



(ABN 12 124 960 523)

*Rex Minerals Ltd
and its controlled entities*

*31 December 2014
Consolidated interim financial report*

Corporate Directory

DIRECTORS

David Carland (Executive Chairman)
Steven Olsen (Executive Director)
Richard Laufmann (Non-executive Director)
Alister Maitland (Non-executive Director)

COMPANY SECRETARY

Rosie Bolingbroke

PRINCIPAL & REGISTERED OFFICE

Level 19, 11 Waymouth Street
Adelaide, South Australia 5000

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SHARE REGISTRARS

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

AUDITORS

KPMG
151 Pirie Street
Adelaide, South Australia 5000

BANKERS

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

Ord Minnett Ltd
120 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS

Baker McKenzie
181 William Street
Melbourne, Victoria 3000

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Directors' report

The Directors present their report together with the consolidated interim financial statements of Rex Minerals Ltd ("the Company" or "Rex") and its consolidated entities ("the Group") for the half-year ended 31 December 2014 (the "Half Year") and the auditor's review report thereon.

Directors

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

Name	Period of directorship
Non-Executive	
Richard Laufmann Non-Executive Director	Appointed 16 May 2007
Alistair Maitland Non-Executive Director	Appointed 16 September 2011
Executive	
David Carland Chairman	Appointed 12 December 2013 Appointed Chairman 1 January 2014
Steven Olsen Executive Director	Appointed 13 May 2007
Former Executive	
Mark Parry Managing Director/CEO	Appointed 15 October 2012 Resigned 8 August 2014

Principal activities

The principal activity of the Group is minerals exploration, primarily for the discovery and development of copper-gold-iron deposits in South Australia. Rex has commenced the transition towards becoming a mining and mineral processing company through the progress of activities associated with achieving all regulatory approvals and funding for the development of the Hillside Project.

Operating results

The consolidated interim statement of profit or loss and other comprehensive income shows a Loss after tax of \$1,988 thousand for the half-year ended 31 December 2014 (2013: Profit \$3,022 thousand).

Review of operations

Introduction

Rex is an Australian minerals exploration and development company with a large scale copper-gold-iron project on the Yorke Peninsula, South Australia ("the Project" or "Hillside"). During the Half Year, Rex was offered and accepted the offer of mineral tenements (Mining Lease) for the Hillside Project on the Yorke Peninsula, South Australia. Rex also commenced work on an "Extended Feasibility Study" to pursue lower capital options, based on a small scale starting operation at the Hillside Project.

Hillside Project

The Hillside Project is situated 12km south of the township of Ardrossan on the Yorke Peninsula, South Australia (Figure 1).

