

2018

ANNUAL REPORT



ABN 12 124 960 523

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CORPORATE DIRECTORY

DIRECTORS

Dr David Carland (Non-Executive Chairman)
Mr Richard Laufmann (CEO and Managing Director)
Mr Alister Maitland (Non-Executive Director)
Mr Mitchell H Hooke AM (Non-Executive Director)

COMPANY SECRETARY

Ms Kay Donehue

PRINCIPAL and REGISTERED OFFICE

Level 19, 11 Waymouth Street
Adelaide, South Australia 5000

CONTACT DETAILS

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Facsimile: +61 (0) 8 8299 7199
Email: rex@rexminerals.com.au
Website: www.rexminerals.com.au

SHARE REGISTRARS

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Telephone: +61 (0) 3 9415 4000 (investors)
1300 850 505 (investors within Australia)

AUDITORS

KPMG Australia
151 Pirie Street
Adelaide, South Australia 5000

BANKERS

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

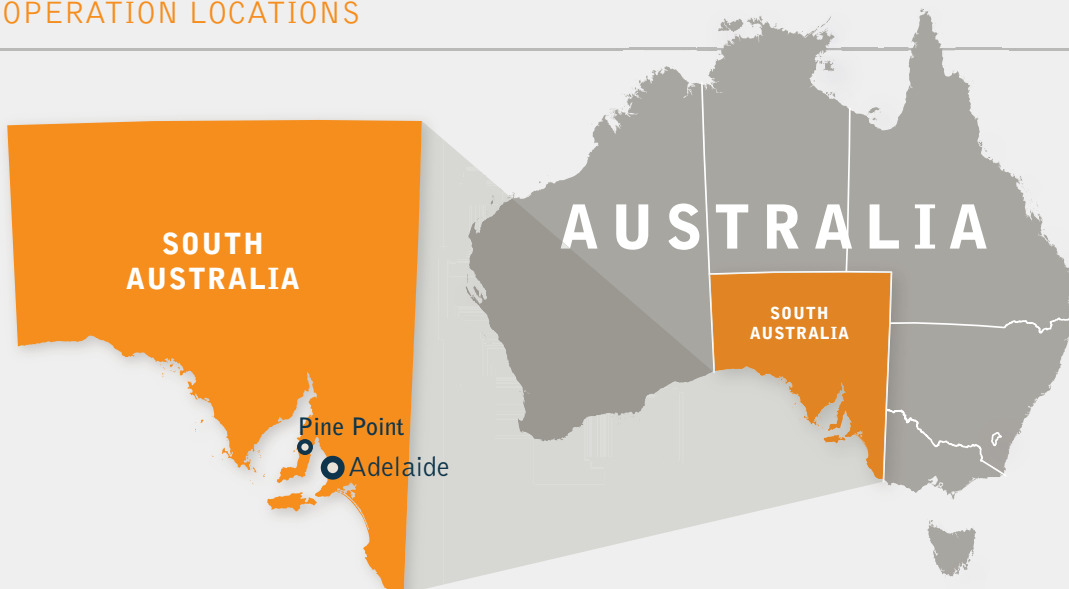
Ord Minnett Limited

Level 7, 161 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS

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

OPERATION LOCATIONS



2018

ANNUAL REPORT 30 JUNE

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REX MINERALS LTD

LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER



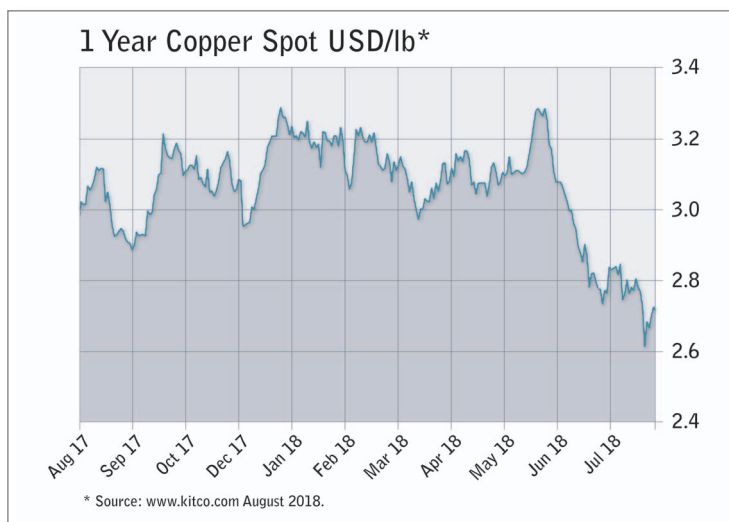
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Dear Fellow Shareholder,

At the outset, we would like to share with you our views on the current condition and outlook for the global copper market and the consequential outlook for Rex Minerals Ltd (Rex).

Fundamentally, the current state of global trade and commerce reflects the solid underlying economic growth in most regions overlain with some marginal disruption. This disruption—headlined the so-called ‘trade wars’—and most specifically between the US and China, is credited with much of the negative sentiment in the global copper market. Over the last 12 months, for the most part copper traded above the US\$3.00/lb threshold, trading up to nearly US\$3.30/lb before being sold down dramatically in June, as depicted in the following chart.



Along with most market commentators, we consider this recent decline in the copper price to be a short-term aberration to the longer-term fundamentals of strong copper demand growth and an increasing supply deficit.

Whilst these temporary winds batter short-term confidence, the underlying trend of a world where copper is THE commodity to watch has only strengthened. Indeed, it is very difficult to find an analyst, producer, consumer or commentator who does not accept the inevitability of the supply crunch approaching.

In this context, it must be remembered that the Hillside discovery equates to each Rex shareholder owning approximately 15lb of in-situ copper per share.

Thus, the copper market outlook and Rex’s solid positioning for development underscores our confidence in the Hillside Project. In this respect, it is worth reiterating the following salient facts:

- Exploration is not successfully discovering replacement ore deposits.
- Grade is declining quickly, leading to lower productivity and higher costs.
- Cost and time to development are growing, with average discovery-to-development timeframes for copper discoveries now in the order of 15-25 years.
- Copper is crucial to every world energy scenario. The 3% annual growth rate of copper demand achieved over the last 100 years must increase significantly to underpin the rapid electrification of energy supply and transportation occurring across the globe.

REX MINERALS LTD

**LETTER FROM THE CHAIRMAN AND
THE CHIEF EXECUTIVE OFFICER**



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On this basis, your Board believes its strategy to bring the Hillside Project into production and to explore the highly-prospective Gawler Craton on the South Australian Yorke Peninsula remains sound.

That Rex has successfully managed its way through many vulnerable years on our path to development is testament to our confidence and the resilience and hard work of our team. We retain 100% ownership of the Hillside Project, remain debt free and have increased our available cash to support us through the challenges of this dynamic market. We believe we are well positioned to maximise leverage to the copper price growth that we expect.

To consolidate our cash position, Rex raised \$7 million, before costs this year at 11c per share, through a Placement and a Share Purchase Plan. As stated, the proceeds from this capital raising are targeted to continue to de-risk the Hillside Project.

We thank those existing and new shareholders who share in our vision and supported our fund raising.

Importantly, the SA Government is considering our Program for Environment Protection and Rehabilitation (PEPR) submitted in February this year. Rex has received feedback from the various Departments involved in the review and no material issues were raised. Once our response has been formalised, Rex will update and submit final PEPR documents to the Government.

