



(ABN 12 124 960 523)

*Rex Minerals Ltd
and its controlled entities*

*31 December 2015
Consolidated interim financial report*

Corporate Directory

DIRECTORS

David Carland (Chairman)
Richard Laufmann (Executive Director)
Alister Maitland (Non-Executive Director)
Mitchell Hooke (Non-Executive Director)

COMPANY SECRETARY

Kay Donehue

PRINCIPAL & REGISTERED OFFICE

Level 19, 11 Waymouth Street
Adelaide, South Australia 5000

CONTACT DETAILS

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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 2015 (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	
David Carland Chairman	Appointed Chairman 1 January 2014 Appointed Director 12 December 2013
Alistair Maitland Director	Appointed 16 September 2011
Mitchell Hooke Director	Appointed 4 August 2015
Executive	
Richard Laufmann Managing Director/CEO	Appointed Managing Director 23 April 2015 Appointed Director 16 May 2007

Principal activities

The principal activity of the Group is minerals exploration and evaluation in Australia. Following the discovery of the Hillside deposit Rex has focused on moving the Project into development. There were no significant changes in the nature of the Group's principal activities during the period.

Operating results

The consolidated interim statement of profit or loss and other comprehensive income shows a loss after tax of \$2.8 million for the half-year ended 31 December 2015 (2014: Loss \$5.3 million - restated).

Review of operations

Introduction

Rex is an Australian minerals exploration and development company with a copper-gold project on the Yorke Peninsula, South Australia ("the Project" or "Hillside"). Rex is leveraged to the future of the copper market and believes Hillside is well placed to capitalise on the projected up swing over the medium to long term.

An Extended Feasibility Study (EFS) was completed in 2015 and key findings to date from the EFS include:

- a A\$480M development, including an open pit mine and processing plant;
- an initial 13+ year mine life, with an Ore Reserve of 82Mt @ 0.62% copper and 0.16g/t gold, equating to approximately 0.51Mt (1.12 billion pounds) of copper and 0.43Moz of gold;
- a Mineral Resource (measured, indicated and inferred) of 337Mt @0.6% copper and 0.14g/t gold, equating to approximately 2.0Mt of copper and 1.4Moz of gold;
- an annual minerals processing rate of six million tonnes to produce approximately 35,000 tonnes of copper and 25,000 ounces of gold per year; and
- an estimated construction workforce of 550 people and an estimated production workforce of about 500 people.

Following completion of the EFS, Rex has downsized and sought to pull back operational expenditure in response to market forces. The Company retains a small but talented group of experts to drive completion of the Program for Environment Protection and Rehabilitation (PEPR) and position the Project for financing and development.

Corporate

On 4 August 2015, Rex announced the appointment of Mitchell Hooke as a Non-Executive Director.

Mr Hooke retired as Chief Executive Officer of the Minerals Council of Australia (MCA) at the end of 2013, a position he had held since June 2002. Mr Hooke is Chairman of Partners in Performance International and a member of the Advisory Board of Partners in Performance (North America), a global management consulting firm with specialist skills across minerals resources, agricultural, industrial manufacturing and services industries.

Mr Hooke is also a Non-Executive Director of GTL Energy Ltd, a technology company in the early stages of commercialising proprietary technology to upgrade low-rank coals. He is an Independent Director of Grain Producers Australia, the national not-for-profit body which represents Australia's broadacre grain, pulse and oilseed producers.

On 27 November 2015, Ms Kay Donehue was appointed as Rex's Company Secretary. Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector.

Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector. Ms Donehue is also Company Secretary of Indophil Resources NL which was delisted from the ASX in January this year following completion of a Scheme of Arrangement with its major shareholder. Ms Donehue is an Associate of the Governance Institute of Australia and holds a Graduate Diploma in Applied Corporate Governance.

Management

In October 2015, Mr Greg Hall joined the Company as Project Director, who until recently, was CEO of copper-gold producer Hillgrove Resources. Mr Hall is a Non-Executive Director with uranium explorer Alligator Energy, and a Director of the unlisted public uranium company, Torch Energy.

Mr Hall has a wealth of experience from a career that includes operations, technical and marketing roles in copper, uranium, nickel, bauxite and alumina, gold and iron ore for WMC and Rio Tinto. In 2006, he set up the uranium company Toro Energy as its inaugural Managing Director. Toro Energy's activity and growth saw it achieve approval for WA's first uranium mine at Wiluna.

