



MINREX
RESOURCES

ABN 81 151 185 867

and its controlled entities

Half-year report for the half-year ended

31 December 2022

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CORPORATE DIRECTORY

DIRECTORS

Mr George Karageorge (Managing Director & CEO)

Mr Alex Krstic (Non-Executive Director)

Mr Ian Shackleton (Non-Executive Director)

COMPANY SECRETARY

Mr Johnathon Busing

REGISTERED OFFICE

Level 2

7 Havelock Street

Perth WA 6005

Telephone: +61 8 9481 0389

Website: www.minrex.com.au

SHARE REGISTRY

Automic Group

Level 5, 191 St Georges Terrace

PERTH WA 6000

Telephone: 1300 288 664 (Within Australia)

+61 2 9698 5414 (Outside Australia)

AUDITORS

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

PERTH WA 6000

LEGAL ADVISORS

GTP Legal Pty Ltd

68 Aberdeen Street

Northbridge WA 6003

SECURITIES EXCHANGE

Australian Securities Exchange Limited

ASX Code: MRR

DIRECTORS' REPORT

The Directors submit their report for MinRex Resources Limited ("MinRex" or "the Company" or "the Group") and its wholly owned subsidiaries for the half-year ended 31 December 2022.

DIRECTORS

The following persons were Directors of the Company during the half-year and until the date of this report:

Mr George Karageorge (*Managing Director & CEO*)

Mr Karageorge is a geologist and is a rare, base, and precious metal exploration expert with over 25 years' experience in the mining sector. He has worked in senior technical and executive management roles for exploration and mining companies across the globe, including Western Mining Corporation, ASARCO, Anglo Gold Ashanti, Barrick Mines and Bluebird Battery Metals, and is best known for his role as one of the founding geologists and registered mine manager of lithium producer, Pilbara Minerals Ltd (ASX: PLS).

Mr Ian Shackleton (*Technical Director*)

Mr Shackleton is the Exploration Manager at MinRex and brings extensive experience managing exploration and mining projects encompassing roles throughout the asset life-cycle including exploration, resource delineation, mining and closure. Mr Shackleton was one of the founding geologists at Global Lithium Resources (ASX: GL1) hosting the Archer Deposit and has extensive experience in battery metals exploration in the Pilbara and base and precious metal experience through-out Australia.

Mr Alex Krstic (*Non-Executive Director*) - appointed 09 February 2023

Mr Krstic brings vast commercial and operational experience to the MinRex team, having worked in senior roles across the critical minerals, energy and iron ore sectors in Australia and abroad. An engineering professional, he has worked with lithium player Pilbara Minerals, Iron Ore giant Fortescue Metals Group, and Chevron - KJVG Gordon joint venture.

He also spent a decade working with ENC Consulting Group, a professional and technical advisory firm providing expert independent advice and support services to the resources sector in Australia and Asia, most recently as Executive Director of Operations.

Mr Pedro Kastellorizos (*Non-Executive Director*) - resigned 08 February 2023

Mr. Kastellorizos was the founder of Genesis Resources Ltd (ASX: GES) and has held various board and management positions including with Eclipse Metals Ltd (ASX: EPM), Batavia Mining Ltd (ASX: BTV), Regency Mines plc, Tennant Creek Gold Ltd (ASX: TNG) and Thor Mining plc. Mr. Kastellorizos has played major roles in overseas project acquisitions, joint ventures, capital raisings and spear headed numerous successful joint ventures. Mr. Kastellorizos has a Bachelor of Science degree and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Kastellorizos transitioned from the role of CEO to a Non-Executive Director of the Company on 16 March 2022.

Mr James Bahen (*Non-Executive Director*) - resigned 02 September 2022

Mr Bahen is a Corporate Advisory Executive and Chartered Secretary who commenced his career in audit and assurance with a chartered accounting firm. He is currently a Company Secretary to a number of ASX listed companies. Mr Bahen is a member of the Governance Institute of Australia (GIA) and holds a Graduate Diploma of Applied Finance and a Bachelor of Commerce degree majoring in Accounting and Finance.

Mr James Pearse (*Non-Executive Director*) - resigned 05 August 2022

Mr Pearse is a corporate lawyer with over 10 years' experience working for national, international and boutique law firms advising Australian businesses primarily in the mining, oil & gas and technology sectors. Mr Pearse holds Bachelor degrees in both Law and Commerce majoring in Finance.

The Directors were in office for the entire period unless otherwise stated.