New development of long-term projects such as Hillside require foresight, commitment and stable support from Government and policy makers. Australia has long enjoyed the benefits of this reputation, internationally. Given the challenges now faced domestically, we look forward to working constructively with the new South Australian Minister to find solutions and secure this development for the benefit of all stakeholders.

Throughout this process, we will continue to work with the community of the Yorke Peninsula to ensure the Hillside Project provides mutual benefit to shareholders, the surrounding community and the State economy.

Yours sincerely,

A handwritten signature in black ink, appearing to read "David Carland".

Dr David Carland
Chairman

A handwritten signature in black ink, appearing to read "Richard Laufmann".

Mr Richard Laufmann
Chief Executive Officer

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA

Rex Minerals Ltd (Rex or the Company) announced on 12 June 2018 that it had successfully completed a placement to professional and sophisticated investors in Australia and overseas to raise \$6.0 million at \$0.11 per share. The placement was oversubscribed and Baillieu Holst Ltd acted as Lead Manager and Arlington Group Asset Management Ltd (UK) acted as Co-Manager to the placement.

The placement was undertaken in two tranches:

- Tranche 1 – comprising of 33.1 million shares, raising \$3.6 million, before costs and was issued on 18 June 2018.
- Tranche 2 – comprising of 21.4 million shares, raising \$2.4 million, before costs and was issued on 25 July 2018, following shareholder approval.

Rex also invited existing shareholders to invest in the Company through a Share Purchase Plan (SPP) at the placement price of \$0.11 per share. The SPP raised an additional \$1 million, before costs and was also issued on 25 July 2018.

Shareholders granted approval of the issue of shares for Tranche 1, Tranche 2 and the SPP at a General Meeting held on Friday, 20 July 2018. Approval was also granted for the issue of placement shares to the Chief Executive Officer, Richard Laufmann. All three Non-Executive Directors participated in the SPP.

Proceeds from the Capital Raising will be used to de-risk the Hillside Project further, whilst seeking to enhance the investment value of Rex. This will include the following activities which are already underway and progressing well:

- updating the Extended Feasibility Study (EFS) capital estimate to 2018 dollars; and
- commissioning a Chinese Feasibility Study (CFS) with the objective of reducing the total capital cost.

The balance will be used for corporate and administration working capital, including finalising the responses to the South Australian (SA) Government Regulator on the Program for Environment Protection and Rehabilitation (PEPR).

Rex continued to focus on preparation of its PEPR for the Hillside Project throughout the year. After submission of the full PEPR documents in February 2018, the SA Government Regulator undertook an initial adequacy check, and determined that all required areas have been included.



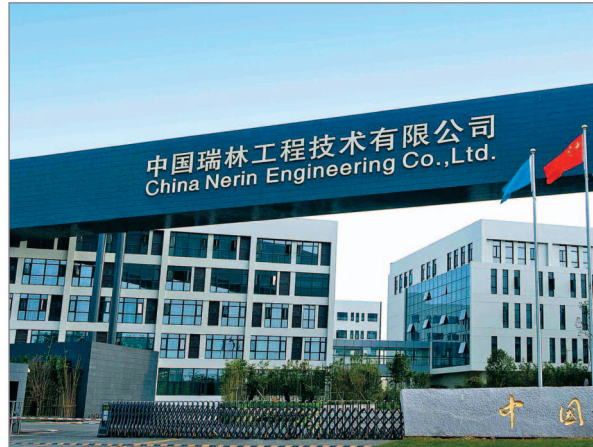
Photo courtesy of Yorke Peninsula Country Times. Community consultation public meeting held by Hillside Mine Community Voice (HMCV) including attendees from Rex and the SA Government Regulator.

Work continues on updating the EFS capital estimate to 2018 conditions and prices. The consultant group Wood (trading as Amec Foster Wheeler Australia Pty Ltd) is revising the project capital and operating costs by updating rates and equipment pricing for the process plant and infrastructure. In addition, Rex is updating the capital and operating costs for the mobile fleet and associated mining infrastructure.

REX MINERALS LTD

REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2018

In July 2018, China Nerin Engineering Co., Ltd (Nerin) commenced work on the CFS. The CFS will be based on the Australian EFS and will also comply with the regulations of the Nonferrous Metal Project Feasibility Study Report and related standards and codes in China. All the re-design work for the civil and structural design work, together with the equipment proposed and selected within the CFS, will comply with the relevant Australian Standards. The Nerin project team has completed their Australian site visit to the Hillside Project and Rex's technical team travelled to China to meet with Nerin, work is continuing on the CFS.



Study Manager, John Burgess meets with members of Nerin's technical team in China.

Rex initiated a lease wide review of its strategic licenses to further evolve the exploration target portfolio which has generated new regional Iron Ore Copper Gold (IOCG) targets of greater than 5Mt under minimal cover. The Company is now considering the timing and financing required to progress these, in what we now consider a highly-prospective IOCG land package.

The Hillside Project is situated 12 kilometres south of the township of Ardrossan on the Yorke Peninsula, South Australia (Figure 1). The Hillside Project is planned around an open pit mine, initially with a 13-year mine life, producing approximately 35,000 tonnes of copper contained in concentrate and 24,000 ounces of gold per annum.

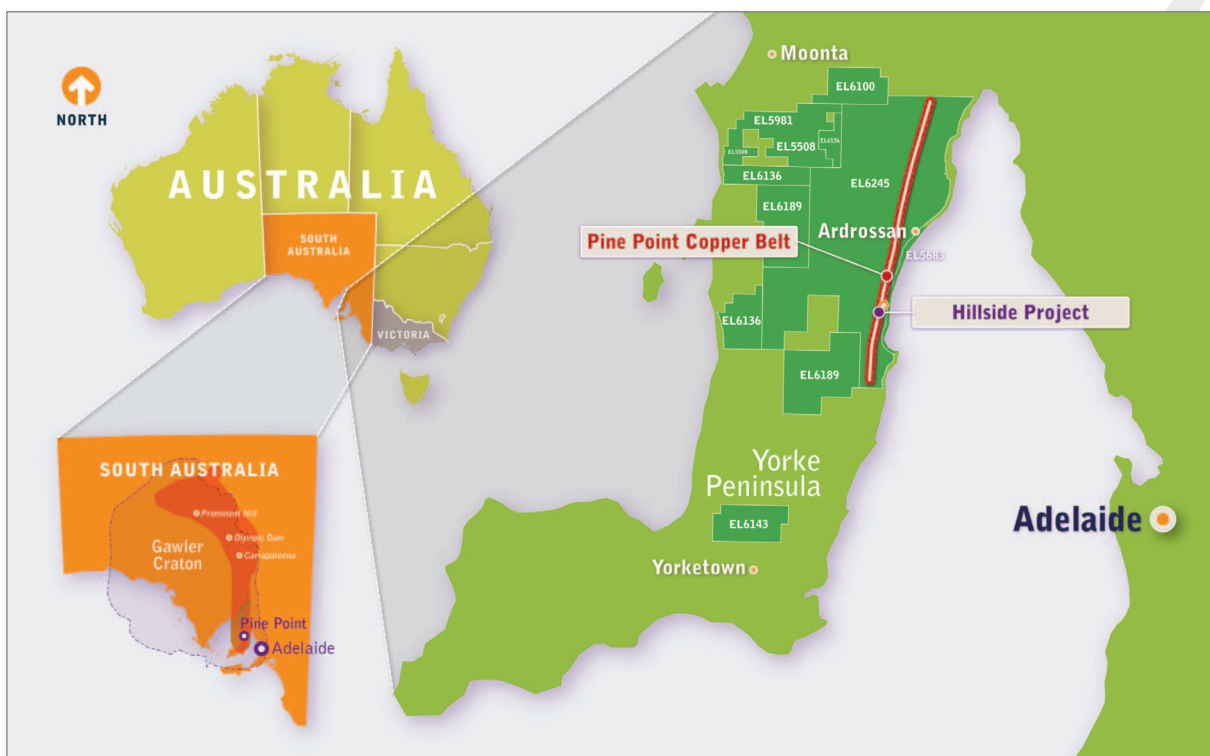


Figure 1: Location of the Hillside Project and Rex's exploration licences on the Yorke Peninsula.

