversal of share based payments reserve	–	(331,909)	331,909	–
Capital reduction via share distribution	(16,974,986)	–	–	(16,974,986)
Profit for the period	–	–	2,327,007	2,327,007
<b>Balance at 30 June 2010</b>	<b>52,948,677</b>	<b>520,080</b>	<b>(40,286)</b>	<b>53,428,471</b>

The notes on pages 32 to 55 are an integral part of these financial statements.



**REX MINERALS LTD****STATEMENT OF CASH FLOWS** For the year ended 30 June 2010

		<b>Group</b>	<b>Group</b>
		<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	Note		
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(1,059,798)	(1,076,203)
Interest received		1,332,966	246,809
<b>Net cash from/(used in) operating activities</b>	22	<b>273,168</b>	<b>(829,394)</b>
<b>Cash flows from investing activities</b>			
Exploration and evaluation payments		(13,637,366)	(2,759,247)
Acquisition of property, plant and equipment		(2,260,219)	(48,719)
Proceeds from sale of property, plant and equipment		17,000	–
Proceeds from sale of investments		–	1,411,969
Cash outflow on demerger of White Rock Minerals		(6,795,404)	–
<b>Net cash from/(used in) investing activities</b>		<b>(22,675,989)</b>	<b>(1,395,997)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		43,419,950	11,110,000
Payment of transaction costs		(1,828,255)	(475,349)
<b>Net cash from/(used in) financing activities</b>		<b>41,591,695</b>	<b>10,634,651</b>
<b>Net increase in cash and cash equivalents</b>		<b>19,188,874</b>	<b>8,409,260</b>
Cash and cash equivalents at beginning of the period		12,286,067	3,876,807
<b>Cash and cash equivalents at period end</b>	7	<b>31,474,941</b>	<b>12,286,067</b>

The notes on pages 32 to 55 are an integral part of these financial statements.

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. REPORTING ENTITY

Rex Minerals Ltd (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is 209 Dana Street, Ballarat, Victoria, 3350. The Group financial statements as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily is involved in minerals exploration in Australia.

### 2. BASIS OF PREPARATION

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#### (a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 24 September 2010.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

#### (d) Use of estimates and judgements

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

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

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

- > note 23 – measurement of share-based payments
- > notes 14 and 25 – employee benefits, commitments and contingencies
- > note 10 – exploration and evaluation expenditure

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

##### (ii) Transactions eliminated on consolidation

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

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Financial instruments****(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents and trade and other payables.

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

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

**(i) Receivables – other debtors**

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

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

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

**(iii) Cash and cash equivalents**

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

**(iv) Trade and other payables**

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

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

**(ii) Share capital****Ordinary shares**

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

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

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

**(ii) Subsequent costs**

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

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

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

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

- > plant and equipment                      5 – 10 years

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

**(d) Exploration and evaluation**

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

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

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

Exploration and evaluation assets are assessed for impairment if:

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

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

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

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

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

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

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

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### (e) Impairment (continued)

##### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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

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

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

#### (f) Employee benefits

##### (i) Wages, salaries and annual leave

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

##### (ii) Share-based payments

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

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

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

#### (g) Revenue Recognition

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revaluations.

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

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**(h) Tax****(i) Income taxes**

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

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

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

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

**(ii) Tax consolidation**

The Company has formed a tax consolidated group, from 1 July 2008.

**(iii) Goods and services tax**

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

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

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

**(i) Finance income**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

**(j) Earnings per share**

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

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(k) Segment reporting**

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

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

Segment expenditure that is reported to the Managing Director includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

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

**(l) Demerger accounting treatment****(i) Acquisition of entity under common control**

The acquisition of an entity under common control is completed at carrying value. That is, the assets and liabilities acquired are recognised at the carrying amounts previously recognised in the consolidated financial statements.

**(ii) Demerger of wholly owned subsidiary**

The demerger of White Rock Minerals Ltd was accounted for in accordance with Interpretation 17 Distributions of Non-Cash Assets to Owners. Per this accounting guidance the distribution to Rex Minerals Ltd shareholders, the ordinary shares of White Rock Minerals Ltd, was measured at fair value at the date of demerger, based upon an independent external valuation. The difference between the book value of the White Rock Minerals assets at the demerger date and the fair value of the distribution to shareholders was recognised in the Income Statement.