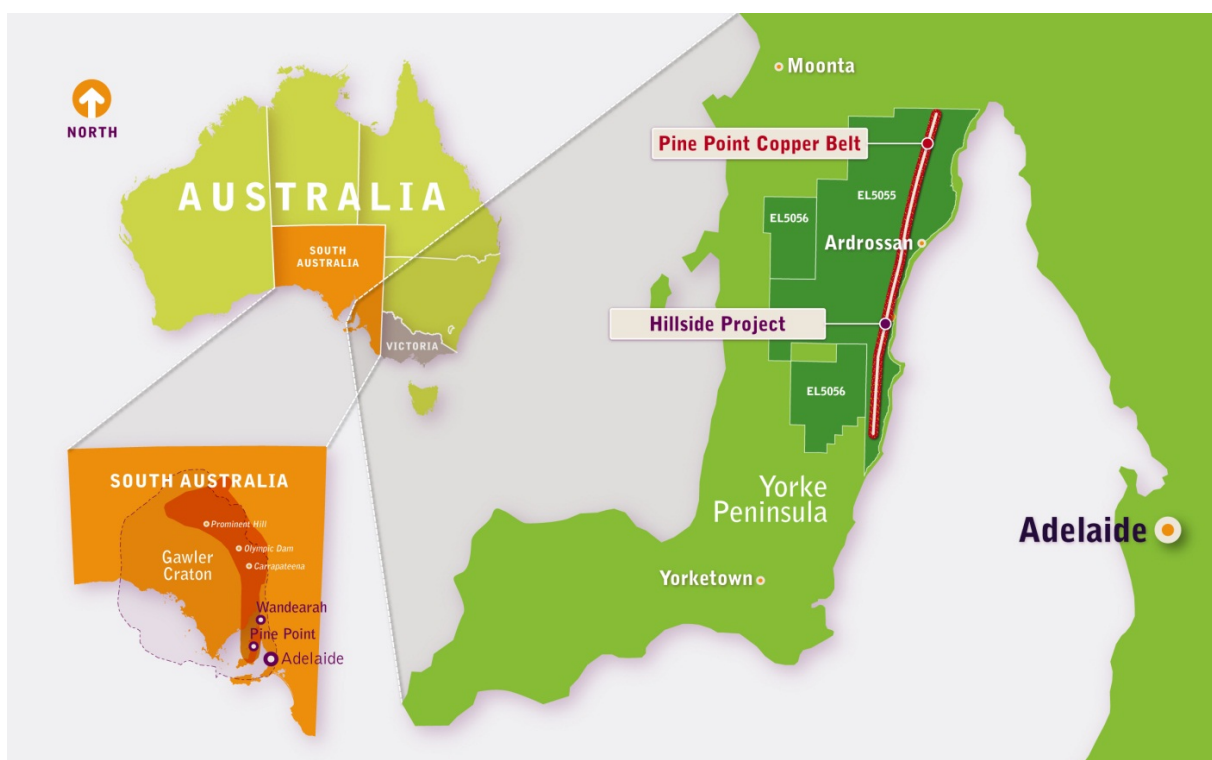


Figure 1: Location diagram of the Hillside Project, South Australia.

Mining Lease Approvals

On 16 September 2014, Rex announced that it had formally accepted the offer of mineral tenements (Mining Lease) for the Hillside Project on the Yorke Peninsula, South Australia.

The Mining Lease and associated terms and conditions was based on 3 years of work which included over 50 community meetings, an assessment of 237 submissions and numerous independent technical reports covering all aspects of the operation.

The formal granting of the Mining Lease to Rex is a significant milestone and important for the next steps of financing the development of the Hillside Project.

Extended Feasibility Study

On 8 August 2014, Rex announced that it would extend the work associated with the Feasibility Study (Extended Feasibility Study) to pursue lower capital options, based on a smaller scale starting operation at the Hillside Project.

Since that time, commodity prices have decreased further to near 5 year lows, further emphasising the importance of reviewing the Feasibility Study to enable the Project to start with a smaller capital requirement.

Global commodity market volatility and exchange rate sensitivity have relegated the resource sector to difficult times. This decline in prices and sentiment needs to be accommodated in any assessment and financing of a new mining project.

Notwithstanding the current outlook for copper prices, the case for copper and gold in the medium to long term remains positive with a strong prospect of a demand-supply deficit in the copper market in the near future.

Iron ore prices have collapsed and the sentiment about the future of iron ore is very poor. This development underpinned the decision to concentrate on copper and gold in Stage One of the Hillside Project.

The resource sector will continue to ride a cyclical curve and Rex is working to ensure we are ready to capitalise on the next inflexion.

The Hillside Extended Feasibility Study has pared back the original plan and now focuses on a copper-gold development plan that more than halves capital and production rates (Stage One). Future expansion, including the production of iron ore, is preserved as a Stage Two expansion to the original plan.

Initial estimates are positive and indicate that the new development plan can remain cash positive in a low copper price environment. If the plan can be confirmed, it has the potential to position the Hillside Project as an attractive new copper development opportunity.

Rex has focused on a 6Mtpa start-up Project that significantly simplifies the mining, and processing as well as reducing the capital in all areas to produce a copper-gold concentrate.

Work on the processing plant has focused on equipment selection to deliver the best returns from the Stage One development while allowing for the later expansion of the processing plant. AMEC and Hyundai continue to remain engaged and supportive of the Hillside Project and are assisting Rex with the final plant design and costing for the 6Mtpa processing plant.