REX MINERALS LTD

REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2018

TENEMENT SCHEDULE

Tenement	Location	Lease Status	Area Type	Current Area	Expiry Date
EL5508	Moonta South	Granted	km ²	74	04/11/2018
EL5683	Moonta South	Granted	km ²	21	09/06/2020
EL5981	Moonta South	Granted	km ²	122	22/06/2019
EL6100	Moonta South	Granted	km ²	94	16/01/2020
EL6136	Moonta South	Granted	km ²	185	19/03/2020
EL6143	Moonta South	Granted	km ²	104	15/04/2020
EL6189 ¹	Moonta South	Granted	km ²	354	01/08/2019
EL6245 ²	Moonta South	Granted	km ²	1,168	01/08/2019
ML6438	Hillside	Granted	Ha	2,998	15/09/2035
EML6439 ³	Hillside	Granted	Ha	225	15/09/2018
MPL146	Hillside	Granted	Ha	94	15/09/2035

¹ Previously known as EL5056.

² Previously known as EL5055.

³ Renewal documentation submitted to the SA Government and currently being processed.





2018

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DIRECTORS' REPORT

For the year ended 30 June 2018

REX MINERALS LTD

DIRECTORS' REPORT For the year ended 30 June 2018

The Directors present their report together with the consolidated financial statements of the Group comprising of Rex Minerals Ltd (the Company) and its subsidiaries (the Group or Rex), for the financial year ended 30 June 2018 and the auditors' report thereon.

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
<p>Dr David Carland Chairman Independent Non-Executive Director (PhD (Econometrics), MEd, BEd (Hons), MAICD)</p>	<p>Dr David Carland has been a Director since 12 December 2013 and was appointed Chairman of Rex Minerals on 1 January 2014. Dr Carland also serves as a member of the Company's Audit Committee and its Remuneration Committee.</p> <p>Dr Carland has over 35 years of investment banking and commercial experience in both the private sector and government. He is the Executive Director of Australian Resources Development Limited, a company focused on the provision of specialised advice and assistance on the structuring, financing and developing of energy and resource projects.</p> <p>Dr Carland was the co-founder and part-owner of BurnVoir Corporate Finance Limited (BurnVoir), an independent specialist investment banking firm focusing on the energy, resource and infrastructure sectors. Prior to establishing BurnVoir, Dr Carland was executive vice president and head of energy and power at Bankers Trust, and before that, he was deputy managing director and head of corporate finance at UBS Australia. He was previously a non-executive director of Indophil Resources NL. Dr Carland has held senior executive roles with the CRA Group (now Rio Tinto), including management of the commercial arrangements for the purchase of the Gladstone Power Station.</p>
<p>Mr Richard Laufmann Chief Executive Officer and Managing Director (B.Eng (Mining), MAusIMM, MAICD)</p>	<p>Mr Richard Laufmann is a founding Director of Rex Minerals and was formerly a non-executive director (since 2007). He was appointed Chief Executive Officer and Managing Director (CEO) of the Company on 23 April 2015.</p> <p>Mr Laufmann is a mining engineer with broad experience in the resources sector, both corporate and operational.</p> <p>Mr Laufmann's most recent engagement was for seven years as chief executive officer of Indophil Resources NL (until January 2015, an ASX listed company with a large copper-gold Joint Venture in the Philippines) and prior to that, five years as chief executive officer of Ballarat Goldfields NL. Mr Laufmann also previously led WMC Resources Limited's gold business as general manager-operations.</p>
<p>Mr Alister Maitland Independent Non-Executive Director (B.Com, FAICD, FAIM, SF Fin)</p>	<p>Mr Alister Maitland was appointed a Director of Rex Minerals on 16 September 2011. He is Chairman of the Audit Committee and a member of the Remuneration Committee.</p> <p>Mr Maitland is a former executive director of ANZ Banking Group with a background in international finance. His banking experience extended beyond Australasia to cover Asia, the Sub Continent, the Middle East, Europe and America. His professional experience has included global business expansion, internal and external consulting, treasury projects and international political agendas. As chief executive of ANZ Bank for New Zealand, he was responsible to the local board for that country's operations.</p> <p>He has been a non-executive director of a number of publicly-listed ASX companies and Government bodies covering a wide range of activities including property services, mining, banking, asset management and health. He is a former chairman of Ballarat Goldfields NL, director of Lihir Gold Ltd and Malayan Banking Berhad (Maybank).</p>

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2018

DIRECTORS (CONTINUED)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Mitchell H Hooke AM Independent Non-Executive Director (B.Rur.Sc., UNE, MAIA, MAICD)	<p>Mr Mitchell H Hooke AM was appointed a Director of Rex Minerals on 4 August 2015. He is Chairman of the Remuneration Committee and a member of the Audit Committee.</p> <p>Mr Hooke is globally-recognised for his in-depth knowledge and strategic leadership in Australian and global public policy advocacy, as well as delivering on practical operational issues in the development of economic, social and environmental policy and practice across the minerals, agriculture, and food and grocery industries in Australia and internationally.</p> <p>Mr Hooke was the chief executive officer of the Minerals Council of Australia from mid-2002 until the end of 2013. He is the Chairman of Partners in Performance International, a Director of The Menzies Research Centre Ltd and with a long and strong rural background, he is an Independent Director of Grain Producers Australia Limited. He is a Non-Executive Director of GTL Energy Ltd, and was formerly a non-executive director of Elgin National Industries. Mr Hooke is also a member of the Advisory Boards of Micromine Ltd and The University of New England (UNE) Advisory Group.</p>

COMPANY SECRETARY

Ms Kay Donehue

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

Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector. Ms Donehue is an Associate of the Governance Institute of Australia. She is also the Company Secretary of Indophil Resources Pty Ltd and prior to that held a range of roles with Lafayette Mining Limited and WMC Resources Limited.

DIRECTORS' MEETINGS

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

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings ²	
	A	B	A	B	A	B
Dr David Carland	5	5	2	2	–	–
Mr Richard Laufmann ¹	5	5	2	2	–	–
Mr Alister Maitland	5	5	2	2	–	–
Mr Mitchell Hooke	5	5	2	2	–	–

A – Number of meetings attended.

