

Rex Minerals Ltd

ABN 12 124 960 523

and its controlled entities

31 December 2018

Consolidated Interim Financial Report

Corporate Directory

DIRECTORS

David Carland (Chairman)
Richard Laufmann (Chief Executive Officer)
Alister Maitland
Mitchell Hooke AM
Ian Smith
Ronald Douglas

COMPANY SECRETARY

Kay Donehue

PRINCIPAL & REGISTERED OFFICE

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

AUDITORS

KPMG Australia
151 Pirie Street
Adelaide, South Australia 5000

BANKERS

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

Ord Minnett Ltd
Level 7, 161 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS

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

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Directors' report

The Directors present their report, together with the consolidated interim financial statements, of Rex Minerals Ltd (the Company or Rex) and its subsidiaries (the Group) for the half-year ended 31 December 2018 (the Half-Year) and the auditors' review report thereon.

Directors

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

Name	Period of directorship
<i>Non-Executive</i>	
David Carland Chairman	Appointed Chairman 1 January 2014 Appointed Director 12 December 2013
Alister Maitland Director	Appointed 16 September 2011
Mitchell Hooke AM Director	Appointed 4 August 2015
Ian Smith Director	Appointed 18 February 2019
Ronald Douglas Director	Appointed 18 February 2019
<i>Executive</i>	
Richard Laufmann Chief Executive Officer & Managing Director	Appointed Managing Director 23 April 2015 Appointed Director 16 May 2007

Principal activities

The principal activity of the Group during the period 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 period. The Group's principal objective is to create value through the discovery and development of mineral resources.

Operating results

The consolidated interim statement of profit or loss and other comprehensive income shows a loss after tax of \$3.3 million for the half-year ended 31 December 2018 (2017: loss \$3.0 million).

Review of operations

During the Half-Year, Rex Minerals Ltd (Rex or the Company) completed its successful capital raising which was announced on 12 June 2018. Following shareholder approval, 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 \$1.0 million for the Share Purchase Plan, before costs. The Company also issued 3.0 million shares following the exercise of options during the period.

Rex entered into a full assignment of the Adelaide office lease to a new tenant and relocated its registered office and principal place of business to Level 6, 1 Collins Street, Melbourne during the Half-Year. The lease assignment represents a saving on the Company's remaining five-year lease commitment totalling approximately \$2.5 million.

The Company continues to work towards completion of the plans previously outlined as part of the capital raising. The Chinese Feasibility Study is nearing completion. The Rex team met in China in late October to review in detail several design and supply proposals that were put forward, with follow-up work on some of these design and supply proposals underway. The Extended Feasibility Study update to 2018 dollars is progressing, following refinement in several scope areas including the power supply options and pricing assumptions.

As the copper market improves, these updated Studies will then allow Rex to enter into discussions to advance the financing of the Hillside Project.

In September 2018, Rex received formal feedback on the Program for Environment Protection and Rehabilitation (PEPR), coordinated by the State Government's Department for Energy and Mining (DEM), which collated all feedback provided to date, along with additional detailed comments. Rex is now meeting regularly with the DEM and other government departments responding to the feedback and updating the PEPR where required for the Hillside Project.

Events since the end of the reporting period

Rex issued 2.0 million unquoted Options on 14 February 2019, at an exercise price of 8.4 cents per option with an expiry date of 31 January 2023 under the Company's Option Incentive Plan (OIP). The OIP is an important component of the Company's focus to attract and retain the best team to deliver results, align those employees with shareholder interests and conserving valuable cash resources.

