



(ABN 12 124 960 523)

*Rex Minerals Ltd  
and its controlled entities*

*31 December 2016  
Consolidated Interim Financial Report*

## *Corporate Directory*

### **DIRECTORS**

David Carland (Non-Executive Chairman)  
Richard Laufmann (Executive Director)  
Alister Maitland (Non-Executive Director)  
Mitchell Hooke AM (Non-Executive Director)

### **COMPANY SECRETARY**

Kay Donehue

### **PRINCIPAL & REGISTERED OFFICE**

Level 19, 11 Waymouth Street  
Adelaide, South Australia 5000

### **CONTACT DETAILS**

PO Box 3435  
Rundle Mall, South Australia 5000

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**E:** [rex@rexminerals.com.au](mailto:rex@rexminerals.com.au)  
**W:** [www.rexminerals.com.au](http://www.rexminerals.com.au)

### **SHARE REGISTRARS**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067

### **AUDITORS**

KPMG Australia  
151 Pirie Street  
Adelaide, South Australia 5000

### **BANKERS**

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

Ord Minnett Ltd  
120 Collins Street  
Melbourne, Victoria 3000

### **LEGAL ADVISORS**

Baker McKenzie  
181 William Street  
Melbourne, Victoria 3000

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## Directors' report

The Directors present their report, together with the consolidated interim financial statements, of Rex Minerals Ltd (the Company or Rex) and its consolidated entities (the Group) for the half-year ended 31 December 2016 (the Half-Year) and the auditor's review report thereon.

### Directors

The Directors of the Company at any time during or since the end of the Half-Year are:

Name	Period of directorship
<b>Non-Executive</b>	
David Carland Chairman	Appointed Chairman 1 January 2014 Appointed Director 12 December 2013
Alister Maitland Director	Appointed 16 September 2011
Mitchell Hooke AM Director	Appointed 4 August 2015
<b>Executive</b>	
Richard Laufmann Chief Executive Officer & Managing Director	Appointed Managing Director 23 April 2015 Appointed Director 16 May 2007

### Principal activities

The principal activity of the Group is minerals exploration and evaluation in Australia. Following the discovery of the Hillside deposit, Rex has focused on moving the Project into development. There were no significant changes in the nature of the Group's principal activities during the period.

### Operating results

The consolidated interim statement of profit or loss and other comprehensive income shows a profit after tax of \$1.3 million for the half-year ended 31 December 2016 (2015: loss \$2.8 million).

## Review of operations

Rex Minerals Ltd (Rex or the Company) announced on 3 February 2017 a refundable cash incentive, related to eligible Research and Development (R&D) expenditure of approximately A\$3.2M. The A\$3.2M has been recorded as a receivable in this Half-Year and the cash is expected to be received in the coming months.

During the Half-Year, the Company announced that the South Australian Government's Department of State Development (DSD) had approved a 12-month extension for the submission of its Program for Environment Protection and Rehabilitation (PEPR) for the Hillside Project. The extension also encompasses the Social Management Plan (SMP).

Rex is now working on the PEPR and SMP for submission to the DSD that fully complies with the Mining Act 1971 (Mining Act), Mining Regulations and Mining Lease conditions by 16 September 2017.

Mr Andrew Minns has been engaged to assist with the PEPR and SMP. Andrew is a well-regarded expert in this space and has extensive experience in resource development approvals, government and community engagement, environmental and engineering study management.

Rex submitted a series of documents to the DSD regarding its revised Hillside Project, including a detailed "Description of the Mining Operations" and related technical reports. After an initial adequacy assessment by the DSD, further information was added and the documents were then released publicly through the Rex website during the reporting period.

The Company continued to provide information regarding the Project to the Hillside Mine Community Voice (HMCV) and directly to local landowners, businesses and other local stakeholders on the Yorke Peninsula. A series of responses to specific questions and issues have been provided through the seven HMCV Working Groups. These responses and updates continue to be made publicly available along with outcomes of the HMCV meetings.

Mr Ross Sawers has been engaged to lead our stakeholder and community engagement process. Ross has been involved in key stakeholder engagement roles in South Australia with companies such as Oz Minerals and Santos. With a long track record in agriculture, training and regional development, Ross is well-credentialed to assist the Company to engage with all stakeholders in a meaningful and respectful way.

## Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the half-year ended 31 December 2016.

Signed in accordance with a resolution of the Directors:



**Richard Laufmann**  
Chief Executive Officer

Dated at Melbourne this 24<sup>th</sup> day of February 2017

## Consolidated interim statement of financial position

As at

	<i>Note</i>	<b>31 Dec 2016</b> <b>\$000</b>	<b>30 June 2016</b> <b>\$000</b>
<b>Current assets</b>			
Cash and cash equivalents		3,941	3,205
Term deposits		-	3,000
Trade and other receivables	6	3,569	238
Prepayments		109	107
<b>Total current assets</b>		<b>7,619</b>	<b>6,550</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure		1,645	1,645
Property, plant and equipment		15,191	15,316
Water infrastructure		4,076	4,076
<b>Total non-current assets</b>		<b>20,912</b>	<b>21,037</b>
<b>Total assets</b>		<b>28,531</b>	<b>27,587</b>
<b>Current liabilities</b>			
Trade and other payables		208	756
Employee benefits		234	171
Provisions		36	36
<b>Total current liabilities</b>		<b>478</b>	<b>963</b>
<b>Non-current liabilities</b>			
Trade and other payables		462	500
Employee benefits		107	105
<b>Total non-current liabilities</b>		<b>569</b>	<b>605</b>
<b>Total liabilities</b>		<b>1,047</b>	<b>1,568</b>
<b>Net assets</b>		<b>27,484</b>	<b>26,019</b>
<b>Equity</b>			
Issued capital	7(i)	189,566	189,566
Reserves		261	135
Accumulated losses		(162,343)	(163,682)
<b>Total equity</b>		<b>27,484</b>	<b>26,019</b>

The condensed notes on pages 10 to 11 are an integral part of these consolidated interim financial statements.

## Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December

	<i>Note</i>	<b>6 months to 31 Dec 2016 \$000</b>	<b>6 months to 31 Dec 2015 \$000</b>
Finance income		57	103
Administrative expenses		(161)	(754)
Depreciation expense		(128)	(203)
Employee benefits expense		(1,160)	(1,136)
Marketing expenses		(30)	(80)
Exploration and evaluation		(537)	(729)
Loss on disposal of fixed assets		-	(1)
<b>Loss before tax</b>		<b>(1,959)</b>	<b>(2,800)</b>
Income tax benefit	6	3,298	-
<b>Total profit/(loss) for the period after tax</b>		<b>1,339</b>	<b>(2,800)</b>
Other comprehensive income/(loss)		-	-
<b>Total comprehensive income/(loss) attributable to members of Rex Minerals Ltd</b>		<b>1,339</b>	<b>(2,800)</b>
<b>Earnings/(loss) per share attributable to members of Rex Minerals Ltd</b>			
Basic and diluted earnings/(loss) per share (cents)		0.61	(1.27)

The condensed notes on pages 10 to 11 are an integral part of these consolidated interim financial statements.

## Consolidated interim statement of changes in equity

### For the six months ended 31 December

	Share Capital	Share Based Payments Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2016	189,566	135	(163,682)	26,019
Share based payments compensation	-	126	-	126
Total comprehensive income/(loss) for the period	-	-	1,339	1,339
<b>Balance at 31 December 2016</b>	<b>189,566</b>	<b>261</b>	<b>(162,343)</b>	<b>27,484</b>
Balance at 1 July 2015	189,566	-	(158,618)	30,948
Share based payments compensation	-	7	-	7
Restated total comprehensive loss for the period	-	-	(2,800)	(2,800)
<b>Balance at 31 December 2015</b>	<b>189,566</b>	<b>7</b>	<b>(161,418)</b>	<b>28,155</b>

The condensed notes on pages 10 to 11 are an integral part of these consolidated interim financial statements.