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

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- > **AASB 39 Financial Instruments** includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace **AASB 139 Financial Instruments: Recognition and Measurement**. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- > **AASB 24 Related Party Disclosures** (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- > **AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process** affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 20 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- > **AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions** resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments, **AI 8 Scope of ASB 2** and **AI 11 AASB 2 – Group and Treasury Share Transactions** will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- > **AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issue [AASB 132]** (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory of the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) New standards and interpretations not yet adopted (continued)**

- > **AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement – AASB 14** make amendments to Interpretation 14 **AASB 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements** removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Group's 20 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.
- > **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments** addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

**4. DETERMINATION OF FAIR VALUES**

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

**(i) Trade and other receivables**

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

**(ii) Non-derivative financial liabilities**

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

**(iii) Share-based payments**

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

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

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

**5. FINANCIAL RISK MANAGEMENT**

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**(i) Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities and currently has no external borrowings.

The Group encourages employees to be shareholders through the Employee Share Option Plan.

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

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

**(ii) Credit risk**

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



## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. FINANCIAL RISK MANAGEMENT (continued)

(iii) Guarantees

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

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

#### 6. SEGMENT REPORTING

The consolidated entity had two reportable segments during the period, as described below, which are the consolidated entity's areas of exploration focus. The exploration area's offer different exploration potential and are managed separately due to their physical locations. For each of the exploration area's the Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes each of the exploration areas:

- > South Australia: Large scale copper project in South Australia
- > New South Wales: Copper, gold and silver project in New South Wales (disposed of during the year via the demerger of White Rock Minerals Ltd)

##### Information about reportable segments

	South Australia		New South Wales	
	\$	\$	\$	\$
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
Reportable segment assets	22,356,629	7,290,332	–	1,837,191

#### 7. CASH ASSETS

	Group 2010 \$	Group 2009 \$
Bank balances	31,474,941	12,286,067
Cash and cash equivalents in the statement of cash flows	31,474,941	12,286,067

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 24.

#### 8. RECEIVABLES

	Group 2010 \$	Group 2009 \$
Current		
Other receivables	229,478	24,720
Total current receivables	229,478	24,720

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 9. OTHER ASSETS

	Group	Group
	2010	2009
	\$	\$
<b>Current</b>		
Prepayments	22,263	9,468
Drilling contract prepayments (i)	–	1,261,540
<b>Non-current</b>		
Prepaid deposit (ii)	1,000,000	–
<b>Total other assets</b>	<b>1,022,263</b>	<b>1,271,008</b>

- (i) The drilling contract prepayment held in 2009 relates to shares that have been issued for drilling days yet to be provided to the Company. These days were fully provided during 2010.
- (ii) Deposit paid for the purchase of property, plant and equipment.

#### 10. EXPLORATION AND EVALUATION EXPENDITURE

	Group	Group
	2010	2009
	\$	\$
<b>Cost</b>		
Balance at 1 July	9,127,523	5,207,774
Acquisitions	2,895,544	350,000
Additions	17,636,478	5,691,191
Disposals	(7,380,768)	(2,121,442)
<b>Balance at 30 June</b>	<b>22,278,777</b>	<b>9,127,523</b>
<b>Amortisation and impairment losses</b>		
Balance at 1 July	–	–
<b>Balance at 30 June</b>	<b>–</b>	<b>–</b>
<b>Carrying amounts</b>		
At 1 July	9,127,523	5,207,774
<b>At 30 June</b>	<b>22,278,777</b>	<b>9,127,523</b>

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

#### 11. UNRECOGNISED DEFERRED TAX ASSETS

	Group	Group
	2010	2009
	\$	\$
Net deferred tax assets have not been recognised in respect of the following		
Tax losses	11,633,257	5,470,741
<b>Total tax assets/(liabilities) not recognised</b>	<b>11,633,257</b>	<b>5,470,741</b>

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

**REX MINERALS LTD****NOTES TO THE FINANCIAL STATEMENTS (continued)****12. PROPERTY, PLANT AND EQUIPMENT**

	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Plant and Equipment</b>		
<b>Cost</b>		
Balance at 1 July	229,457	364,171
Acquisitions	1,288,775	48,719
Disposals	(1,022,558)	(183,433)
<b>Balance at 30 June</b>	<b>495,674</b>	<b>229,457</b>
<b>Depreciation and impairment losses</b>		
Balance at 1 July	63,821	28,043
Depreciation charge for the year	76,137	39,321
Depreciation charged to exploration projects	12,954	1,545
Disposals	(30,909)	(5,088)
<b>Balance at 30 June</b>	<b>122,003</b>	<b>63,821</b>
<b>Carrying amounts</b>		
At 1 July	165,636	336,128
At 30 June	373,671	165,636

**13. TRADE PAYABLES**

	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Other trade payables and accrued expenses	1,808,670	228,042
<b>Total current trade and other payables</b>	<b>1,808,670</b>	<b>228,042</b>

**14. EMPLOYEE BENEFITS**

	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Liability for annual leave	141,989	82,938
<b>Total employee benefits</b>	<b>141,989</b>	<b>82,938</b>