On 18 February 2019, Rex announced the appointment of Ian Smith and Ron Douglas to the Board of Directors, they will significantly enhance the strategic, technical and operational talent in the Company.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 16 and forms part of the Directors' report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Directors:



Richard Laufmann
Chief Executive Officer

Dated at Melbourne this 19th day of February 2019

Consolidated interim statement of financial position

As at

	Note	31 Dec 2018 \$000	30 June 2018 \$000
Current assets			
Cash and cash equivalents		4,574	3,984
Trade and other receivables		276	247
Prepayments		65	35
Total current assets		4,915	4,266
Non-current assets			
Exploration and evaluation expenditure		1,645	1,645
Property, plant and equipment		14,429	14,930
Water infrastructure		4,076	4,076
Total non-current assets		20,150	20,651
Total assets		25,065	24,917
Current liabilities			
Trade and other payables		613	314
Employee benefits		584	512
Provisions		36	36
Total current liabilities		1,233	862
Non-current liabilities			
Trade and other payables		-	348
Employee benefits		30	29
Total non-current liabilities		30	377
Total liabilities		1,263	1,239
Net assets		23,802	23,678
Equity			
Issued capital	6(i)	196,269	192,910
Reserves		347	399
Accumulated losses		(172,814)	(169,631)
Total equity		23,802	23,678

The condensed notes on pages 10 to 12 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended

	Note	31 Dec 2018 \$000	31 Dec 2017 \$000
Finance income		60	41
Administrative expenses		(665)	(644)
Depreciation expense		(65)	(81)
Employee benefits expense		(948)	(1,175)
Marketing expenses		(40)	(34)
Exploration and evaluation		(1,160)	(1,108)
Loss on write-off of fixed assets	7	(440)	-
Loss before tax		(3,258)	(3,001)
Income tax benefit		-	-
Total profit/(loss) for the period after tax		(3,258)	(3,001)
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) attributable to members of Rex Minerals Ltd		(3,258)	(3,001)
Earnings/(loss) per share attributable to members of Rex Minerals Ltd			
Basic and diluted earnings/(loss) per share (cents)		(1.16)	(1.36)

The condensed notes on pages 10 to 12 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of changes in equity

For the six months ended 31 December

	Share capital	Share based payments reserve	Accumulated losses	Total equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2018	192,910	399	(169,631)	23,678
Issue of ordinary shares	3,560	-	-	3,560
Transaction costs of share issue	(201)	-	-	(201)
Share based payments compensation	-	23	-	23
Transfers from share based payments reserve	-	(75)	75	-
Total comprehensive income/(loss) for the period	-	-	(3,258)	(3,258)
Balance at 31 December 2018	196,269	347	(172,814)	23,802
Balance at 1 July 2017	189,566	319	(164,474)	25,411
Share based payments compensation	-	57	-	57
Total comprehensive income/(loss) for the period	-	-	(3,001)	(3,001)
Balance at 31 December 2017	189,566	376	(167,475)	22,467

The condensed notes on pages 10 to 12 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of cash flows

For the six months ended

	31 Dec 2018 \$000	31 Dec 2017 \$000
Cash flows from operating activities		
Cash paid to suppliers and employees	(1,609)	(1,787)
Exploration and evaluation payments	(1,193)	(1,112)
Interest received	51	46
Net cash from/(used in) operating activities	(2,751)	(2,853)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4)	(4)
Net cash from/(used in) investing activities	(4)	(4)
Cash flows from financing activities		
Proceeds from issue of share capital	3,560	-
Payment of transaction costs	(215)	-
Net cash from/(used in) financing activities	3,345	-
Net increase/(decrease) in cash and cash equivalents	590	(2,857)
Cash and cash equivalents at beginning of the period	3,984	5,440
Cash and cash equivalents at period end	4,574	2,583

The condensed notes on pages 10 to 12 are an integral part of these consolidated interim financial statements.

Condensed notes to the consolidated interim financial statements

1. Reporting entity

Rex Minerals Ltd (Rex or the Company) is a company domiciled in Australia. The address of the Company's registered office is Level 6, 1 Collins Street, Melbourne, Victoria, 3000. The consolidated financial statements as at and for the six month period ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group primarily is involved in minerals exploration in Australia.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office or at 'www.rexminerals.com.au'.