COMPANY SECRETARY

Mr Johnathon Busing - appointed 09 December 2022

PRINCIPAL ACTIVITY

The Company is an active resources exploration company with projects in the Lachlan Fold Belt of NSW, a world-class gold-copper province, and in the Marble Bar and Murchison Regions of WA. The Company's NSW tenements package covers highly prospective ground targeting multi-commodities type deposits, which host JORC 2012 Resources totalling over 350,000 ounces of gold.

The Company has recently embarked on a tenement acquisition strategy to become an emergent lithium explorer with high-quality assets within the Pilbara in geological terrains like those hosting the world-class lithium and tantalum producers Pilbara Minerals (ASX: PLS) Pilgangoora and Mineral Resources (ASX: MRL) Wodgina.

REVIEW AND RESULTS OF OPERATIONS

The consolidated loss of the Group for the half-year ended 31 December 2022 amounted to \$8,231,137 (31 December 2021: \$1,414,613).

Exploration

Sister Lithium Project

The Sisters Project is situated approximately 1-2km east of Global Lithium Resources Ltd Archer Deposit and 20km north of the township of Marble Bar. The company's project hosts rocks of the Warrawoona Group the same greenstone belt as hosting the Archer Deposit.

In preparation for the inaugural Sisters drilling program the company's activities included finalising a Native Title Heritage Agreement and undertaking a heritage survey with Nyamal Corporation; gaining ground disturbance approvals from the WA Department of Mines; and geological mapping and sampling.

Reconnaissance exploration concentrated on the identification of outcropping lithium-rich pegmatites occurring in the interpreted Goldilocks zone between the North Star Basalt and the Homeward Bound Granite. First-pass geological mapping and sampling identified several pegmatites hosting lithium-bearing minerals within the southern zone at the Sisters Project. Rock chip sample assay results confirmed high-grade lithium-tin-tantalum mineralisation, with sample MRR024 returning 3.42% Li₂O, 80 ppm Ta and 130 ppm Sn.

An RC drilling program comprising 15 drillholes for 2,350m was completed by late September 2022. Interpreted pegmatites were intersected in 8 of the 15 drillholes with assay results still pending at the time of reporting.

Tambourah North Lithium Project

The Tambourah North project comprises a single exploration licence and is located approximately 100km southwest of the Sisters Project. During the reporting period heritage surveys were completed over the project with the Palyku-Jartayi Traditional Landowners.

Recent rock chip sampling and geological mapping over the central and southern portions of the tenement identified several pegmatites following the orientation of the granite-greenstone contact.

Rock chip sampling yielded encouraging results. In the central area of the tenement a pegmatite containing fine-grained spodumene was noted to be hosted within the Apex Basalt. Rock chip samples returned 2.56% Li₂O, 115 ppm Cs and 40 ppm Ta (MRR028); and 1.91% Li₂O, 518 ppm Cs, 370 ppm Ta (MRR040).

In the southern portion of the tenement lithium-bearing minerals within the pegmatites are dominated by lepidolite and are dominantly hosted in the Petroglyph Gneiss, with notable rock chip sample results including: 0.78% Li₂O and 40 ppm Ta (MRR050); 1.01% Li₂O and 94 ppm Ta (MRR051); 1.48% Li₂O and 63ppm Ta (MRR052); and 1.49% Li₂O and 181 ppm Ta (MRR053).

An RC drilling program comprising a total of 9 drillholes for 1,159m was completed during December 2022. Assay results from this program are pending at the time of reporting.

Talga Lithium Project

At the Talga Lithium Project (formerly Moolyella) an RC drilling program comprising a total of 39 drillholes for 2,825m was completed during November-December 2022. The drilling targeted highly elevated soil anomalies containing up to 447 ppm lithium. A total of 3 main areas were drill tested, based on a combination of soil geochemistry and mapped pegmatites.

Prior to drilling a heritage survey was completed with the Nyamal Traditional Landowners alongside gaining ground disturbance approvals from the WA Department of Mines.

Approximately 60% of the northern portion of the tenement remains completely untested by surface geochemistry or geological mapping. Ground exploration activities will concentrate in the north portion of the project area with heritage surveys planned for 2023.

Coondina Rare Earth Project

The company completed the inaugural drilling program over these historic tin workings with 7 traverses comprising drilling a total of 80 shallow vertical RC holes for 1,760m.

The drilling results confirm the potential for rare earth mineralisation on the tenement. Notable Total Rare Earth Elements (TREE) intercepts include CNRC052: 12m at 730ppm TREE from 3m; CNRC054: 9m at 564ppm TREE from 3m; CNRC056: 6m at 567ppm TREE from 6m; and CNRC060: 6m at 640ppm TREE from 6m.