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. ISSUED CAPITAL

	Date of issue	No of shares	Issue price \$	\$
<b>(i) Movements in shares on issue:</b>				
<b>Opening balance at 1 July 2009</b>		<b>80,340,000</b>		<b>24,711,046</b>
Exercise of Options - funds received	18/09/2009	500,000	0.3	150,000
Exercise of Employee Options – funds received	18/09/2009	30,000	0.37	10,950
Issue of Ordinary Shares - Drake Resources	21/10/2009	2,000,000	0.76	1,515,000
Issue of Ordinary Shares - Entitlement Issue	27/10/2009	12,444,094	1.70	21,154,960
Less costs of the Entitlement Issue				(944,430)
Issue of Ordinary Shares - Entitlement issue	25/11/2009	12,416,906	1.70	21,108,740
Less costs of the Entitlement Issue				(883,826)
Issue of Ordinary Shares - Titeline	23/12/2009	1,114,152	0.70	779,907
Exercise of Employee Options – funds received	29/01/2010	120,000	0.41	49,200
Exercise of Employee Options – funds received	29/01/2010	600,000	0.25	150,000
Exercise of Founding Options – funds received	29/01/2010	1,000,000	0.25	250,000
Issue of Ordinary Shares - Titeline	5/03/2010	1,894,308	0.70	1,326,016
Exercise of Options – funds received	7/05/2010	1,000,000	0.25	250,000
Exercise of Employee Options – funds received	7/05/2010	120,000	0.70	84,000
Exercise of Employee Options – funds received	20/05/2010	60,000	0.41	24,600
Exercise of Founding Options – funds received	20/05/2010	500,000	0.25	125,000
Exercise of Founding Options – funds received	21/05/2010	250,000	0.25	62,500
Capital reduction via demerger				(16,974,986)
<b>Closing balance at 30 June 2010</b>		<b>114,389,460</b>		<b>52,948,677</b>
<b>Opening balance at 1 July 2008</b>		<b>52,565,000</b>		<b>9,195,395</b>
Issue of ordinary shares – Titeline	21/10/2008	1,810,000	–	1,472,435
Issue of ordinary shares – Titeline	13/03/2009	4,190,000	–	3,408,565
Issue of ordinary shares – Capital Raising	13/03/2009	6,887,500	0.40	2,755,000
Less costs of the Capital Raising		–	–	(83,427)
Issue of ordinary shares – Capital Raising	23/04/2009	6,887,500	0.40	2,755,000
Less costs of the Capital Raising		–	–	(120,020)
Issue of ordinary shares – Capital Raising	27/05/2009	8,000,000	0.70	5,600,000
Less costs of the Capital Raising		–	–	(271,902)
<b>Closing balance at 30 June 2009</b>		<b>80,340,000</b>		<b>24,711,046</b>

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. ISSUED CAPITAL (continued)

	Date of issue	No of options	Exercise price \$	Expiry date
<b>(ii) Movements in options on issue:</b>				
<b>Opening balance as at 1 July 2009</b>		<b>7,860,000</b>		
Exercise of Options	18/9/2009	(500,000)	0.30	30/6/2011
Exercise of Options - employees	18/9/2009	(30,000)	0.37	30/6/2011
Issue of Options – employees	4/12/2009	240,000	2.20	31/10/2012
Exercise of Options- employees	29/1/2010	(600,000)	0.25	30/6/2011
Exercise of Options- employees	29/1/2010	(120,000)	0.41	30/6/2011
Exercise of Options – founding	29/1/2010	(1,000,000)	0.25	30/6/2011
Exercise of Options	7/5/2010	(1,000,000)	0.25	30/6/2011
Exercise of Options- employees	7/5/2010	(120,000)	0.70	31/5/2012
Exercise of Options – founding	20/5/2010	(500,000)	0.25	30/6/2011
Exercise of Options- employees	20/5/2010	(60,000)	0.41	30/6/2011
Exercise of Options - founding	21/5/2010	(250,000)	0.25	30/6/2011
Issue of Options – employees	3/6/2010	600,000	1.22	24/5/2013
<b>Closing balance as at 30 June 2010</b>		<b>4,520,000</b>		

<b>Opening balance at 1 July 2008</b>		<b>7,500,000</b>		
Lapsing of options – to employees (30/08/2009)	03/12/2007	(60,000)	0.365	30/06/2011
Lapsing of options – to employees (03/09/2009)	03/12/2007	(60,000)	0.365	30/06/2011
Issue of options – to employees	13/02/2009	180,000	0.41	30/06/2011
Issue of options – to employees	19/06/2009	300,000	0.70	31/05/2012
<b>Closing balance at 30 June 2009</b>		<b>7,860,000</b>		