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

¹ Mr Laufmann is not a member of the Committees but attends meetings as appropriate by invitation.

² Any matters for consideration by the Remuneration Committee were managed directly by the Board and accordingly, no separate meetings were held by the Remuneration Committee during the year.

CORPORATE GOVERNANCE STATEMENT

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

The Board is committed to administering the Company's policies and procedures with transparency and integrity, pursuing the genuine spirit of good corporate governance practice. To the extent they are applicable, Rex has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 3rd Edition*. As the Company's activities transform in size, nature and scope, additional corporate governance structures will be considered by the Board and assessed as to their relevance.

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

This Corporate Governance Statement is dated 30 June 2018 and was approved by the Board on 13 September 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was minerals exploration, evaluation and development in Australia. Rex intends to make the best use of, and fully exploit, the Hillside Resource, and remains committed to the development of the Hillside Project. There were no significant changes in the nature of the Group's principal activities during the year.

The Group's principal objective is to create value through the discovery and development of mineral resources. Our strategy to deliver on this objective is to:

- finalise our PEPR to ensure all approvals are in place so that the Hillside Project is positioned to start up coincident with the copper supply deficit currently emerging;
- evolve the pool of corporate and financing options available;
- optimise the Hillside Project through:
 - > capital cost reductions by competitive re-tender of plant and equipment;
 - > an operating effectiveness review; and
- further develop the exploration target portfolio, in what we now consider as a highly-prospective Iron Ore Copper Gold (IOCG) land package.

OPERATING AND FINANCIAL REVIEW

The income statement shows a loss after tax of \$5.2 million (2017: \$0.8 million) for the year. The Group has no bank debt. As at 30 June 2018, the Group had a cash position of \$4.0 million (2017: \$5.4 million). Operating activities resulted in a net cash outflow for the year of \$4.8 million (2017: \$0.8 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS PAID OR RECOMMENDED

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Following shareholder approval at the General Meeting on 20 July 2018, the Company announced on 25 July 2018 the issue of ordinary shares for both Tranche 2 to the Capital Raising and the Share Purchase Plan (SPP). The Company issued 21.4 million ordinary shares and received \$2.4 million before costs for Tranche 2 and issued a further 9.3 million ordinary shares for an additional \$1 million for the SPP, before costs.

The Company also issued 1,975,983 ordinary shares as a result of the exercise of options on 22 August 2018.

Other than mentioned above, no matters or circumstances have arisen since 30 June 2018 that have significantly affected the Group's operations, results or state of affairs.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2018

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

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

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company provides insurance to cover legal liability and expenses for the Directors and 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 Directors and Executive 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.

NON-AUDIT SERVICES

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

During 2017, the Board considered the non-audit services provided by the auditor and were satisfied that the provision of those non-audit services was compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001*. The non-audit services provided did not undermine the general principles relating to auditor independence as set out in 'APES 110 Code of Ethics for Professional Accountants', as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

	2018 \$	2017 \$
Audit and review of financial statements	48,175	48,175
Other services – review of research and development claim	–	30,000

REMUNERATION REPORT – AUDITED

The Directors present the Remuneration Report for the year ended 30 June 2018, outlining key aspects of the remuneration policy and framework and the remuneration awarded during the year.

Principles of compensation

Remuneration is referred to as compensation throughout this report.

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

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

Fixed compensation

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

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

Performance linked compensation

Performance linked compensation may include both short-term and long-term incentives, and is designed to reward senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive is an 'at risk' bonus provided in the form of cash, while the long-term incentive is provided as options over ordinary shares of the Company pursuant to the terms and conditions of the options.

Short-term incentive

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

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

Long-term incentive

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

The Board received shareholder approval for an Option Incentive Plan at the Annual General Meeting on 30 November 2015. The plan is administered by the Board which has the discretion to determine eligibility to participate in the plan.

Consequences of performance on shareholder wealth

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

	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
Net loss attributable to equity holders of the parent (million)	5.2	0.8	5.1	8.7	17.0
Closing share price at financial year's end (\$)	0.105	0.056	0.051	0.105	0.305

REMUNERATION REPORT – AUDITED (CONTINUED)

Service agreements

In line with Group policy, the Group has entered into contracts with each of its Executive Officers, and they are capable of termination on up to two months' notice. The Group retains the right to terminate a contract immediately by making payment in lieu of notice. Executive Officers 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 provides for no additional entitlement on termination in the event of removal for misconduct or gross negligence.

The employment contract outlines the components of compensation paid to the Executive Officers, but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to meet the principles of the compensation policy. There is currently no STI plan offered to Executive Officers. The Company has established an Option Incentive Plan, and the Board may invite Executive Officers to participate under the terms and conditions of the plan as an LTI.

Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 Annual General Meeting, is not to exceed \$500,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies.

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

REMUNERATION REPORT – AUDITED (CONTINUED)

Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2018 are as follows:

	Fixed remuneration				Long-term Long service leave ^(c) \$	Variable remuneration		Total \$	Remuneration mix		Bonus proportion of remuneration performance related %
	Short-term		Post employment	Share based payments		Fixed	Variable at risk LTI				
	Salary & fees ^(a) \$	STI cash bonus ^(b) \$	Super- annuation \$	Fair value options ^(d) \$							
Non-Executive Directors											
Dr David Carland, Chairman	100,000	-	9,500	-	-	4,789	114,289	96%	4%	-	
Mr Alister Maitland	60,000	-	5,700	-	-	4,789	70,489	93%	7%	-	
Mr Mitchell Hooke	60,000	-	5,700	-	-	4,789	70,489	93%	7%	-	
Managing Director											
Mr Richard Laufmann, CEO	269,230	-	23,750	1,708	-	14,368	309,056	95%	5%	-	
Executives											
Mr Greg Hall, Project Director ¹	245,729	-	17,812	(1,838)	-	7,184	268,887	97%	3%	-	
Ms Amber Rivamonte, CFO ²	293,000	-	-	-	-	7,184	300,184	98%	2%	-	
Total compensation KMP:	1,027,959	-	62,462	(130)	43,103	1,133,394					

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

1. Mr Hall ceased employment with the Company on 31 March 2018 and is now engaged through a consultancy agreement. The amounts paid under this agreement are included above.
2. Ms Rivamonte is engaged through a consultancy agreement and the above represents the amount paid to the KMP related company.

(a) Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers it includes cash salary and accrued annual leave entitlements.

(b) No STI cash bonuses were accrued or payable in relation to the 2018 financial year.

(c) Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.

(d) The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2018

REMUNERATION REPORT – AUDITED (CONTINUED)

Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2017 are as follows:

	Fixed remuneration				Variable remuneration		Total \$	Remuneration mix		Bonus proportion of remuneration performance related %
	Short-term		Post employment	Long-term	Share based payments	Fair value options (d) \$		Fixed	Variable at risk LTI	
	Salary & fees (a) \$	STI cash bonus (b) \$	Super-annuation \$	Long service leave (c) \$						
Non-Executive Directors										
Dr David Carland, Chairman	100,000	–	9,500	–	10,964	120,464	91%	9%	–	
Mr Alister Maitland	60,000	–	5,700	–	10,964	76,664	86%	14%	–	
Mr Mitchell Hooke	60,000	–	5,700	–	10,964	76,664	86%	14%	–	
Managing Director										
Mr Richard Laufmann, CEO	269,230	–	23,750	3,090	32,893	328,963	90%	10%	–	
Executives										
Mr Greg Hall, Project Director	269,160	–	23,750	1,682	16,447	311,039	95%	5%	–	
Ms Amber Rivamonte, CFO ¹	273,000	–	–	–	16,447	289,447	94%	6%	–	
Total compensation KMP:	1,031,390	–	68,400	4,772	98,679	1,203,241				

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

(a) Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers it includes cash salary and accrued annual leave entitlements. 1. Ms Rivamonte is engaged through a consultancy agreement and the above represents the amount paid to the KMP related company.