2. Statement of compliance

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

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2018. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2018.

This is the first set of the Company's consolidated financial statements where AASB 9 *Financial Instruments*, AASB 15 *Revenue from contracts with customers* and AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and measurement of share-based payment transactions* have been applied. There was no impact on the amounts disclosed from the transition to these accounting standards.

These consolidated interim financial statements were approved by the Board of Directors on 19 February 2019.

3. Significant accounting policies

The accounting policies applied by the Group in preparing the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2018.

4. Estimates

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

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2018.

5. Operating segments

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

6. Issued capital and reserves

(i) Movements in shares on issue:

	Date of issue	No. of shares	Issue price	\$000
Opening balance at 1 July 2018		253,597,684		192,910
Capital raising – Issue of shares	25/07/2018	30,660,548	0.110	3,373
Less costs of share issue				(201)
Exercise of options	22/08/2018	1,975,983	0.063	124
Exercise of options	7/12/2018	1,000,000	0.063	63
Closing balance at 31 December 2018		287,234,215		196,269

Opening balance at 1 January 2018		220,519,784		189,566
Capital raising – Issue of shares	18/06/2018	33,077,900	0.110	3,639
Less costs of share issue				(295)
Closing balance at 30 June 2018		253,597,684		192,910

(ii) Movements in options on issue:

	Date of issue	No. of options	Exercise price	Expiry date
Opening balance at 1 July 2018		16,800,000		
Exercise of options	22/08/2018	(1,975,983)	0.063	30/11/2019
Exercise of options	7/12/2018	(1,000,000)	0.063	30/11/2019
Closing balance at 31 December 2018		13,824,017		
Opening balance at 1 January 2018		16,800,000		
Closing balance at 30 June 2018		16,800,000		

7. Loss on write-off of fixed assets

The loss on write-off of fixed assets has been incurred following the assignment of the Adelaide office lease. The fixed assets written-off reflect the net book value of the original office fit out, which was being depreciated over the life of the lease.

8. Commitments

The Group no longer has any office lease commitments following the assignment of the lease of its Adelaide office.

9. Contingencies

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

The Group's bankers have provided guarantees amounting to \$20,000 to certain Government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$20,000 as at 31 December 2018.

The Group's bankers have provided a guarantee amounting to \$233,215 regarding an office lease as security over the Group's obligations regarding the lease held. Under the agreement, the Group has indemnified the bank in relation to this guarantee. The guarantee is backed by a deposit amounting to \$233,215 as at 31 December 2018. The lease to which this relates has now been fully assigned and the bank guarantee will be returned to the Group by the landlord.

10. Subsequent events

On 14 February 2019, Rex issued 2.0 million unquoted Options under the Company's Option Incentive Plan at an exercise price of 8.4 cents per option with an expiry date of 31 January 2023.

Rex announced the appointment of Ian Smith and Ron Douglas to the Board of Directors on 18 February 2019.

Other than mentioned above, no matters have arisen since the end of the reporting period which may affect the operations, results, or state of affairs of the Group in future periods.

Directors' declaration

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

1. the consolidated interim financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance, for the half-year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Richard Laufmann
Chief Executive Officer

Dated at Melbourne this 19th day of February 2019.



Independent Auditor's Review Report

To the Directors of Rex Minerals Ltd

Report on the Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying **Consolidated Interim Financial Report** of Rex Minerals Ltd and its subsidiaries (the "Group").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Consolidated Interim Financial Report of the Group is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and of its consolidated performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Consolidated Interim Financial Report comprises:

- Consolidated interim statement of financial position as at 31 December 2018;
- Consolidated interim statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Interim Period** is the six-months ended on 31 December 2018.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Scheme, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

Paul Cenko
Partner

Adelaide
19 February 2019



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

To the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Rex Minerals Limited for the half-year ended 31 December 2018 there have been:

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

KPMG
KPMG

Paul Cenko
Partner

Adelaide

19 February 2019