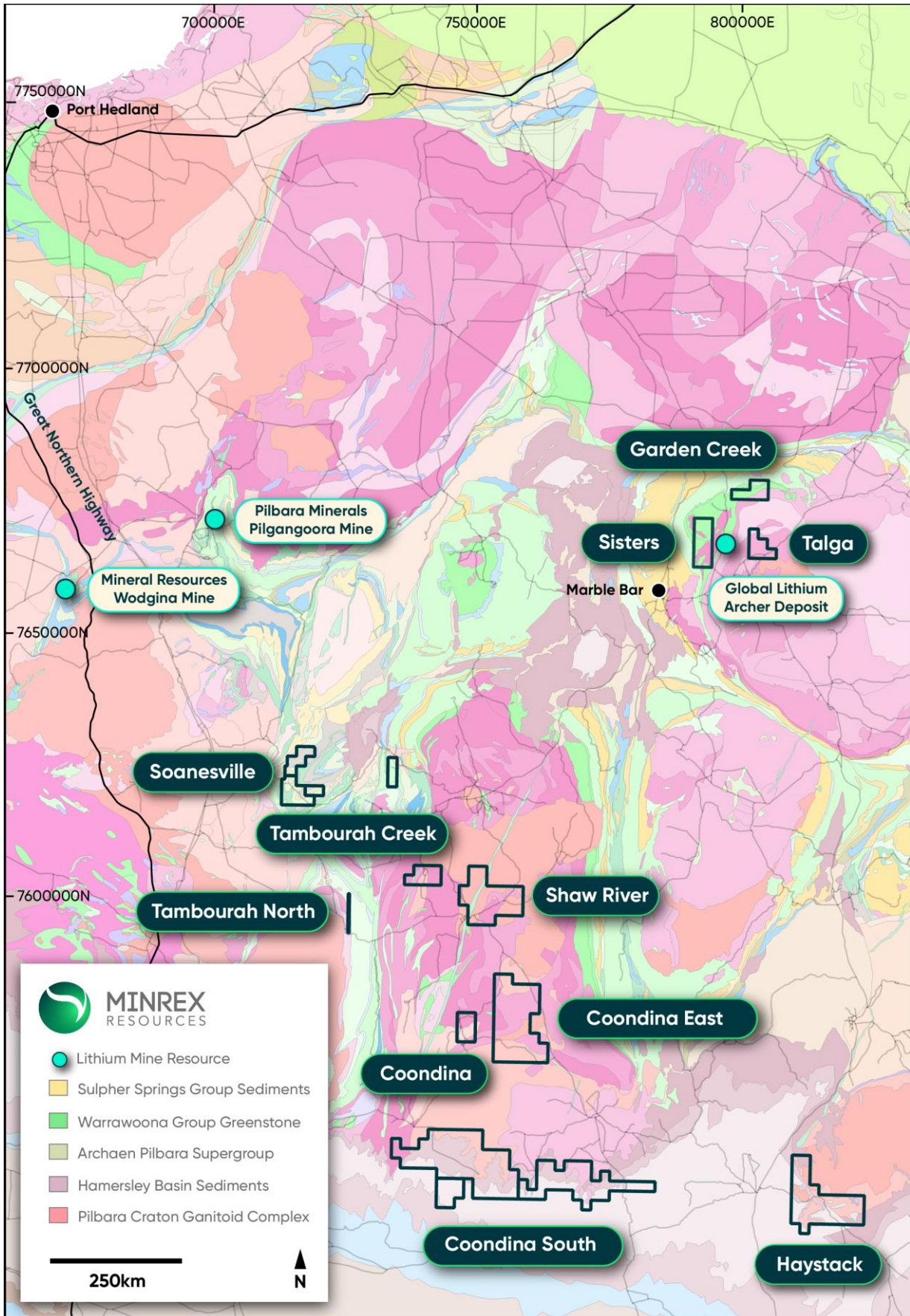


Figure 1: MinRex Resources Project Location Map highlighting the proximity to known Lithium-Resources and Operational Mines.

Corporate**Board Change**

On 5 August 2022, Mr James Pearse tendered his resignation as Non-Executive Director from the Board of MinRex.

On 2 September 2022, Mr James Bahen tendered his resignation as Non-Executive Director from the Board of Minrex. On the same day, Mr Kavi Bekarma was appointed as Company Secretary.