(b) No STI cash bonuses were accrued or payable in relation to the 2017 financial year.

(c) Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.

(d) The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.

REMUNERATION REPORT – AUDITED (CONTINUED)

Shares under option

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

No options have been granted during or since the end of the financial year. During the financial year, the Company has not issued any ordinary shares as a result of the exercise of options. At 30 June 2018, there were 16.8 million unquoted options over ordinary shares of the Company. Since the end of the financial year, the Company has issued 1,975,983 ordinary shares as a result of the exercise of options. At the date of this report, there were 14,824,017 million unquoted options over ordinary shares of the Company.

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

Options

The table below shows a reconciliation of unquoted options over ordinary shares in the Company held directly, indirectly or beneficially by each KMP including their related parties, during the financial year. No options have been granted, lapsed, were forfeited or exercised during the year.

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

Name	Held at 1 July 2017	Number of options granted	Number of options vested	% of options vested	Held at 30 June 2018	Fair value of options granted	Fair value of options expensed in 2018	Maximum fair value of options yet to vest or be expensed
Dr David Carland	1,000,000	–	666,666	66	1,000,000	–	\$4,789	\$1,336
Mr Alister Maitland	1,000,000	–	666,666	66	1,000,000	–	\$4,789	\$1,336
Mr Mitchell Hooke ¹	1,000,000	–	666,666	66	1,000,000	–	\$4,789	\$1,336
Mr Richard Laufmann	3,000,000	–	2,000,000	66	3,000,000	–	\$14,368	\$4,008
Mr Greg Hall ²	1,500,000	–	1,000,000	66	1,500,000	–	\$7,184	\$2,004
Ms Amber Rivamonte	1,500,000	–	1,000,000	66	1,500,000	–	\$7,184	\$2,004

¹ Mr Hooke has exercised 666,000 unquoted options over ordinary shares since the end of the financial year.

² Mr Hall has exercised 100,000 unquoted options over ordinary shares since the end of the financial year.

The table below shows a reconciliation of unquoted options over ordinary shares in the Company held directly, indirectly or beneficially by each KMP including their related parties, during the 2017 financial year. No options vested, lapsed, were forfeited or exercised during the 2017 financial year.

Name	Held at 1 July 2016	Number of options granted	Number of options vested	% of options vested	Held at 30 June 2017	Fair value of options granted	Fair value of options expensed in 2017	Maximum fair value of options yet to vest or be expensed
Dr David Carland	1,000,000	–	333,333	33	1,000,000	–	\$10,964	\$6,125
Mr Alister Maitland	1,000,000	–	333,333	33	1,000,000	–	\$10,964	\$6,125
Mr Mitchell Hooke	1,000,000	–	333,333	33	1,000,000	–	\$10,964	\$6,125
Mr Richard Laufmann	3,000,000	–	1,000,000	33	3,000,000	–	\$32,893	\$18,376
Mr Greg Hall	1,500,000	–	500,000	33	1,500,000	–	\$16,447	\$9,188
Ms Amber Rivamonte	1,500,000	–	500,000	33	1,500,000	–	\$16,447	\$9,188

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2018

REMUNERATION REPORT – AUDITED (CONTINUED)

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

Details of the nine million options held by KMP at the end of the financial year are as follows.

Grant date	22 December 2015
Fair value per option at grant date	2.51 cents
Exercise price per option	6.3 cents
Premium to closing share price prior to grant date	12.5%
Expiry date	30 November 2019

Options vest in three equal tranches as follows:

- Tranche 1 – one third vest on 30 November 2016, during the financial year ending 30 June 2017;
- Tranche 2 – one third vest on 30 November 2017, during the financial year ending 30 June 2018;
- Tranche 3 – one third vest on 30 November 2018, during the financial year ending 30 June 2019.

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

Shareholdings

The table below shows a reconciliation of ordinary shares in the Company held, directly, indirectly or beneficially by each KMP including their related parties, during the financial year. The table below also includes any movement in ordinary shares since the end the financial year and the totals held at the date of this report by each KMP including their related parties.

Name	Held at 30 June 2017	Received on exercise of option	Purchased or sold during the year	Held at 30 June 2018	Received on exercise of option	Purchased or sold since the end of year	Held at date of this report
Dr David Carland	268,330	–	618,194	886,524	–	136,364	1,022,888
Mr Alister Maitland	202,000	–	–	202,000	–	136,364	338,364
Mr Mitchell Hooke	105,143	–	200,000	305,143	666,000	136,364	1,107,507
Mr Richard Laufmann	3,541,666	–	–	3,541,666	–	909,000	4,450,666
Mr Greg Hall	–	–	–	–	100,000	–	100,000
Ms Amber Rivamonte	850,000	–	–	850,000	–	100,000	950,000

Other transactions with Key Management Personnel (KMP)

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

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

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2018

Rounding

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 41 and forms part of the Directors' Report for the year ended 30 June 2018.

Dated at Melbourne this 13th day of September 2018.

Signed in accordance with a resolution of the Directors:



Mr Richard Laufmann
Chief Executive Officer

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

As at 30 June

	Note	2018 \$000	2017 \$000
Current assets			
Cash and cash equivalents	7	3,984	5,440
Trade and other receivables		247	280
Prepayments		35	51
Total current assets		4,266	5,771
Non-current assets			
Exploration and evaluation expenditure		1,645	1,645
Property, plant and equipment	9	14,930	15,085
Water infrastructure		4,076	4,076
Total non-current assets		20,651	20,806
Total assets		24,917	26,577
Current liabilities			
Trade and other payables	10	314	259
Employee benefits	11	512	298
Provisions		36	36
Total current liabilities		862	593
Non-current liabilities			
Trade and other payables	10	348	424
Employee benefits	11	29	149
Total non-current liabilities		377	573
Total liabilities		1,239	1,166
Net assets		23,678	25,411
Equity			
Issued capital	12(a)	192,910	189,566
Reserves	12(c)	399	319
Accumulated losses		(169,631)	(164,474)
Total equity		23,678	25,411

The notes on pages 23 to 39 are an integral part of these financial statements.

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

For the year ended 30 June

	Note	2018 \$000	2017 \$000
Finance income		60	227
Administrative expenses		(1,248)	(828)
Depreciation expense	9	(163)	(234)
Employee benefits expense	13	(2,178)	(2,261)
Marketing expenses		(76)	(61)
Exploration and evaluation		(1,551)	(948)
Loss on disposal of fixed assets		(1)	–
Loss before tax		(5,157)	(4,105)
Income tax benefit	14	–	3,313
Total loss for the period after tax		(5,157)	(792)
Other comprehensive income		–	–
Total comprehensive loss attributable to members of Rex Minerals Ltd		(5,157)	(792)
Loss per share attributable to members of Rex Minerals Ltd			
Basic loss per share (cents)	15	(2.33)	(0.36)
Diluted loss per share (cents)	15	(2.33)	(0.36)

The notes on pages 23 to 39 are an integral part of these financial statements.