The work on the mining schedule and associated equipment selection has focused on the delivery of the highest grade possible to the processing plant. The reduced initial processing rate has allowed for reduced dilution of the orebody based on the equipment selection. The mining work will now focus on the development of a detailed and optimised mine plan which will deliver the best possible copper grade into the 6Mtpa processing plant. This plan will also allow for the expansion to a larger mining rate to facilitate an investment decision by the Company to expand the Project to a larger scale, including iron ore, as defined within the Mining Lease conditions for the Hillside Project.

Corporate

During the Half Year, Dr David Carland was appointed as Executive Chairman, following the resignation of the Managing Director, as an interim appointment and Mr Steven Olsen appointed as Advisory Board Chairman.

Rex has restructured the Company to enable it to focus on its core objectives. A number of cost saving measures have been implemented to ensure that the Company can conserve its cash reserves to support the Extended Feasibility Study, new development plan and subsequent financing alternatives.

At the completion of the Extended Feasibility Study, future cash expenditures are expected to be further reduced and given the broader market pull back, Rex will similarly continue to reduce costs substantially and preserve cash.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 19 and forms part of the Directors' Report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the Directors:



David Carland
Executive Chairman

Dated at Melbourne this 20th day of February 2015

Consolidated interim statement of financial position

As at 31 December 2014

	Note	31 Dec 2014 \$000	30 June 2014 \$000
Current assets			
Cash and cash equivalents		7,260	2,590
Term deposits		6,500	19,000
Trade and other receivables		496	262
Prepayments		125	173
Total current assets		14,381	22,025
Non-current assets			
Exploration and evaluation expenditure	6	156,617	153,344
Property, plant and equipment		15,926	16,165
Water infrastructure		4,076	4,076
Trade and other receivables		219	229
Total non-current assets		176,838	173,814
Total assets		191,219	195,839
Current liabilities			
Trade and other payables		923	3,396
Employee benefits		133	273
Provisions		90	36
Total current liabilities		1,146	3,705
Non-current liabilities			
Trade and other payables		614	652
Employee benefits		66	101
Total non-current liabilities		680	753
Total liabilities		1,826	4,458
Net assets		189,393	191,381
Equity			
Issued capital	7(i)	189,566	189,566
Reserves		3,159	3,912
Accumulated losses		(3,332)	(2,097)
Total equity		189,393	191,381

The condensed notes on pages 13 to 15 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2014

	6 months to 31 Dec 2014 \$000	6 months to 31 Dec 2013 \$000
Finance income	274	302
Other income	12	-
Administrative expenses	(797)	(1,481)
Depreciation expense	(61)	(62)
Employee benefits expense	(1,270)	(1,532)
Marketing expenses	(146)	(297)
Loss on disposal of fixed assets	-	(18)
Loss before tax	(1,988)	(3,088)
Income tax benefit	-	6,110
Total profit/(loss) for the period after tax	(1,988)	3,022
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss) attributable to members of Rex Minerals Limited	(1,988)	3,022
Earnings/(loss) per share attributable to members of Rex Minerals Ltd		
Basic earnings/(loss) per share (cents)	(0.90)	1.60
Diluted earnings/(loss) per share (cents)	(0.90)	1.56

The condensed notes on pages 13 to 15 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of changes in equity

For the six months ended 31 December 2014

	Share Capital	Share Based Payments Reserve	Profit Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2013	177,685	1,421	-	(137)	178,969
Share based payments compensation	-	(159)	-	159	-
Transfer from share based payments reserve	-	-	3,022	(3,022)	-
Total comprehensive income/(loss) for the period	-	-	-	3,022	3,022
Balance at 31 December 2013	177,685	1,262	3,022	22	181,991
Balance at 1 July 2014	189,566	890	3,022	(2,097)	191,381
Transfer from share based payments reserve	-	(753)	-	753	-
Total comprehensive income/(loss) for the period	-	-	-	(1,988)	(1,988)
Balance at 31 December 2014	189,566	137	3,022	(3,332)	189,393