\$

### (iii) Movements in share based payment reserve:

<b>Opening balance at 1 July 2009</b>	<b>552,130</b>
Employee share based payments – to employees	271,200
Options issued – for contract drilling services	28,659
Transferred to Retained Earnings	(331,909)
<b>Closing balance at 30 June 2010</b>	<b>520,080</b>
<b>Opening balance at 1 July 2008</b>	<b>362,781</b>
Employee share based payments – to employees	154,315
Options issued – for contract drilling services	55,533
Transferred to Retained Earnings	(20,499)
<b>Closing balance at 30 June 2009</b>	<b>552,130</b>

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 16. FINANCE INCOME AND EXPENSE

	Group	Group
	2010	2009
	\$	\$
Finance income – interest income on bank deposits	1,433,666	246,809
Finance expense	–	–
<b>Net finance income and expense</b>	<b>1,433,666</b>	<b>246,809</b>

#### 17. OTHER INCOME

	Group	Group
	2010	2009
	\$	\$
Net gain on sale of property, plant and equipment	85	–
<b>Total other income</b>	<b>85</b>	<b>–</b>

#### 18. EMPLOYEE BENEFITS EXPENSE

	Group	Group
	2010	2009
	\$	\$
Wages and salaries	550,069	578,011
Share based payments expense	59,808	69,505
Increase in liability for annual leave	59,051	53,465
<b>Total employee benefits expense</b>	<b>668,928</b>	<b>700,981</b>

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 19. CONTROLLED ENTITY DISPOSAL

The following controlled entity was disposed of:

##### 2010:

On 15 June 2010, White Rock Minerals Ltd was demerged from the Rex Group, following approval by Rex Shareholders at a General Meeting held on 3 June 2010. Existing Rex Shareholders received shares in White Rock on a 1:3 basis. Prior to the demerger being completed, on 15 June 2010, White Rock acquired Rex's wholly owned subsidiary Rex Minerals (NSW) Pty Ltd (now named White Rock Minerals (MTC) Pty Ltd), which includes the Mt Carrington project in northern NSW. The Mt Carrington project is, as a result, no longer part of the Rex Group.

##### 2009:

On 20 November 2008, sale of Rex Minerals (Victoria) Pty Ltd.

	Group 2010 \$	Group 2009 \$
Consideration		
Cash Received	–	1,480,000
Disposal Costs	(98,212)	(68,031)
<b>Inflow/(outflow) of cash</b>	<b>(98,212)</b>	<b>1,411,969</b>
Other consideration (i)		
Distribution of White Rock shares	16,974,986	–
<b>Net Consideration</b>	<b>16,876,744</b>	<b>1,411,969</b>
Carrying value of net assets of controlled entity disposed of: (ii)		
Cash assets	6,795,404	–
Property, plant and equipment	974,985	178,344
Exploration and evaluation expenditure	7,380,768	2,121,442
Provisions	(795,400)	–
	14,355,757	2,299,786
<b>Profit/(Loss) on disposal of controlled entity</b>	<b>2,521,017</b>	<b>(887,817)</b>

- (i) The distribution of the White Rock shares occurred at fair value, based on an independent valuation undertaken in June 2010 for Rex.
- (ii) The carrying value of the assets of the controlled entities disposed of, are all recorded at cost.

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 20. INCOME TAX EXPENSE

Numerical reconciliation between tax expense and pre-tax accounting loss.

	Group 2010 \$	Group 2009 \$
Profit/(Loss) for the period	2,327,007	(1,851,166)
Income tax using the domestic corporation tax rate of 30% (2009: 30%)	698,102	(555,350)
Increase in income tax due to: Non-deductible expenses	91,522	63,289
Decrease in income tax expense due to: Non-assessable profit on demerger	(785,769)	–
Effect of tax losses not recognised	(3,855)	(492,061)
Total income tax expense (benefit) on pre-tax net profit	–	–

#### 21. EARNINGS PER SHARE

	Group 2010 \$	Group 2009 \$
Earnings Per Share		
Basic EPS	2.48	(3.13)
Diluted EPS per share – cents	2.36	(3.13)

(a) Basic loss per share

The calculation of basic earnings/(loss) per share (EPS) at 30 June 2010 was based on the profit attributable to ordinary equity holders of \$2,327,007 (2009: loss \$1,851,166) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 93,887,179 (2009 of 59,227,171).

(b) Diluted loss per share

The calculation of diluted earnings/(loss) per share (EPS) at 30 June 2010 was based on the profit attributable to ordinary equity holders of \$2,327,007 (2009: n/a) and a weighted average number of ordinary shares outstanding after adjustment for unexercised options during the financial year ended 30 June 2010 of 98,407,179 (2009: n/a).