REX MINERALS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June

		Attributable to equity holders of the Group			
	Note	Share capital \$000	Share based payments reserve \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 July 2017		189,566	319	(164,474)	25,411
Issue of ordinary shares	12(a)	3,639	–	–	3,639
Transaction costs of share issue		(295)	–	–	(295)
Share based payments	12(c)	–	80	–	80
Total comprehensive loss for the period		–	–	(5,157)	(5,157)
Balance at 30 June 2018		192,910	399	(169,631)	23,678
Balance at 1 July 2016		189,566	135	(163,682)	26,019
Share based payments	12(c)	–	184	–	184
Total comprehensive loss for the period		–	–	(792)	(792)
Balance at 30 June 2017		189,566	319	(164,474)	25,411

The notes on pages 23 to 39 are an integral part of these financial statements.

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

For the year ended 30 June

	Note	2018 \$000	2017 \$000
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,313)	(3,393)
Exploration and evaluation payments		(1,562)	(904)
Interest received		68	222
Research and development incentive received		–	3,313
Net cash used in operating activities	16	(4,807)	(762)
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(9)	(3)
Proceeds from term deposits		–	3,000
Net cash from/(used in) investing activities		(9)	2,997
Cash flows from financing activities			
Proceeds from issue of share capital	12	3,639	–
Payment of transaction costs		(279)	–
Net cash from financing activities	16	3,360	–
Net increase/(decrease) in cash and cash equivalents		(1,456)	2,235
Cash and cash equivalents at beginning of the period		5,440	3,205
Cash and cash equivalents at period end	7	3,984	5,440

The notes on pages 23 to 39 are an integral part of these financial statements.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Rex Minerals Ltd (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 19, 11 Waymouth Street, Adelaide, South Australia 5000. The Group financial statements as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for profit entity primarily involved in minerals exploration and evaluation in Australia.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). They were approved by the Board of Directors on 13 September 2018.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the functional currency of all entities in the Group.

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

(d) Use of estimates and judgements

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

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

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

- Note 9 Recoverable value of non-current assets
- Note 17 Share based payments
- Note 21 Contingencies

3. SIGNIFICANT ACCOUNTING POLICIES

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

The adoption of these new and revised Australian Accounting Standards has had no significant impact on the Group's accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of consolidation (Continued)****(ii) Transactions eliminated on consolidation**

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

(b) Financial instruments**(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity securities, 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, ie. 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.

(A) Receivables – other debtors

Other debtors are measured at amortised cost using the effective interest method, less impairment losses. Other debtors are reviewed on an ongoing basis for any indicators of impairment.

An impairment loss is recognised for debts which are known to be uncollectable. An impairment allowance is raised for any doubtful accounts.

(B) Cash and cash equivalents

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

(C) Term deposits

Term deposits comprise cash balances and call deposits with an original maturity of more than three months.

(D) Trade and other payables

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Land is not depreciated.

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

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

(d) Exploration and evaluation expenditure

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

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

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Impairment (Continued)****(ii) Non-financial assets**

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

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

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

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

(f) Employee benefits**(i) Wages, salaries and annual leave**

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

(ii) Long-term benefits

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

(iii) Share based payments

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

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

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

(g) Revenue recognition

Revenue is recognised in the statement of profit or loss 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 goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

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

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

(ii) Tax consolidation

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

(iii) Goods and services tax

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

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

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

(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/loss per share

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

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

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

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

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

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

(l) Restoration and rehabilitation provision

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

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

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these consolidated financial statements:

- AASB 9 Financial Instruments will be effective for the Group's 2019 financial statements. The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and sets out new rules for hedge accounting. It is likely to affect the Group's classification of its financial assets and financial liabilities. The new standard is not expected to have significant impact on the financial statements.
- AASB 15 Revenue from Contracts with Customers will be effective for the Group's 2019 financial statements. The new standard is not expected to have significant impact on the financial statements.
- AASB 16 Leases removes the classification of leases as either operating or finance leases for the lessee, effectively treating all leases on balance sheet. Short-term leases and leases of low value assets are exempt from the lease accounting requirements. These amendments will be effective for the Group's 2020 financial statements with early adoption permitted. The Group has not yet decided when to adopt AASB 16 and has not yet determined the potential effect of the standard.

4. DETERMINATION OF FAIR VALUES

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

(a) Trade and other receivables

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

(b) Non-derivative financial liabilities

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

(c) Share based payments

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

5. FINANCIAL RISK MANAGEMENT

(a) Capital Management

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

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

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

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

(b) Credit risk

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

(c) Liquidity risk

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

(d) Market risk

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

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SEGMENT REPORTING

The consolidated entity operates in one geographical segment, being South Australia and one industry, minerals mining and exploration.

7. CASH AND CASH EQUIVALENTS

	2018 \$000	2017 \$000
Bank balances and short-term deposits	3,984	5,440
Cash and cash equivalents	3,984	5,440

The Group's total cash and funds on deposit of \$3.984 million (2017: \$5.440 million) is exposed to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 18.

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

	2018 \$000	2017 \$000
Exploration and evaluation assets	(494)	(494)
Property, plant and equipment	(101)	(121)
Provisions	161	114
Equity costs	71	43
Net DTA/(DTL)	(363)	(458)
Tax losses recognised to the extent of the DTL	363	458
	–	–

Tax losses do not expire under current tax legislation. A DTA has not been recognised in respect of these items because it is not probable within the immediate future, that taxable profits will be available, against which the Company can utilise the benefits. The DTA not recognised is \$53.144 million (2017: \$50.142 million).

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$000	Plant and equipment \$000	Total \$000
2018			
Cost			
Balance at 1 July 2017	15,074	2,121	17,195
Additions	–	9	9
Disposals	–	(3)	(3)
Balance at 30 June 2018	15,074	2,127	17,201
Depreciation and impairment losses			
Balance at 1 July 2017	317	1,793	2,110
Depreciation	87	76	163
Disposals	–	(2)	(2)
Balance at 30 June 2018	404	1,867	2,271
Carrying amounts			
At 1 July 2017	14,757	328	15,085
At 30 June 2018	14,670	260	14,930
	Land and buildings \$000	Plant and equipment \$000	Total \$000
2017			
Cost			
Balance at 1 July 2016	15,074	2,118	17,192
Additions	–	3	3
Balance at 30 June 2017	15,074	2,121	17,195
Depreciation and impairment losses			
Balance at 1 July 2016	230	1,646	1,876
Depreciation	87	147	234
Balance at 30 June 2017	317	1,793	2,110
Carrying amounts			
At 1 July 2016	14,844	472	15,316
At 30 June 2017	14,757	328	15,085

10. TRADE AND OTHER PAYABLES

	2018 \$000	2017 \$000
Current		
Trade payables	15	13
Accrued expenses	299	246
Total current trade and other payables	314	259
Non-current		
Accrued expenses – lease incentive	348	424
Total non-current trade and other payables	348	424
Total trade and other payables	662	683

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. EMPLOYEE BENEFITS PROVISIONS

