

ASX Release: 31 January 2020



ABN 12 124 960 523

Quarterly Activities Report for the period ended 31 December 2019

T +61 (0)8 8299 7100
P PO Box 3435 Rundle Mall
South Australia 5000
E rex@rexminerals.com.au
W www.rexminerals.com.au

HIGHLIGHTS

- Hog Ranch acquisition complete with an implied acquisition cost of \approx A\$0.70/oz gold (Au) based on the current share price and the latest Mineral Resource Estimate.
- Rex Minerals Ltd (Rex or the Company) delivers an updated Mineral Resource estimate for its exciting Bells Project, within the Hog Ranch Property in Nevada, USA, including:
 - 24.4Mt @ 0.52g/t gold Au for 415,000oz – a **35% increase** on the previous Bells estimate;
 - A new global Mineral Resource for Hog Ranch **of 936,000oz Au**.
- A Scoping Study for Bells is well advanced, with results due Q1 2020.
- Mining legislation was passed in South Australia, giving greater certainty and confidence to the exploration and minerals industry.
- Rex's Annual General Meeting took place during the quarter in review, with all eight resolutions for shareholder consideration being well supported and approved.
- Employees and Directors supported the Company and exercised options at 6.3c to the value of A\$768k.
- Limited visible progress on the Program for Environment Protection and Rehabilitation (PEPR) which continues to sit with the SA Government for determination.

On 29 January 2020, Rex announced that it had completed an updated Mineral Resource estimate for the Bells Project. For more detail, see information later in this report or see Rex's progressive ASX announcements of 16 October 2019, 19 November 2019 and 29 January 2020.

HOG RANCH PROPERTY – NEVADA, USA

Project Update

Rex reported on 29 January 2020 that it had completed an updated Mineral Resource estimate for the Bells Project (Bells), situated within the Hog Ranch Property (Hog Ranch) in Nevada, USA (see **Figure 1**). In summary, the update included:

- **24.4Mt @ 0.52g/t Au for 415,000oz;**
- A **35% increase** in ounces within the Bells Mineral Resource over the Bells component of the Maiden Mineral Resource reported in September 2019;
- Evidence that the gold mineralisation at Bells commences at surface, with over 90% of the Mineral Resource at less than 75m beneath the surface;
- An increase in the global Mineral Resource for Hog Ranch which now stands at 936,000oz comprising: 521,000oz Krista (2019) and 415,000oz Bells (2020).

Bells is a discrete gold deposit, situated within the southern portion of Hog Ranch. It offers a smaller scale, lower capital project start-up opportunity for Rex. The Maiden Hog Ranch Mineral Resource (see Rex's ASX release dated 2 September 2019) of 830,000oz was made up of the Krista Project (521,000oz, 5km from Bells) and the Bells Project itself (309,000oz).

The Bells upgrade came on the back of excellent RC drill results (released 19 November 2019), confirming the presence of a continuous "blanket" of shallow gold mineralisation, including the following highlights:

- **25.9m @ 1.18g/t from 6.1m;**
- **51.8m @ 1.35g/t from 13.7m; and**
- **90m @1.23g/t from 21.3m.**

Within the announcement of 29 January 2020, Rex's Managing Director, Richard Laufmann, said: *"The Bells Project area was an obvious place to start our initial exploration and economic studies. It was well defined, and offered a smaller scale, project start-up opportunity for Rex, at potentially lower capital than the larger northern Krista Project."*

"We are now well advanced with a Scoping Study for Bells and are simultaneously upgrading the Mineral Resource at the larger Krista Project of Hog Ranch. We expect to publish the results of these programs this quarter."

For more detailed information, please see Rex's ASX announcement of 29 January 2020.