**REX MINERALS LTD****NOTES TO THE FINANCIAL STATEMENTS (continued)****22. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loss for the period	2,327,007	(1,851,166)
<b>Adjustments for non cash items:</b>		
Depreciation	76,137	39,321
Share based payment transactions	59,808	69,505
<b>Adjustments for other items:</b>		
Proceeds from sale of property plant and equipment	(17,000)	–
Profit on demerger before disposal costs	(2,619,229)	–
Loss on sale of subsidiary	–	887,817
<b>Operating loss before changes in working capital and provisions</b>	<b>(173,276)</b>	<b>(854,523)</b>
(Increase)/decrease in trade and other receivables	(30,577)	108,550
(Decrease)/increase in trade and other payables	417,970	(136,886)
(Decrease)/increase in employee benefits	59,051	53,465
<b>Net cash (used in)/from operating activities</b>	<b>273,168</b>	<b>(829,394)</b>

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

- (a) Issue of options to employees, some of which have been capitalised as exploration expenditure.
- (b) Drilling services provided by Titeline drilling for a combination of share and option consideration.
- (c) Issue of shares to Drake Resources as part of the purchase consideration for the Mt Carrington Project.

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 23. SHARE BASED PAYMENTS

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

The following options were granted during the financial year ending 30 June 2010:

Employees entitled	Grant date	No of options	Expiry date
Key management personnel (A)	3/6/2010	147,600	24/05/2013
Other employees (B)	3/12/2009	240,000	31/10/2012
Other employees (A)	3/6/2010	452,400	24/05/2013
<b>Total</b>		<b>840,000</b>	

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

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

Key management personnel and employee options (A) are exercisable at a price of \$1.22 each, have no vesting period and expire on 24 May 2013. Employee options (B) are exercisable at a price of \$2.052 each, have no vesting period and expire on 31 October 2012. Key management personnel and employee options (C) are exercisable at a price of 41 cents each, vesting two thirds immediately, one third on 30 June 2009 and expiring on 30 June 2011. Employee options (D) are exercisable at a price of 70 cents each, have no vesting period and expire on 31 May 2012. Each option entitles the holder to subscribe for 1 ordinary share in the Company.

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

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

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

Employees entitled	(A)	(B)	(C)	(D)
Fair value at grant date	\$0.28	\$0.43	\$0.2960	\$0.2235
Share price at date of grant	\$1.067	\$1.84	\$0.51	\$0.57
Exercise price	\$1.22	\$2.052	\$0.41	\$0.70
Expected volatility	40%	40%	90%	70%
Option life (years)	2.81	2.66	2.37	2.50
Risk free interest rate	4.67%	4.61%	2.85%	4.36%

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

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### (b) Employee expenses

	Group 2010 \$	Group 2009 \$
Share options granted in 2008 – recognised in income statement	–	33,985
Share options granted in 2009 – recognised in income statement	–	35,520
Share options granted in 2009 – capitalised to exploration projects	–	84,810
Share options granted in 2010 – recognised in income statement	59,808	–
Share options granted in 2010 – capitalised to exploration projects	211,392	–
<b>Total expense recognised as employee costs</b>	<b>271,200</b>	<b>154,315</b>

##### (c) Demerger share issue

As part of the demerger of White Rock Minerals Ltd from the Rex Group, Rex distributed its investment in White Rock to existing Rex shareholders on a 1:3 basis, resulting in the distribution of 38,130,533 shares on 15 June 2010, at a fair value of \$16,974,744.

#### 24. FINANCIAL INSTRUMENTS

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

##### (a) Credit risk

Management monitors the exposure to credit risk on an ongoing basis. The Company does not require collateral in respect of financial assets.

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

##### (b) Fair value

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

##### (c) Liquidity risk

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

Financial liabilities Group	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1-2 years \$
<b>2010</b>				
Trade and other payables	1,808,670	(1,808,670)	(1,808,670)	–
	<b>1,808,670</b>	<b>(1,808,670)</b>	<b>(1,808,670)</b>	<b>–</b>
<b>2009</b>				
Trade and other payables	228,042	(228,042)	(228,042)	–
	<b>228,042</b>	<b>(228,042)</b>	<b>(228,042)</b>	<b>–</b>

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. FINANCIAL INSTRUMENTS (continued)

#### (d) Interest rate risk

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

	<b>Group</b>	Group
	<b>2010</b>	2009
	\$	\$
Cash and cash equivalents	31,474,941	12,286,067

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 2010, if interest rates had moved, as illustrated in the table below, with all other variables constant, profit and or loss and equity would have been affected as follows:

	>	Profit or loss higher/(lower)	>	Equity higher/(lower)
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Group</b>				
+1% (100 basis points)	336,808	48,021	-	-
-1% (100 basis points)	(336,808)	(48,021)	-	-

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

#### (e) Impairment losses

None of the Group's receivables are post due (2009: nil).

