

ASX Release: 30 April 2020



ABN 12 124 960 523

Quarterly Activities Report for the period ended 31 March 2020

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LETTER FROM THE CHIEF EXECUTIVE OFFICER

This first quarter of calendar 2020, reshaped by the impacts of COVID-19, has already redefined the future – it's only to what extent that remains in question.

Against this backdrop, Rex Minerals Ltd (Rex or the Company) has moved quickly to reset and refocus to adapt to the challenges.

Following global and nationwide quarantine and lockdown, we immediately suspended and deferred all non-committed expenditure and activities to both conserve cash and reassess Rex's activities and work programs. Our objective? To provide a plan to steer Rex through the immediate period of COVID-19 uncertainty.

With cash of A\$3.9 million and assuming activity returns to some form of "new normal" in the second half of the year, we are in a strong financial position to deliver on a range of objectives in 2020.

Importantly, our decision to add gold to the Rex portfolio, with the acquisition of Hog Ranch in Nevada USA, continues to deliver upside. In Q1, the total Mineral Resource was increased to 936,000 ounces. Gold is without peer as a protective asset class, particularly in uncertain times such as these.

In South Australia, we cannot deny that the delays in receiving the approved Program for Environment Protection and Rehabilitation (PEPR) from the SA Government for Hillside have been frustrating. Rex finalised all outstanding matters raised by the Department for Energy and Mining of our PEPR submission on 18 September last year. We had expected clear resolution to the PEPR process and have been requesting as much from the SA Government's Department.

Importantly, the Hillside Project had it been in production would have easily survived the most recent global downturn, with both Cash Operating and All in Sustaining Costs (previously reported at US\$1.61 and \$1.88 per pound of copper respectively) comfortably below the minimum price copper traded at even in the darkest hour. Hillside, when in development and production, would be providing stable revenue and employment for at least 15 years for approximately 500 people. The world needs copper now – more than ever.

Looking forward, and notwithstanding the (hopefully) temporary impact of COVID-19 delays, we will deliver a gold Mineral Resource upgrade at Hog Ranch in coming weeks, with a Scoping Study to follow. We will update the market on our plans at that time, as we venture into what believe will be a very defining year for Rex and our patient shareholders.

Richard Laufmann
Chief Executive Officer / Managing Director

CORPORATE

On 31 January 2020, Rex Minerals (Rex or the Company) issued an updated Company presentation that was delivered by the CEO at an invitation-only gathering of sophisticated investors from a range of high-profile investment hubs. The conference took place in Western Cape, South Africa.

A key message from the presentation was that Rex should be considered as an investment in copper and gold, with development and exploration projects in first-class mining jurisdictions. For full details, see Rex's ASX announcement of 31 January 2020.

On 21 February 2020, Rex announced that it had entered into an agreement for a A\$4.4 million loan facility, and this is today reflected in a refreshed cash-at-bank balance (see page 10 of this report, within the Appendix 5B).

No shares, options, warrants or other convertible securities were issuable in connection with this loan facility which was described by the Company as "a prudent decision to utilise a modest portion of our balance sheet to secure additional funds for our upcoming work programs." For full details, see Rex's ASX announcement of 21 February 2020.

On 3 March 2020, The Company issued the Consolidated Interim Financial report to 31 December 2019. For full details, see Rex's ASX announcement of 3 March 2020.

Employee Options and Hog Ranch Consideration Rights

On 6 March 2020, Rex announced that it had issued a total of 12,100,000 unlisted options to employees. The issue was made under the Company's Option Incentive Plan approved by shareholders at its 2018 Annual General Meeting. No options have vested or been exercised during the quarter.

The Company also has on issue 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.

HOG RANCH PROPERTY – NEVADA, USA

Within the Quarterly Report to the end of December 2019, the Company reported (29 and 31 January 2020) that it had completed an updated Mineral Resource estimate for the Bells Project, situated within the Hog Ranch Property in Nevada USA. In summary, the update included:

- 24.4Mt @ 0.52g/t gold (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; and
- 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).

For full details, see Rex's announcements to the ASX of 29 and 31 January 2020.

On 6 February 2020, Rex released column leach test results for the Bells Project. This announcement included relevant disclosures made in accordance with the 2012 JORC Code. Highlights of the results included:

- Column leach test results confirm Bells is highly amenable to heap leaching.
- Gold recoveries of 85% and 86% from two bulk samples.
- Notably, recoveries (based on leach solution assays) were:
 - over 60% at 5 days; and
 - over 80% at 22 days.

For full details, see Rex's announcement to the ASX of 6 February 2020.

HILLSIDE PROJECT – SOUTH AUSTRALIA

Program for Environment Protection and Rehabilitation (PEPR)

As reported in the last Quarterly Report, issued to the ASX on 31 January 2020, Rex has worked closely with the SA Government's Department for Energy and Mining (DEM) and other agencies in ensuring that we have thoroughly addressed all matters raised by government. All regulator feedback reflecting minor wording changes was finalised on 18 September 2019. During the March 2020 quarter, the Company worked to remove any doubt that consistency issues have been thoroughly addressed. There has been no further feedback or queries on the PEPR document. It continues to sit with the SA Government for determination.

Community Engagement

Whilst contact and engagement has been severely restricted, some meetings with a range of community members, businesses, landowners and other stakeholders around the Hillside Project and more broadly on the Yorke Peninsula took place before full lock down was in place.

On 2 March 2020, Rex attended a Hillside Mine Community Voice (HMCV) meeting at Ardrossan, and provided updates on the PEPR process, progress and status. Rex confirmed to the HMCV that it will publish the PEPR document once it is approved by government.