## Consolidated interim statement of cash flows

For the six months ended 31 December

	6 months to 31 Dec 2016 \$000	6 months to 31 Dec 2015 \$000
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(1,769)	(2,013)
Exploration and evaluation payments	(547)	(808)
Interest received	55	129
<b>Net cash from/(used in) operating activities</b>	<b>(2,261)</b>	<b>(2,692)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3)	-
Proceeds from/(investment in) term deposits	3,000	3,000
<b>Net cash from/(used in) investing activities</b>	<b>2,997</b>	<b>3,000</b>
<b>Cash flows from financing activities</b>		
<b>Net cash from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>736</b>	<b>308</b>
Cash and cash equivalents at beginning of the period	3,205	7,930
<b>Cash and cash equivalents at period end</b>	<b>3,941</b>	<b>8,238</b>

The condensed notes on pages 10 to 11 are an integral part of these consolidated interim financial statements.

## Condensed notes to the consolidated interim financial statements

### 1. Reporting entity

Rex Minerals Ltd (Rex or the Company) is a company domiciled in Australia. The address of the Company's registered office is Level 19, 11 Waymouth Street, Adelaide, South Australia, 5000. The consolidated financial statements as at and for the six month period ended 31 December 2016 comprises 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.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 are available upon request from the Company's registered office or at 'www.rexminerals.com.au'.

### 2. Statement of compliance

The consolidated interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2016. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2016.

These consolidated interim financial statements were approved by the Board of Directors on 24 February 2017.

### 3. Significant accounting policies

The accounting policies applied by the Group in preparing the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2016.

### 4. Estimates

The preparation of the consolidated interim 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 expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2016.

### 5. Operating segments

The Group operates in one geographical segment, being South Australia, and one industry, mineral mining and exploration.

## 6. Trade and other receivables

	31 Dec 2016	30 June 2016
	\$000	\$000
Other receivables and accrued interest	271	238
Research and development tax incentive receivable	3,298	-
<b>Total trade and other receivables</b>	<b>3,569</b>	<b>238</b>

During the period the Group finalised its eligible research and development activities review and has recorded the funds expected to be received, following the amendment of its income tax returns. The tax incentive is recognised as an income tax benefit in the statement of profit and loss and comprehensive income. Tax losses associated with the operations in the period have not been recognised as deferred tax assets.

## 7. Issued capital and reserves

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

	No. of shares	\$000
Opening balance at 1 July 2016	220,519,784	189,566
<b>Closing balance at 31 December 2016</b>	<b>220,519,784</b>	<b>189,566</b>
Opening balance at 1 January 2016	220,519,784	189,566
<b>Closing balance at 30 June 2016</b>	<b>220,519,784</b>	<b>189,566</b>

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

	No. of options
Opening balance 1 July 2016	16,800,000
<b>Closing balance at 31 December 2016</b>	<b>16,800,000</b>
Opening balance at 1 January 2016	16,800,000
<b>Closing balance at 30 June 2016</b>	<b>16,800,000</b>

## 8. Commitments

The Group has entered into an office lease agreement for a period of 10 years, with a commitment of \$3.1M over the remaining seven year period.

## 9. Contingencies

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

The Group's bankers have provided guarantees amounting to \$20,000 to certain Government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$20,000 as at 31 December 2016.

The Group's bankers have provided guarantees amounting to \$228,303 regarding office leases as security over the Group's obligations regarding the leases held. Under the agreements, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$228,303 as at 31 December 2016.

## 10. Subsequent events

No matters have arisen since the end of the reporting period which may affect the operations, results, or state of affairs of the Group in future periods.

## *Directors' declaration*

In the opinion of the Directors of Rex Minerals Ltd (the Company):

1. the consolidated interim financial statements and notes set out on pages 6 to 11 are in accordance with the *Corporations Act 2001*, including:
  - a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance, for the half-year ended on that date; and
  - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Richard Laufmann**  
Chief Executive Officer

Dated at Melbourne this 24<sup>th</sup> day of February 2017.



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

We have reviewed the accompanying interim financial report of Rex Minerals Limited, which comprises the consolidated interim statement of financial position as at 31 December 2016, consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

### *Responsibility of the Directors for the interim financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility for the review of the interim financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Rex Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

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



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Rex Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in dark ink, appearing to be 'KPMG' in a stylized, cursive script.

KPMG

A handwritten signature in dark ink, appearing to be 'Scott Fleming' in a cursive script.

Scott Fleming  
*Partner*

Adelaide  
24 February 2017



***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 review for the half-year ended 31 December 2016 there have been:

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

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Scott Fleming'.

Scott Fleming  
*Partner*

Adelaide

24 February 2017