The condensed notes on pages 13 to 15 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of cash flows

For the six months ended 31 December 2014

	6 months to 31 Dec 2014 \$000	6 months to 31 Dec 2013 \$000
Cash flows from operating activities		
Cash paid to suppliers and employees	(2,833)	(4,088)
Interest received	405	279
Research and development benefit received	-	9,192
Net cash from/(used in) operating activities	(2,428)	5,383
Cash flows from investing activities		
Exploration and evaluation payments	(5,423)	(9,127)
Acquisition of property, plant and equipment	(1)	(92)
Proceeds from the sale of property, plant and equipment	22	5
Proceeds from/(investment in) term deposits	12,500	(5,500)
Net cash from/(used in) investing activities	7,098	(14,714)
Cash flows from financing activities		
Net cash from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	4,670	(9,331)
Cash and cash equivalents at beginning of the period	2,590	24,816
Cash and cash equivalents at period end	7,260	15,485

The condensed notes on pages 13 to 15 are an integral part of these consolidated interim financial statements.

Condensed notes to the consolidated interim 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 consolidated financial statements as at and for the six month period ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily is involved in minerals exploration in Australia.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 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 2014. 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 2014.

These consolidated interim financial statements were approved by the Board of Directors on 20th February 2015.

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 2014.

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 2014.

5. Operating Segments

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

6. Exploration and evaluation expenditure

Exploration and evaluation costs carried forward in respect of minerals exploration areas of interest:

Exploration and evaluation phases

Opening balance

Additions

Closing balance

6 months to 31 Dec 2014 \$000	6 months to 30 Jun 2014 \$000
156,617	153,344
153,344	143,098
3,273	10,246
156,617	153,344

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

7. Issued capital and reserves

(i) Movements in shares on issue:

	Date of Issue	No of shares	Exercise Price \$	\$000
Opening balance at 1 January 2014		188,907,284		177,686
Capital Raising – Placement	12/03/2014	28,000,000	0.40	11,200
Less costs of Placement				(640)
Capital Raising – Placement	22/04/2014	3,612,500	0.40	1,445
Less costs of Placement				(125)
Closing balance at 30 June 2014		220,519,784		189,566
Opening balance at 1 July 2014		220,519,784		189,566
Closing balance at 31 December 2014		220,519,784		189,566

(ii) Movements in options on issue:

	Date of Issue	No. of Options	Exercise Price \$	Expiry Date
Opening balance at 1 January 2014		4,600,000		
Lapse of Options - employees	06/05/2011	(640,000)	3.00	30/04/2014
Lapse of Options - employees	24/05/2012	(120,000)	1.20	30/04/2015
Closing balance at 30 June 2014		3,840,000		
Opening balance 1 July 2014		3,840,000		
Lapse of Options - employees	24/05/2012	(200,000)	1.20	30/04/2015
Lapse of Options - employees	24/09/2012	(3,000,000)	0.91	31/08/2017
Closing balance at 31 December 2014		640,000		

8. Commitments

The Group has entered into an office lease agreement for a period of 10 years, with a commitment of \$3.9m over the remaining 9 year period.

9. Contingencies

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

The Group's bankers have provided guarantees amounting to \$20,000 to certain Government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$20,000 as at 31 December 2014.

The Group's bankers have provided a guarantee amounting to \$198,903 to the Landlord regarding the office at Level 19, 11 Waymouth Street, Adelaide, South Australia 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 \$198,903 as at 31 December 2014.

10. Subsequent events

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

Directors' declaration

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

1. the consolidated financial statements and notes set out on pages 9 to 15, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Groups' financial position as at 31 December 2014 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:



David Carland
Executive Chairman

Dated at Melbourne this 20th day of February 2015.

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

We have reviewed the accompanying interim financial report of Rex Minerals Limited, which comprises the consolidated interim statement of financial position as at 31 December 2014, consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with the 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

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Rex Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Scott Fleming
Partner

Adelaide

20 February 2014



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

To: the directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 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

Scott Fleming
Partner

Adelaide

20 February 2015