Ms Amber Rivamonte was formally appointed CFO from 1 November 2015 and has over 20 years' experience in the resources industry covering the fields of commercial, strategic and risk management, corporate governance and financial management experience. Ms Rivamonte has a background in accounting and is a certified practicing accountant (CPA) in Australia. She has previously held the roles of CFO and company secretary at Rex Minerals and Ballarat Goldfields. Ms Rivamonte also previously held the role of company secretary at Indophil Resources and White Rock Minerals.

Option Incentive Plan

Rex issued 16.8 million options on 22 December 2015 at an exercise price of 6.3 cents (13% premium to the closing price on the day). The Options are to vest in three equal tranches and will expire on 30 November 2019. The Option Incentive Plan is designed to maintain an experienced Board and Management team, yet at the same time preserve cash for project and operational purposes.

The Plan was approved by shareholders at the Rex AGM held in November 2015. As part of this Plan approval, Rex has reduced the cash component payable to Non-Executive Directors and its payroll cost base while retaining or engaging high-calibre employees.

Regulatory Approvals

On 28 August 2015, Rex advised that the South Australian Government's Department of State Development (DSD) has approved a 12-month extension for the submission of the PEPR and the Social Management Plan (SMP) for Rex's Hillside Project.

Rex is engaged with the DSD, local and regional community and other stakeholders on development of the PEPR and the components of the SMP.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the Directors:



Richard Laufmann
Managing Director

Dated at Melbourne this 4th day of March 2016

Consolidated interim statement of financial position

As at

	Note	31 Dec 2015 \$000	30 June 2015 \$000
Current assets			
Cash and cash equivalents		8,238	7,930
Term deposits		-	3,000
Trade and other receivables		22	72
Prepayments		75	51
Total current assets		8,335	11,053
Non-current assets			
Exploration and evaluation expenditure		1,645	1,645
Property, plant and equipment		15,508	15,711
Water infrastructure		4,076	4,076
Trade and other receivables		218	218
Total non-current assets		21,447	21,650
Total assets		29,782	32,703
Current liabilities			
Trade and other payables		779	884
Employee benefits		160	132
Provisions		83	83
Total current liabilities		1,022	1,099
Non-current liabilities			
Trade and other payables		538	576
Employee benefits		67	80
Total non-current liabilities		605	656
Total liabilities		1,627	1,755
Net assets		28,155	30,948
Equity			
Issued capital	7(i)	189,566	189,566
Reserves		7	-
Accumulated losses		(161,418)	(158,618)
Total equity		28,155	30,948

The condensed notes on pages 11 to 13 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

	6 months to 31 Dec 2015 \$000	Restated 6 months to 31 Dec 2014 \$000
Finance income	103	274
Other income	-	12
Administrative expenses	(754)	(759)
Depreciation expense	(203)	(230)
Employee benefits expense	(1,136)	(2,422)
Marketing expenses	(80)	(146)
Exploration and evaluation	(729)	(1,991)
Loss on disposal of fixed assets	(1)	-
Loss before tax	(2,800)	(5,262)
Income tax benefit	-	-
Total loss for the period after tax	(2,800)	(5,262)
Other comprehensive income/(loss)	-	-
Total comprehensive loss attributable to members of Rex Minerals Limited	(2,800)	(5,262)
Loss per share attributable to members of Rex Minerals Ltd		
Basic and diluted loss per share (cents)	(1.27)	(2.39)

The condensed notes on pages 11 to 13 are an integral part of these consolidated interim financial statements.

The comparative statement for the six months ended 31 December 2014 has been restated to show the effects of the voluntary change in accounting policy, as disclosed in the 30 June 2015 financial statements. Refer to Note 5.

Consolidated interim statement of changes in equity

For the six months ended 31 December

	Share Capital	Share Based Payments Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2015	189,566	-	(158,618)	30,948
Share based payments compensation	-	7	-	7
Total comprehensive loss for the period	-	-	(2,800)	(2,800)
Balance at 31 December 2015	189,566	7	(161,418)	28,155
Restated balance at 1 July 2014	189,566	890	(150,774)	39,682
Transfer from share based payments reserve	-	(753)	753	-
Restated total comprehensive loss for the period	-	-	(5,262)	(5,262)
Restated balance at 31 December 2014	189,566	137	(155,283)	34,420

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The comparative statement for the six months ended 31 December 2014 has been restated to show the effects of the voluntary change in accounting policy, as disclosed in the 30 June 2015 financial statements. Refer to Note 5.