COMMODITY MARKET INSIGHT

While the copper price spiked to US\$2.89/lb in mid-January, it finished the quarter at US\$2.23/lb then settled today to around US\$2.35/lb. The gold price began the quarter firmly at US\$1,518/oz, and has climbed to over US\$1,700/oz.

While minerals commodities are clearly sensitive to COVID-19 related global economic weakness, there is reason for some optimism, according to respected economists. Unlike the impact of the Global Financial Crisis, the economic effects of this pandemic were weighing more on the supply side than on demand.

Relative to other sectors of the economy, minerals commodities output, in response to “resilient” demand and rather unique operating environments such as semi-autonomous remote entities, had been holding up though concerns loom around disruptions to labour availability and the global supply chain logistics as a consequence of the measures taken to contain the pandemic. The lag effects of self-imposed supply constraints are now weighing more heavily on demand and commodity prices, with notable exceptions in iron ore and the safe haven-driven gold price although the USD/AUD exchange rate and costs effect of cheaper oil are cushioning the impact of lower USD denominated commodity prices for Australian producers.

A few economists have noted that the stronger the underlying fundamentals are going into a bear market, the greater the likelihood of coming out of it in relatively better shape. Few contest that the underlying fundamentals for copper and gold were sound leading into the COVID-19 crisis.

Copper

Cutting straight to the chase on impacts from COVID-19, global financial services group UBS forecasts a 3% contraction in copper demand this year “in line with that of prior recessions which have in the past 40 years driven a 1-4% contraction in copper demand,” concluding that “we have shifted from forecasting a balanced copper market in 2020 to a surplus of ~1Mt. This surplus is short-lived as we factor in a global economic recovery from the end to people movement restrictions and a response from monetary and fiscal stimulus.”

Goldman Sachs is aligned to this near-term view, saying in early April that it has cut copper (and aluminium and iron ore) price forecasts, and now expects commodity prices to bottom in Q2/Q3 this year and start to recover in Q4.

The NZ-based investment and advisory group Jarden Securities, which carries a strategic alliance with Credit Suisse, estimates that in the short-to-mid-term, the copper market will remain roughly in balance. It goes on to say that “in the long term, we think the outlook for copper is positive. Copper will play a crucial role in the global trends of electrification and mobility, but it is scarce and increasingly costly to mine.”

Jarden cites Wood Mackenzie, the respected metals and mining research group, as now shifting its long-held position to forecast that the copper market will move to deficit in 2024. Jarden adds that there is no evidence capex intensity is increasing over the next five years, saying that copper projects have not become more expensive in the past decade and the pipeline looks similarly economical.

Gold

The World Gold Council commented that “we believe the deceleration in economic growth will undoubtedly impact gold consumer demand and gold’s volatility may remain high, but high risk levels combined with widespread negative real rates and quantitative easing will be supportive of gold investment demand as a safe haven.”

The London Bullion Market Association supports this when its CEO, Ruth Crowell, says that gold is maintaining its centuries old role as a safe haven and store of value in troubled times. In an April report in Mining Weekly magazine, Crowell says “the gold market continues to be resilient and durable even in these unprecedented market conditions, but even the safest, most liquid assets suffer occasional short bursts of volatility, and gold is no exception.”

ANZ says “negative real interest rates, easy money supply, heightened macro-economic risks and fading USD strength together form the benign backdrop for gold investors. We see flight to safety investments attracting fund flows in gold.”

The latest forecasts, led by Bank of America (Merrill Lynch) under the heading of “the Fed can’t print gold,” see gold headed to US\$3,000/oz over the next 18 months though we feel the final word on gold for this report should go to the world’s top miner of the precious metal, Colorado-based Newmont Corporation, where its Australian-born CEO Tom Palmer says in a mid-April Bloomberg news service article that “the level of stimulus globally that’s going into the economy certainly underpins higher gold prices for the longer term, and I don’t think that stimulus has stopped yet. You could certainly see scenarios that have it pushing north of US\$2,000.” Like Rex Minerals, Newmont has gold interests in Nevada, USA.

Tenement Schedules for the quarter ending 31 March 2020

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

* Renewal documentation submitted to the SA Government and currently being processed

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. 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
NHR 31 – 100	Washoe County	Claimed	Ft ²	63,000,000	28/01/2020

Note:

1 Total Area comprises the area of each Lode Mining Claim, 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 March 2020

Ordinary Shares	309,674,882
Options on Issue (Unquoted)	14,100,000
Hog Ranch Consideration Rights (Unquoted)	20,000,000

Share Price Activity for the 31 March 2020 Quarter

Low	2.9c
High	7.3c
Last (29 April 2020)	5.0c

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 Mailing Address

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Rex Minerals Ltd

ABN

12 124 960 523

Quarter ended ("current quarter")

March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(356)	(1,589)
(b) development	-	-
(c) production	-	-
(d) staff costs	(470)	(1,456)
(e) administration and corporate costs	(278)	(883)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,100)	(3,906)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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 equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	784
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	4,400	4,400
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(92)	(92)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,308	5,092

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	701	2,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,100)	(3,906)
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)	4,308	4,308

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,909	3,909

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	3,909	701
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,909	701

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
162

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments at Item 6.1 relate to Directors Fees for the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,400	4,400
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	4,400	4,400

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

During the quarter a secured loan facility to the value of \$4.4m was entered into, via a group of 12 lenders including 4 Directors at an interest rate of 10%, maturing March 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,128
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	1,128
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,909
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,909
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.47

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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.

Date: 30 April 2020



Authorised by: KAY DONEHUE, Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.