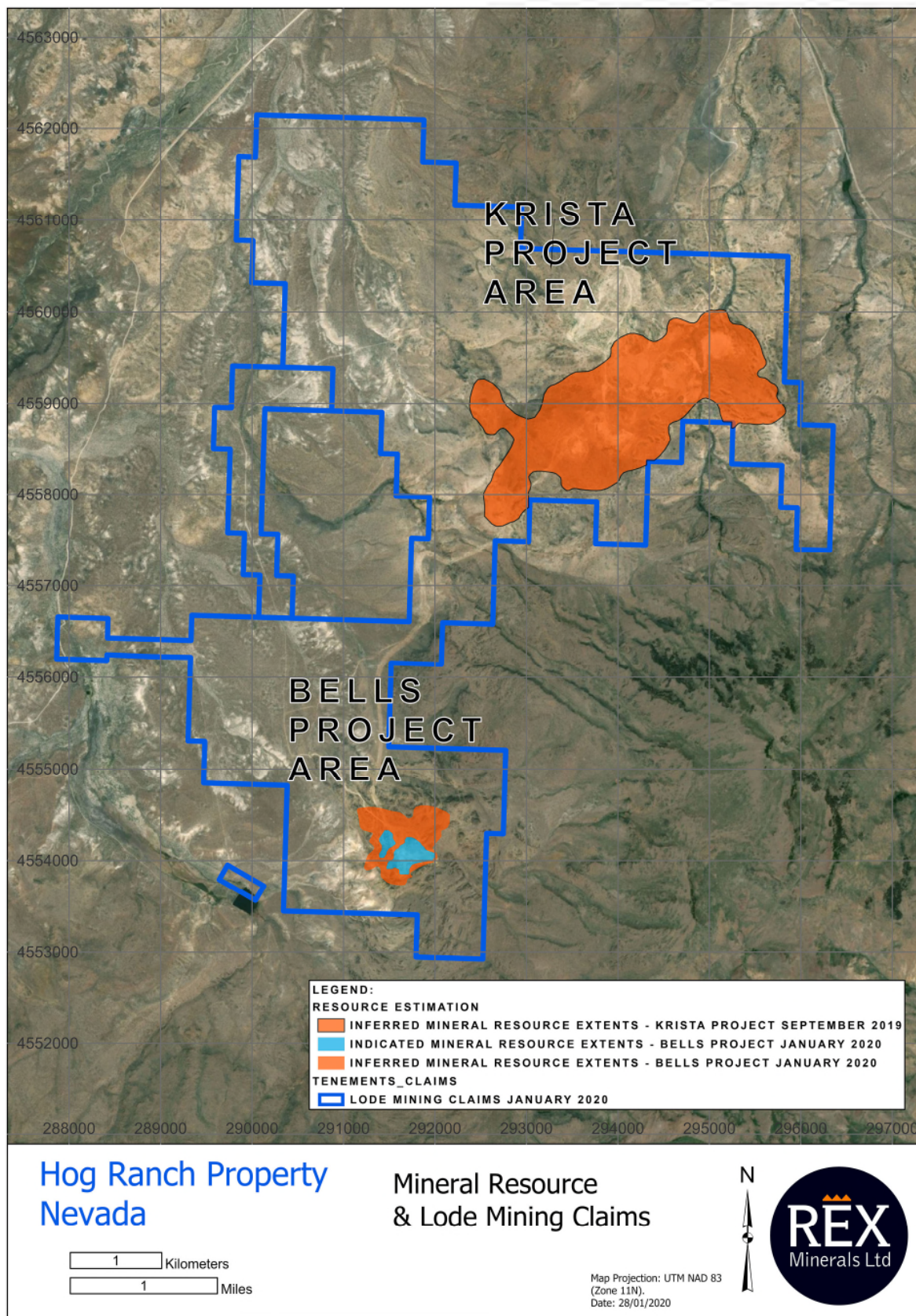


Figure 1: Location diagram of the Bells Project situated within the larger Hog Ranch Property.

HILLSIDE PROJECT – SOUTH AUSTRALIA

Program for Environment Protection and Rehabilitation (PEPR)

Rex has worked closely with the SA Government's Department for Energy and Mining (DEM) and other agencies in ensuring that we quickly and thoroughly addressed all matters raised by government. All regulator feedback reflecting minor wording changes was finalised on 18 September 2019. There has been no further feedback or queries on the document and it continues to sit with the SA Government for determination.