Consolidated interim statement of cash flows

For the six months ended 31 December

	6 months to 31 Dec 2015 \$000	Restated 6 months to 31 Dec 2014 \$000
Cash flows from operating activities		
Cash paid to suppliers and employees	(2,013)	(3,985)
Exploration and evaluation payments	(808)	(4,271)
Interest received	129	405
Net cash from/(used in) operating activities	(2,692)	(7,851)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(1)
Proceeds from the sale of property, plant and equipment	-	22
Proceeds from/(investment in) term deposits	3,000	12,500
Net cash from/(used in) investing activities	3,000	12,521
Cash flows from financing activities		
Net cash from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	308	4,670
Cash and cash equivalents at beginning of the period	7,930	2,590
Cash and cash equivalents at period end	8,238	7,260

The condensed notes on pages 11 to 13 are an integral part of these consolidated interim financial statements.

The comparative statement for the six months ended 31 December 2014 has been restated to show the effects of the voluntary change in accounting policy, as disclosed in the 30 June 2015 financial statements. Refer to Note 5.

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 2015 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 2015 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 2015. 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 2015.

These consolidated interim financial statements were approved by the Board of Directors on 4th March 2016.

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 2015.

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 2015.

5. Change in Accounting Policy

As discussed in Notes 2(e) and 6 of the 30 June 2015 annual financial statements the Company made a voluntary change in its accounting policy relating to exploration and evaluation expenditure. The new exploration and evaluation expenditure accounting policy is to charge exploration and evaluation expenditure against profit and loss as incurred. The previous accounting policy was to capitalise and carry forward such exploration and evaluation expenditure as an asset where appropriate. The decision to change the accounting policy was only made in the second half of the 2015 financial year, with effect for the full financial year. The change in accounting policy was therefore not reflected in the 31 December 2014 half year financial statements. The comparative

financial information for the six months ended 31 December 2014 has therefore been restated to reflect this change in accounting policy.

The impacts on previously reported comparative disclosures for 31 December 2014 include an increase in the loss for the six months of \$3.274 million from \$1.988 million to \$5.262 million; with the majority of this comprising the expensing of \$1.991 million in exploration and evaluation expenditure and \$1.152 million employee benefits being expensed rather than capitalised, increasing employee benefits expense from \$1.270 million to \$2.422 million. The previously reported basic and diluted loss per share attributable to members of Rex Minerals Ltd also increased from 0.90 cents to 2.39 cents. Opening accumulated losses at 1 July 2014 increased by \$148.677 million from \$2.097 million to \$150.774 million as a result of the change. In addition, in the statement of cash flows, \$5.423 million of exploration and evaluation payments were reclassified from investing activities to financing activities. There was no impact on the net cash flow position.

6. Operating Segments

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

7. Issued capital and reserves

(i) Movements in shares on issue:

	Date of Issue	No of shares	Exercise Price \$	\$000
Opening balance at 1 July 2015		220,519,784		189,566
Closing balance at 31 December 2015		220,519,784		189,566
Opening balance at 1 January 2015		220,519,784		189,566
Closing balance at 30 June 2015		220,519,784		189,566

(ii) Movements in options on issue:

	Date of Issue	No. of Options	Exercise Price \$	Expiry Date
Opening balance 1 July 2015		-		
Issue of Options - employees	22/12/2015	16,800,000	0.063	30/11/2019
Closing balance at 31 December 2015		16,800,000		
Opening balance at 1 January 2015		640,000		
Lapse of Options - employees	24/05/2012	(640,000)	1.20	30/04/2015
Closing balance at 30 June 2015		-		

8. Commitments

The Group has entered into an office lease agreement for a period of 10 years, with a commitment of \$3.5M over the remaining eight 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 2015.

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 2015.

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 interim financial statements and notes set out on pages 8 to 13, 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 2015 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
Managing Director

Dated at Melbourne this 4th day of March 2016.

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 2015, 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 2015 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 2015 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

4 March 2016

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

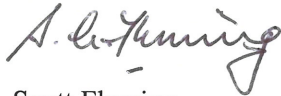
To: the directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 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

4 March 2016