	2018 \$000	2017 \$000
Current		
Annual leave	369	298
Long service leave	143	–
Total current employee benefits provisions	512	298
Non-current		
Long service leave	29	149
Total non-current employee benefits provisions	29	149
Total employee benefits provisions	541	447

12. EQUITY

(a) Movements in shares on issue:				
	Date of issue	Number of shares	Issue price	\$000
Opening balance at 1 July 2017		220,519,784		189,566
Capital raising – Placement	18/06/2018	33,077,900	0.11	3,639
Less costs of placement				(295)
Closing balance at 30 June 2018		253,597,684		192,910
Opening balance at 1 July 2016		220,519,784		189,566
Closing balance at 30 June 2017		220,519,784		189,566
(b) Movements in options on issue:		Number of options		
Opening balance as at 1 July 2017		16,800,000		
Closing balance as at 30 June 2018		16,800,000		
Opening balance as at 1 July 2016		16,800,000		
Closing balance as at 30 June 2017		16,800,000		
(c) Movements in share based payment reserve:			\$000	
Opening balance at 1 July 2017			319	
Share based payments			80	
Closing balance at 30 June 2018			399	
Opening balance at 1 July 2016			135	
Share based payments			184	
Closing balance at 30 June 2017			319	

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

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. EMPLOYEE BENEFITS EXPENSE

	2018 \$000	2017 \$000
Wages and salaries	2,027	1,961
Share based payments	56	129
Increase/(decrease) in liability for annual leave	71	127
Increase/(decrease) in liability for long service leave	24	44
Total employee benefits expense	2,178	2,261

14. INCOME TAX BENEFIT

NUMERICAL RECONCILIATION BETWEEN TAX BENEFIT AND PRE-TAX ACCOUNTING LOSS

	2018 \$000	2017 \$000
Loss before tax for the period	(5,157)	(4,105)
Income tax benefit using the corporation tax rate of 30% (2017: 30%)	(1,547)	(1,231)
Non-deductible expenses	26	37
Research and development benefit	–	(3,313)
Other non-temporary differences	(89)	–
Net effect of tax losses not recognised	1,610	1,194
Total income tax expense/(benefit) on pre-tax net loss	–	(3,313)

15. LOSS PER SHARE

	2018 cents	2017 cents
Loss per share		
Basic loss per share	(2.33)	(0.36)
Diluted loss per share	(2.33)	(0.36)

(a) **Basic loss per share**

The calculation of basic loss per share at 30 June 2018 was based on the loss attributable to ordinary equity holders of \$5.157 million (2017: \$0.792 million) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2018 of 221,610,264 (2017: 220,519,784).

(b) **Diluted loss per share**

The calculation of diluted loss per share at 30 June 2018 is the same as basic loss per share. In accordance with AASB 133 Earning per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to the Option Incentive Plan totalled 16,800,000 at 30 June 2018.

16. RECONCILIATION OF CASH FLOWS FROM OPERATING AND FINANCING ACTIVITIES

	Note	2018 \$000	2017 \$000
Cash flows from operating activities			
Loss before tax for the period		(5,157)	(4,105)
Adjustments for non-cash items:			
Depreciation	9	163	234
Share based payments	12(c)	80	184
Adjustments for other items:			
(Profit)/loss on disposal of property plant and equipment		1	–
Research and development benefit received		–	3,313
Operating loss before changes in working capital and provisions		(4,913)	(374)
(Increase)/decrease in trade and other receivables		49	14
(Decrease)/increase in trade and other payables		(37)	(573)
(Decrease)/increase in employee benefits		94	171
Net cash used in operating activities		(4,807)	(762)
Cash flows from financing activities			
Issue of share capital			
Proceeds from share issue	12(a)	3,639	–
Transactions costs of share issue		(295)	–
Share capital before changes in working capital		3,344	–
(Decrease)/increase in trade and other payables		16	–
Net cash used in financing activities		3,360	–

17. SHARE BASED PAYMENTS

(a) Description of share based payment arrangements

No options were granted during the financial year ending 30 June 2018.

(b) Option expense

	2018 \$000	2017 \$000
Option expense	80	184
Total recognised as share based payments	80	184

(c) Outstanding options

At 30 June 2018, there were 16,800,000 unlisted options outstanding, at an exercise price of 6.3 cents.

18. FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

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

(b) Fair value

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

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

Financial liabilities Group	Carrying amount \$000	Contractual cash flows \$000	1 year or less \$000	1-2 years \$000
2018				
Trade and other payables	662	(314)	(314)	(348)
	662	(314)	(314)	(348)
2017				
Trade and other payables	683	(259)	(259)	(424)
	683	(259)	(259)	(424)

18. 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 interest rate risk:

	2018 \$000	2017 \$000
Cash and cash equivalents	3,984	5,440
Total cash and cash equivalents	3,984	5,440

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 2018, 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)	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Group				
+1% (100 basis points)	40	54	–	–
–1% (100 basis points)	(40)	(54)	–	–

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

(e) Impairment losses

None of the Group's receivables are past due (2017: nil).

19. OPERATING LEASES

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 \$000	2017 \$000
Not later than one year	415	407
Later than one year but not later than five years	1,749	1,660
Greater than five years	268	657

The Group leases office space under an operating lease. The lease was for a period of 10 years (5.5 years remain), with an option to renew the lease after that date. Lease payments increase by a fixed percentage every year and are adjusted to the prevailing market rate after five years.

During the year, an amount of \$0.432 million was recognised as an expense in profit and loss in respect of the office lease (2017: \$0.430 million).

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. EXPLORATION EXPENDITURE COMMITMENTS

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

	2018 \$000	2017 \$000
Not later than one year	1,956	1,852
Later than one year but not later than five years	1,681	620

21. CONTINGENCIES

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

The Group's bankers have provided guarantees amounting to \$0.020 million to certain government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$0.020 million as at 30 June 2018 (2017: \$0.020 million).

The Group's bankers have provided guarantees amounting to \$0.199 million 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 \$0.199 million as at 30 June 2018 (2017: \$0.228 million).

22. RELATED PARTIES

(a) Parent and ultimate controlling party

	Country of Incorporation	Ownership Interest	
		2018	2017
Parent entity			
Rex Minerals Ltd	Australia		
Subsidiaries			
Rex Minerals (SA) Pty Ltd	Australia	100%	100%
Rex Minerals (Iron Ore) Pty Ltd	Australia	100%	100%
Rex Hillside (Property) Pty Ltd	Australia	100%	100%

22. RELATED PARTIES (CONTINUED)

(b) Transactions with Key Management Personnel (KMP)

(i) Loans to Directors

There were no loans advanced to Directors for the year ending 30 June 2018.

(ii) KMP compensation

KMP compensation comprised the following:

	2018 \$	2017 \$
Short-term benefits	1,027,959	1,031,390
Post-employment benefits	62,462	68,400
Share based payments	43,103	98,679
Other long-term benefits	(130)	4,772
	1,133,394	1,203,241

Information regarding individual Directors' and Executive Officers' compensation and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report on pages 12 to 17.

There have been no changes to KMP between 1 July 2018 and the date of this report.

(iii) Other KMP transactions

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

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

Information regarding individual Directors' and Executive Officers' compensation are provided in the Remuneration Report section of the Directors' Report on pages 12 to 17.