### 25. EXPLORATION EXPENDITURE COMMITMENTS

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

	<b>Group</b>	Group
	<b>2010</b>	2009
	\$	\$
Not later than one year	682,000	835,000
Later than one year but not later than five years	2,728,000	3,340,000

### 26. CAPITAL EXPENDITURE COMMITMENTS

	<b>Group</b>	Group
	<b>2010</b>	2009
	\$	\$
Not later than one year	3,600,000	-
Later than one year but not later than five years	-	-

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefit will be required or the amount is not capable of reliable measurement.

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

### 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Name	Position held	Appointment detail
<b>Non-Executive Directors</b>		
Mr Paul Chapman	Chairperson	Appointed 18 April 2007
Mr Richard Laufmann	Chairperson – Audit Committee	Appointed 16 May 2007
Mr Brian Phillips <sup>1</sup>	Non-Executive Director	Appointed 12 February 2010
<b>Executive Directors</b>		
Mr Steven Olsen	Managing Director	Appointed 13 May 2007
Mr Geoffrey Lowe <sup>2</sup>	Executive Director - Exploration	Appointed 27 August 2007
<b>Executives</b>		
Ms Amber Rivamonte	Company Secretary	Appointed 16 July 2007
Ms Janet Mason	CFO	Appointed 19 December 2008

<sup>1</sup>Mr Phillips was appointed Director on 12 February 2010, and resigned on 15 June 2010.

<sup>2</sup>Mr Lowe was appointed Exploration Manager on 27 August 2007 and subsequently appointed Executive Director – Exploration on 12 February 2010. Resigned on 15 June 2010.

There have been no changes to key management personnel between 1 July 2010 and the date of this report.

The key management personnel compensation included in "Employee Benefits Expenses" (see note 18) and "Exploration and Evaluation" (see note 10) are as follows:

	Group	Group
	2010	2009
	\$	\$
Short term employee benefits	800,321	667,230
Post employment benefits	72,500	58,700
Share based payments	41,328	60,772
	<b>914,149</b>	<b>786,702</b>

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

Information regarding individual Directors and Executives compensation and some equity instrument disclosures as permitted by Corporation Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report on pages 23 to 27.

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

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

#### (b) Options over equity instruments

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

2010	Note	Held at 1 July 2009	Exercised during year	Granted as compensation	Vested during year	Held at 30 June 2010	Vested and exercisable at 30 June 2010
<b>Directors</b>							
Mr Paul Chapman	(i)	1,000,000	750,000	–	–	500,000	250,000
Mr Richard Laufmann	(ii)	1,000,000	–	–	–	1,000,000	1,000,000
Mr Brian Phillips		–	–	–	–	–	–
Mr Steven Olsen	(iii)	1,500,000	1,000,000	–	–	500,000	500,000
Mr Geoffrey Lowe		600,000	–	–	200,000	600,000	600,000
<b>Executives</b>							
Ms Amber Rivamonte		600,000	600,000	73,800	273,800	73,800	73,800
Ms Janet Mason		120,000	120,000	73,800	113,800	73,800	73,800

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

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

- (i) Held indirectly through Stone Ponies Nominees Pty Ltd as trustee for the Chapman Superannuation Fund and the Chapman Investment Fund. All of these options were acquired in 2007 as founding options and not granted as compensation to key management personnel.
- (ii) Held indirectly through Natalie Laufmann. All of these options were acquired in 2007 as founding options and not granted as compensation to key management personnel.
- (iii) Held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. All of these options were acquired in 2007 as founding options and not granted as compensation to key management personnel.
- (iv) Interests held are subject to ASX escrow until 24 months after listing (ie 20 September 2009).

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

#### (c) Movements in shares

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

<b>2010</b>	<b>Note</b>	<b>Held at 1 July 2009</b>	<b>Purchases</b>	<b>Received on Exercise of options</b>	<b>Sales</b>	<b>Held at 30 June 2010</b>
<b>Directors</b>						
Mr Paul Chapman	(i)	2,500,000	20,000	750,000	–	3,270,000
Mr Richard Laufmann	(ii)	2,500,000	–	–	–	2,500,000
Mr Brian Phillips	(iii)	311,409	80,000	–	70,000	321,409
Mr Steven Olsen	(iv)	4,500,000	–	1,000,000	–	5,500,000
Mr Geoffrey Lowe		10,000	–	–	10,000	–
<b>Executives</b>						
Ms Amber Rivamonte		250,000	–	600,000	–	850,000
Ms Janet Mason		10,000	–	120,000	–	130,000

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

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

- (i) Held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Superannuation Fund and the Chapman Investment Fund. 2,500,000 shares are founder shares and were acquired at \$0.01 each.
- (ii) Held indirectly through Natalie Laufmann. 2,500,000 shares are founder shares and were acquired at \$0.01 each.
- (iii) Held indirectly through Thylacine Pty Ltd as trustee for the Brian Phillips Superannuation Fund.
- (iv) Held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. 4,500,000 shares are founder shares and were acquired at \$0.01 each.