Community Engagement

Rex continues to engage and meet with a range of community members, businesses, landowners and other stakeholders around the Hillside Project and more broadly on the Yorke Peninsula.

The Company has continued to meet with progress associations and businesses in the surrounding communities to update them on the Hillside Project status and answer any questions about the proposed development. There has been significant interest in the likelihood of new families moving into the region as a result of the Hillside Mine development, as this would greatly assist ongoing business and services viability. Meetings were held with the local Regional Development Authority regarding these aspects.

Rex attended a Hillside Mine Community Voice (HMCV) meeting during October 2019 at Ardrossan and provided updates on the PEPR process and status. Rex also provided the HMCV with market views on the copper market, trade and global economic situation.

SA Mining Act

The South Australian Parliament passed the Statutes Amendment (Mineral Resources) Bill through the Upper House without amendment on 17 October 2019. This hopefully reinstates a level of certainty for the exploration and minerals industry.

Rex, the South Australian Chamber of Mines & Energy and the industry generally, have consistently supported this Bill because it provides a range of improvements including to the land access regime for both landholders and the industry. We also note that bipartisan political support remains firm for the collective sovereign rights of South Australians to continue to have access to minerals that underpin the growth of the State.

Rex continues to support the mineral industry's efforts to work constructively with stakeholders to support a forward-looking modernisation of the SA Mining Act, which will include a review of the approvals process and land access.

CORPORATE

2019 Annual General Meeting

On 21 November 2019, Rex held its Annual General Meeting. Eight resolutions were put to the meeting and four of those related to the Company's recent acquisition of the Hog Ranch Property. All resolutions were well supported by shareholders and this approval completed the acquisition of the Hog Ranch Property.

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The Chairman's Address and other documents related to the AGM are available via the ASX or on the Rex website ('www.rexminerals.com.au').

Hog Ranch Consideration Rights

As announced to the ASX on 25 November 2019, the Company has completed the acquisition of Hog Ranch Group Pty Ltd and has issued 20 million Hog Ranch Consideration Rights (HRCR) which convert to Rex shares on the outcome of the following milestones:

- a. 5 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 on completion of an Inferred Mineral Resource in addition to any Indicated and Measured Mineral Resource in total of 2Moz or higher of contained gold as defined by the 2012 JORC Code with respect to the Hog Ranch Property and has a minimum grade of 0.4 g/t of gold in addition to a minimum tonnage of 100 Mt; and
- b. 15 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 of the Board approving a decision to mine the Hog Ranch Property.

During the quarter, no HRCR were converted or cancelled as the above milestones are yet to be achieved by the Company.

Employee Options

During the quarter, Rex advised that 12,190,667 employee options were exercised and a further 1,383,350 employee options lapsed, at an exercise price of 6.3 cents and an expiry date of 30 November 2019. Directors and employees invested a total of A\$768k supporting the Company by the exercise of these options.

COMMODITY MARKET INSIGHT

Copper

In the period since our last Quarterly Report (released 31 October 2019) the copper price eased from US\$2.68/lb to US\$2.53/lb while the gold price has continued to strengthen from US\$1,490/oz to near US\$1,580/oz.

Copper

Global investment bank and financial services group Morgan Stanley this month reports that it is still a copper bull, saying "falling mine supply growth and moderate demand growth will push the (copper) market into outright deficit in 2020-21."

Observing that market conditions have improved, Morgan Stanley cites several reasons, including:

- Destocking is done and metal inventory is low, meaning improvement in end-use demand is now more likely to flow upstream to bring a direct impact on copper demand;
- Supply is constrained, with another year of falling copper mine supply;
- An improving macro environment, with the Phase 1 US-China trade deal set to help to restore confidence to the markets;

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- Risk weightings favour the copper bulls because of trade tension de-escalation, strong investor buying and a forecast weaker USD;

BofA (Bank of America) Global Research says in its January copper report that tight supply is squeezing copper higher. The “squeeze” is in no small way driven by China (which, according to BofA, now accounts for 40% of global copper smelting capacity) looking at output reductions to improve its smelter profitability.