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

Transaction	Transaction values year ended 30 June		Balance payable as at 30 June	
	2018 \$	2017 \$	2018 \$	2017 \$
Geological Services ¹	140,000	120,000	10,000	-

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

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2018, the parent company of the Group was Rex Minerals Ltd.

	2018 \$000	2017 \$000
Result of the parent entity		
Loss for the period	(5,082)	(637)
Other comprehensive income	–	–
Total comprehensive loss for the period	(5,082)	(637)
Financial position of the parent entity at year end		
Current assets	4,266	5,772
Total assets	18,854	20,444
Current liabilities	651	530
Total liabilities	1,171	1,103
Total equity of the parent entity comprising of		
Share capital	192,910	189,566
Share based payments reserve	399	319
Accumulated losses	(175,626)	(170,544)
Total equity	17,683	19,341

Parent entity contingencies

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

24. SUBSEQUENT EVENTS

Following shareholder approval at the General Meeting on 20 July 2018, the Company announced on 25 July 2018 the issue of ordinary shares for both Tranche 2 to the Capital Raising and the Share Purchase Plan (SPP). The Company issued 21.4 million ordinary shares and received \$2.361 million before costs for Tranche 2 and issued a further 9.3 million ordinary shares for an additional \$1.011 million for the SPP, before costs.

The Company also issued 1,975,983 ordinary shares as a result of the exercise of options on 22 August 2018.

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

25. AUDITORS' REMUNERATION

	2018 \$	2017 \$
KPMG Australia		
Audit services	48,175	48,175
Other services	–	30,000

No non-audit services were provided in the current year. During the prior year, KPMG, the Company's auditor, provided non-audit services to the Group in the form of specialist R&D Tax Incentive services in relation to the Group's research and development claims.

REX MINERALS LTD

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Rex Minerals Ltd (the Company):
 - (a) the consolidated financial statements and notes and the Remuneration Report in the Directors' Report, set out on pages 12 to 17, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.
3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Mr Richard Laufmann
Chief Executive Officer

Dated this 13th day of September 2018.



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

To the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Rex Minerals Limited for the financial year ended 30 June 2018 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 stylized, handwritten-style logo of the letters 'KPMG'.

KPMG

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

Paul Cenko
Partner

Adelaide

13 September 2018



Independent Auditor's Report

To the shareholders of Rex Minerals Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the **Group's** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- *Consolidated statement of financial position* as at 30 June 2018;
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended;
- Notes including a summary of significant accounting policies; and
- *Directors' Declaration*.

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

Basis for opinion

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

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

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

Key Audit Matters

The **Key Audit Matter** we identified was:

- Recoverable value of non-current assets.

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

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



Recoverable value of non-current assets	
<p>Property, plant and equipment \$14.930m – Note 9</p> <p>Water infrastructure \$4.076m</p> <p>Exploration and evaluation expenditure \$1.645m</p> <p>Collectively referred to as 'non-current assets'.</p>	
The key audit matter	How the matter was addressed in our audit
<p>The Group's recoverable value of non-current assets is based on either the successful development of the Hillside project or sale of the non-current assets. The recoverable value of non-current assets is a key audit matter due to:</p> <ul style="list-style-type: none"> • Significance of the balances to the financial statements (being 83% of total assets); and • The need for management to determine the appropriate basis of assessing recoverable value which can be either: <ul style="list-style-type: none"> - A 'value in use' assessment which requires significant judgement in determining the recoverable value of the Hillside project due to the use of a feasibility model which is highly sensitive to changes in assumptions; or - A 'fair value' assessment which is based on data sourced from third parties in relation to comparable transactions which are limited in number and frequency. <p>For the year ended 30 June 2018, a fair value basis has been adopted to determine the recoverable value of the non-current assets.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the methodology used to determine the value of assets with reference to Australian Accounting standards. • Checking the Group's assessment of the fair value of property, plant and equipment to data sourced by the Group from an external valuer. • Checking the Group's assessment of fair value of the undeveloped ore resources to data sourced externally by the Group. • Assessing the scope, competence and objectivity of the Group's external valuers by gaining an understanding of their experience and qualifications. • Evaluating the scope, competence and objectivity of the Group's internal experts who produced the Resource Statement utilised within the valuation of undeveloped resources. • Obtaining details of comparable transactions involving the sale of undeveloped ore resources from our valuation specialists to inform our assessment of the Group's valuation of undeveloped ore resources. • Obtaining details of the recent comparable transactions involving the sale of property, plant and equipment to inform our assessment of the Group's valuation of property, plant and equipment. • Assessing the Group's disclosure against the requirements of Australian Accounting Standards.



Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Rex Minerals Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 17 of the Directors' report for the year ended 30 June 2018.

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

KPMG

Paul Cenko
Partner

Adelaide

13 September 2018

REX MINERALS LTD

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) Listing Rules and not shown elsewhere in this report is set out below and the information was applicable as at 31 July 2018.

Distribution of ordinary shares

The number of shareholders, by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	647	287,943	0.10
1,001 – 5,000	1,222	3,507,307	1.23
5,001 – 10,000	683	5,463,989	1.92
10,001 – 100,000	1,387	52,058,418	18.32
100,001 – 999,999,999	441	222,940,575	78.43
Total	4,380	284,258,232	100.00

The number of shareholders holding less than a marketable parcel:

1,903

Twenty largest shareholders

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

Name	Number of Shares Held	% of Issued Capital
1. Grand South Development Limited	14,653,777	5.16
2. BNP Paribas Noms Pty Ltd (DRP)	9,401,516	3.31
3. United Overseas Service Management Ltd	7,084,399	2.49
4. JP Morgan Nominees Australia Limited	5,866,490	2.06
5. S & S Olsen Pty Ltd	5,752,000	2.02
6. Greenstone Property Pty Ltd (Titeline Property A/C)	5,345,531	1.88
7. Stone Poneys Nominees Pty Ltd (Chapman Super Fund A/C)	4,007,833	1.41
8. Panjeta Investment Group Pty Ltd	3,940,000	1.39
9. Mrs Natalie Laufmann	3,500,000	1.23
10. Mrs Vickie Jane Jones	3,400,157	1.20
11. HSBC Custody Nominees (Australia)	2,894,470	1.02
12. Mr Elliott Grant Wylie	2,682,000	0.94
13. Dr Steven G Rodwell	2,664,240	0.94
14. Citicorp Nominees Pty Limited	2,228,672	0.78
15. Ms Fei Chen	2,106,200	0.74
16. BNP Paribas Noms Pty Ltd (UOB KH P/L AC UOB KH DRP)	1,916,979	0.67
17. HSBC Custody Nominees (Australia)	1,890,071	0.66
18. Mr Paul Christopher Walker	1,885,000	0.66
19. ZW 2 Pty Ltd	1,850,000	0.65
20. Mrs Philippa Jean Laufmann (Laufmann Family A/C)	1,700,000	0.60
Total	84,769,335	29.81

Substantial shareholders

There is one substantial shareholder lodged with the Company:

Name	Number of Shares Held	% of Issued Capital
Grand South Development Limited	14,653,777	5.16

Voting rights

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

Stock exchange listing

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





REX MINERALS LTD

NOTES for the year ended 30 June 2018



ABN 12 124 960 523

2018

ANNUAL REPORT



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