#### (d) Director related entities

There were no other transactions with Director related entities.

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 29. RELATED PARTIES

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

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

##### (b) Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment but are repayable at call, and are non-interest bearing. During the year ended 30 June 2010, such loans totalled \$22,032,883 (2009: \$2,759,247).

#### 30. GROUP ENTITIES

	Country of Incorporation	Ownership Interest	
		2010	2009
<b>Parent entity</b>			
Rex Minerals Ltd	Australia		
<b>Subsidiaries</b>			
Rex Minerals (SA) Pty Ltd	Australia	100%	100%
Rex Minerals (Iron Ore) Pty Ltd	Australia	100%	100%
Rex Minerals (NSW) Pty Ltd	Australia	–	100%
Rex Hillside (Property) Pty Ltd	Australia	100%	–

White Rock Minerals Ltd was incorporated on 26 March 2010 as a subsidiary of Rex Minerals Ltd. Prior to the demerger being completed, White Rock acquired Rex Minerals (NSW) Pty Ltd. As a result, when the demerger of White Rock took place on 15 June 2010, Rex no longer has any interest in either White Rock or Rex Minerals (NSW) (refer note 19).

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

#### 31. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2010 the parent company of the Group was Rex Minerals Ltd.

	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Result of the parent entity</b>		
Profit for the period	2,327,007	(1,851,816)
Other comprehensive income	–	–
Total comprehensive income for the period	2,327,007	(1,851,816)
<b>Financial position of the parent entity at year end</b>		
Current assets	31,726,682	13,581,795
<b>Total assets</b>	<b>54,055,415</b>	<b>22,713,896</b>
Current liabilities	626,543	149,522
<b>Total liabilities</b>	<b>626,543</b>	<b>149,522</b>
<b>Total equity of the parent entity comprising of:</b>		
Share capital	51,101,864	24,711,046
Reserves	520,080	552,130
Retained earnings	(39,885)	(2,698,802)
<b>Total equity</b>	<b>53,428,871</b>	<b>22,564,374</b>



## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 32. SUBSEQUENT EVENTS

On 2 August 2010, Rex Minerals Ltd issued 160,000 fully paid ordinary shares, following the exercise of options.

On 3 September 2010, Rex Minerals Ltd issued 60,000 fully paid ordinary shares, following the exercise of options.

There have been no additional subsequent events to 30 June 2010 to disclose at the date of this report.

#### 33. AUDITORS' REMUNERATION

	Group	Group
	2010	2009
	\$	\$
KPMG Australia		
Audit services	34,500	34,497
Other services	—	—

## REX MINERALS LTD

### DIRECTORS' DECLARATION

- In the opinion of the directors of Rex Minerals Ltd (the Company):
  - the consolidated financial statements and notes and the Remuneration report, identified within the Directors' report, are in accordance with the Corporations Act 2001, including:
    - giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and
    - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 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 2010.
- 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:



Steven Olsen  
Managing Director

Dated at Melbourne this 24th day of September 2010.

## REX MINERALS LTD

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

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

To: the directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

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

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

Alison Kitchen  
*Partner*

Melbourne

24 September 2010



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

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

We have audited the accompanying financial report of the Group comprising Rex Minerals Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 33 and the directors' declaration.

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

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2 the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

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

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

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

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

## REX MINERALS LTD

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REX MINERALS LIMITED

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#### *Independence*

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

#### *Auditor's opinion*

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

#### **Report on the remuneration report**

We have audited the Remuneration Report, identified within the directors' report, for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

#### *Auditor's opinion*

In our opinion, the remuneration report of Rex Minerals Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

The image shows the KPMG logo (the letters 'KPMG' in a stylized font) above a handwritten signature in black ink. The signature appears to read 'Alison Kitchen'.

Alison Kitchen  
*Partner*

Melbourne

24 September 2010

## REX MINERALS LTD

### ADDITIONAL SHAREHOLDER INFORMATION

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

(a) Substantial shareholders lodged with the Company as at 03 September 2010

Name of Ordinary Shareholder	Number of Shares	% of Shares Held
Greenstone Property Pty Ltd	10,008,460	8.74%
Grand South Development	9,100,000	7.94%
Acorn Capital	7,436,708	6.49%