On the demand side, BofA says that “upside to copper purchases is captured in our business cycle analysis which has transitioned into the ‘recovery’ stage, typically a bullish period for the base metal.” BofA adds that environmental, social and corporate governance (ESG) and geo-politics are becoming more important, with China determined to put more electric vehicles on the road as well as invest more in renewable energies – both of which require high copper inputs.

Wall Street’s research and brokerage firm Bernstein says in its January report that “our structural, long-term bullishness on copper is driven by our analysis of the fundamental factors that stand behind the production of wealth. The process that we have termed the ‘democratisation of wealth’ – the desire for the developing world to replicate the mass capital/commodity accumulation that underpins the wealth of the Western World – started with China and, as far as we can see, will not end there. However, in a world where increases in productivity are insufficient to overcome or compensate for the decelerating quality of the incremental unit of supply, commodity prices will trend upwards in real terms.”

Goldman Sachs says that with record low onshore copper stocks in China (a four-year low in December), a collapse in its smelter margins and a smelter cutback, uncertainty around China’s copper supply adds upside risk to prices, adding that “we believe the market is under-pricing the potential for future supply risks as well as a meaningful pick-up in demand.”

The Swiss-based independent commodities trading specialist Transamine declares that “Dr Copper has turned bullish” with the bullishness driven by both demand and supply-side issues, adding that “with some easing in trade tensions, demand is expected to rebound and after months of subdued business confidence and destocking, a pick-up in confidence could give apparent demand a significant boost and that in turn would likely prompt some restocking along the supply chain.”

Gold

Global player Cannacord Genuity, in its 2020 outlook, says “on gold, the 2020 story is the Fed’s bias to take an inflation risk.” While 2019 was about safe-haven buying, Cannacord says 2020 “should be about rising inflation expectations and US\$ depreciation. But sub-par global growth in 2020 should keep short- and long-term bond yields in a range. This should keep real Fed funds in negative territory and help push the price of gold higher.”

S&P Global is of the view that market fundamentals for gold remain largely the same, adding that “slowing global economic growth and relatively low interest rates should limit material downside to prices. Specifically, we assume the historical inverse relationship between interest rates and gold prices will persist.”

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Bloomberg's intelligence unit, in its mid-January precious metals outlook for 2020, says support for precious metals prices is likely to come from ongoing uncertainty about global economic growth, geo-political troubles and inflationary pressures in a low-interest-rate environment with expanding global money supply. Bloomberg is of the view that gold producers will remain focused in 2020 on production and cost discipline to support earnings.

An Australian Financial Review article of 15 January 2020, titled "why gold still looks attractive" quotes the Macquarie group saying that the dramatic surge caused by heightened geo-political uncertainty needs to be treated with caution, with previous geo-political events failing to spook investors enough to deliver a sustained rally in the gold price. "For the rally to continue, we need some bullish combination of general US dollar weakness, lower interest rates and a spike in inflation expectations," says Macquarie, which forecasts that gold prices will rise above US\$1,600 an ounce through 2022 and 2023.

For this Quarterly Report, the final word on gold goes to the well-researched and respected UK-based World Gold Council. Reporting that the gold price rose 18.4% in USD terms in 2019 (its best performance since 2010), the WGC expects that the interplay between market risk and economic growth will drive gold demand this year. The WGC is of the view that:

- Financial and geo-political uncertainty combined with low interest rates will likely bolster gold investment demand;
- Net gold purchases by central banks will likely remain robust even if they are lower than the record highs seen in recent quarters;
- Momentum and speculative positioning may keep gold price volatility elevated; and
- Gold price volatility, as well as expectations of weaker economic growth, may result in softer consumer demand near term, but structural economic reforms in India and China will support demand in the long term.

Tenement Schedules for the quarter ending 31 December 2019

South Australia					
Tenement	Location	Lease Status	Area Type	Current Area	Date
EL5683	Moonta South	Granted	km ²	21	09/06/2020
EL5981	Moonta South	Granted	km ²	108	22/06/2021
EL6100	Moonta South	Granted	km ²	94	16/01/2023
EL6136	Moonta South	Granted	km ²	185	19/03/2020
EL6143	Moonta South	Granted	km ²	104	15/04/2020
EL6189	Moonta South	Granted	km ²	354	01/08/2022
EL6245	Moonta South	Granted	km ²	1,168	01/08/2022
EL6455	Moonta South	Granted	km ²	74	04/11/2021
ML6438	Hillside	Granted	Ha	2,998	15/09/2035
EML6439	Hillside	Granted	Ha	225	15/09/2022
MPL146	Hillside	Granted	Ha	94	15/09/2035

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In addition to the above, Rex has a 100% interest in the Hog Ranch Property, based in Nevada USA. The Hog Ranch Property is currently made up of a total of 347 mining claims located in Washoe County, Nevada (70 new claims have been staked and will be certified in January 2020). The underlying title of 247 of those claims is held in Platoro West Incorporated (Platoro) and Nevada Select Royalty Inc. All Hog Ranch claims are subject to an underlying agreement between Platoro, Nevada Select Royalty Inc. and Hog Ranch Minerals Incorporated (HRMI). The agreement provides full operational control of the Property to HRMI, with a series of minimum expenditure and activity commitments required to keep the agreement and the option to acquire 100% of Hog Ranch in good standing.

Nevada, USA					
Lode Mining Claims	Location	Lease Status	Area Type	Total Area ¹	Date Certified
NHR 1 – 30	Washoe County	Claimed	Ft ²	27,000,000	10/08/2019

Note:

¹ Total Area comprises the area of each of the 30 Lode Mining Claims, ie. 1500' x 600'

COMPETENT PERSONS STATEMENT

The information in this announcement for the Hog Ranch Property that relates to Exploration Results or Mineral Resources is based on, and fairly reflects, information compiled by Mr Steven Olsen who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Rex Minerals Ltd. Mr Olsen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Olsen consents to the inclusion in this report of these matters based on his information in the form and context in which it appears.

CORPORATE INFORMATION

ASX Code: RXM

Issued Share Capital as at 31 December 2019

Ordinary Shares	309,674,882
Options on Issue (Unquoted)	2,000,000
Hog Ranch Consideration Rights (Unquoted)	20,000,000

Share Price Activity for the 31 December 2019 Quarter

Low	7.2c
High	9.3c
Last (30 January 2020)	6.5c

Share Registry

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

T: +61 3 9415 4000 (investors)
T: 1300 850 505 (investors within Australia)

Registered Office

Level 6, 1 Collins Street
Melbourne, Victoria 3000

T: +61 8 8299 7100
E: rex@rexminerals.com.au
W: www.rexminerals.com.au

Mailing Address

PO Box 3435, Rundle Mall
Adelaide, South Australia 5000

For further information, please contact:

Richard Laufmann, Chief Executive Officer
or Kay Donehue, Company Secretary

T: +61 8 8299 7100
E: rex@rexminerals.com.au

For media/investor relations, please contact:

Gavan Collery

T: +61 419 372 210
E: gcollery@rexminerals.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Rex Minerals Ltd

ABN

12 124 960 523

Quarter ended ("current quarter")

December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(642)	(1,233)
(b) development	-	-
(c) production	-	-
(d) staff costs	(484)	(986)
(e) administration and corporate costs	(171)	(606)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,293)	(2,806)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	768	784
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	768	784

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,226	2,723
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,293)	(2,806)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	768	784
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	701	701

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	701	1,226
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (current quarter should equal item 4.6 above)	701	1,226

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
162
-

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(70)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(452)
9.5 Administration and corporate costs	(168)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows*	(690)

*To support its planned activities, Rex will be required to raise additional funds over the next quarter and in the future. Rex has a history of successfully raising cash through equity raisings. The Directors reasonably expect that Rex will be able to raise funds as required. Rex has available its full 15% placement capacity under Listing Rule 7.1 and also has freehold land with a book value of \$14.1m, which could be used as security for additional funds, if necessary.


Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL6455 (South Australia)	Ownership	-	74km ²

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



 Company Secretary

Date: 31 January 2020

Print name: KAY DONEHUE

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.