(b) Listing of 20 largest shareholders as at 03 September 2010

Rank	Name	Designation	Number of Shares Held	% of Issued Capital
1	J P Morgan Nominees Australia Ltd		13,241,196	11.56%
2	Grand South Development Limited		9,100,000	7.94%
3	National Nominees Ltd		8,177,472	7.14%
4	Greenstone Property Pty Ltd		8,008,460	6.99%
5	S & S Olsen PL		5,500,000	4.80%
6	HSBC Custody Nominees Aust Ltd		5,261,592	4.59%
7	Avoca Resources Ltd		3,125,218	2.73%
8	Natalie Laufmann		2,500,000	2.18%
9	Greenstone Property Pty Ltd		2,000,000	1.75%
10	Stone Poneys Nominees PL	Chapman S/F A/C	1,770,000	1.55%
11	Stone Poneys Nominees PL	Chapman Inv Fund	1,500,000	1.31%
12	Philippa Jean Laufmann	Laufmann Family A/C	1,150,000	1.00%
13	Bond Street Custodians Ltd	Macquarie Smaller	1,097,777	0.96%
14	Brispot Nominees PL	House Head Nom No	1,025,000	0.89%
15	Amber Rivamonte		850,000	0.74%
16	RBC Dexis Investor Services	BK Cust Account	849,693	0.74%
17	Elliott Brian W & LJ	BW Elliott Fam S/F	709,475	0.62%
18	Citicorp Nom PL		706,036	0.62%
19	James Ronald Selkirk		700,000	0.61%
20	HSBC Custody Nominees Aust Ltd		696,611	0.61%
<b>Total</b>			<b>67,968,530</b>	<b>59.33%</b>

(c) Distribution of shareholders as at 03 September 2010

Range	Total Holders	Units	% of Issued Capital
1-1,000	436	291,309	0.25%
1,001-5,000	933	2,707,314	2.36%
5,001-10,000	438	3,482,613	3.04%
10,001-100,000	708	21,633,777	18.89%
100,001 - over	117	86,434,447	75.46%
<b>Total</b>	<b>2,632</b>	<b>114,549,460</b>	<b>100.00%</b>

(d) Number of shareholders holding less than a marketable parcel as at 03 September 2010

32

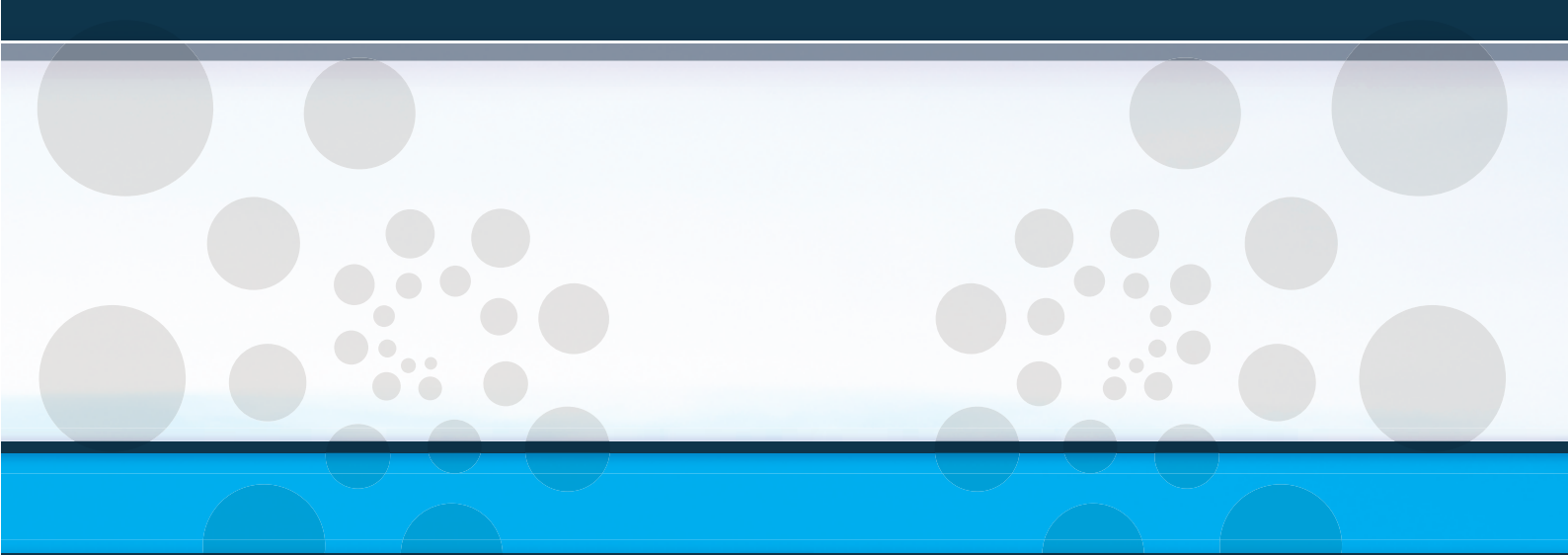
(e) Voting rights

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

(f) Stock exchange listing

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





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