On 8 December 2022, Mr Kavi Bekarma tendered his resignation as Company Secretary. On the same day, Mr Johnathon Busing was appointed as Company Secretary, replacing Mr Kavi Bekarma.

Subsequent Events

MinRex Resources Limited (MinRex) is withdrawing from the joint ventures established by the Heads of Agreement dated on or around the 27 November 2017 (as varied) now between SR (Sale Entity) Pty and East Pilbara Conglomerates Pty Ltd, as subsidiaries of MinRex, and each of Kingmaker Metals Pty Ltd and SR (Retention Entity) Pty Ltd, as subsidiaries of Sorrento Resources Pty Ltd, of its entire interest (70%) in the following tenements: E45/4560, E45/4853, P45/3039 & P45/3040. As a result, an impairment of \$5,056,464 has been charged to the statement of profit and loss during the period.

The joint venture established with respect to the Daltons tenement E45/4681 remains in force between SR (Retention Entity) Pty Ltd and SR (SR Entity) Pty Ltd and MinRex does not relinquish any of its interest in E45/4681.

On 8 February 2023, the Company announced the appointment of Alex Krstic as Non-Executive Director. Alex commenced employment in early February, bringing vast commercial and operational experience to the MinRex team, having worked in senior roles across the critical minerals, energy, and iron ore sectors in Australia and abroad.

It was also announced that Mr Pedro Kastellorizos has resigned from his position as Non-Executive Director.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the future financial years.

Significant changes in state of affairs

Other than as noted above, there have been no significant changes in state of affairs since 30 June 2022.


Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is disclosed on page 9 of this report and forms part of this Directors' Report for the half-year ended 31 December 2022.

Signed on behalf of the board in accordance with a resolution of the Directors.



George Karageorge
Managing Director & CEO
Perth, 16th March 2023

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MINREX RESOURCES LIMITED

As lead auditor for the review of MinRex Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of MinRex Resources Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth
16 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2022

		31-Dec-2022	31-Dec-2021
		\$	\$
	Note		
Revenue from ordinary activities			
Interest income		128,624	-
Other income		-	21,630
		<u>128,624</u>	<u>21,630</u>
Expenditure			
Depreciation and amortisation		(66,462)	(39,493)
Corporate expenses		(609,380)	(387,993)
Exploration, evaluation & development expenditure		(2,055,766)	(446,288)
Impairment of exploration and evaluation assets	4	(5,056,464)	-
Marketing and promotional expenses		(111,352)	(23,767)
Management and administration expenses		(172,090)	(56,570)
Share based payment expense	6, 7	(285,118)	(480,857)
Finance costs		(3,129)	(1,275)
Total expenditure		<u>(8,359,761)</u>	<u>(1,436,243)</u>
(Loss) from ordinary activities before income tax expense		(8,231,137)	(1,414,613)
Income tax expense		-	-
Net (loss) attributable to the members of MinRex Resources Limited		(8,231,137)	(1,414,613)
Other comprehensive income			
Income tax relating to items of other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss) for the half-year		<u>(8,231,137)</u>	<u>(1,414,613)</u>
(Loss) per share:			
Basic loss per share attributable to the ordinary equity holders of the company (cents)	8	(0.76)	(0.24)
Diluted loss per share attributable to the ordinary equity holders of the company (cents)	8	(0.76)	(0.24)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

		31-Dec-2022	30-Jun-2022
		\$	\$
	Note		
Current Assets			
Cash and cash equivalents		13,006,093	14,186,746
Other receivables		153,111	247,308
Prepayments		83,211	19,385
Total Current Assets		13,242,415	14,453,439
Non-Current Assets			
Exploration, evaluation and development expenditure	4	14,800,090	19,807,840
Right-of-use asset		112,341	128,781
Property, plant and equipment		218,558	209,111
Total Non-Current Assets		15,130,989	20,145,732
Total Assets		28,373,404	34,599,171
Current Liabilities			
Trade and other payables		802,039	341,390
Provision for annual leave		13,112	4,370
Lease liability		29,099	24,685
Total Current Liabilities		844,250	370,445
Non-current liabilities			
Lease liability		88,741	105,027
Total non-current Liabilities		88,741	105,027
Total Liabilities		932,991	475,472
Net Assets		27,440,413	34,123,699
Equity			
Issued capital	5	42,651,587	41,516,489
Share-based payments reserve	6	465,509	52,755
Accumulated losses		(15,676,683)	(7,445,545)
Total Equity		27,440,413	34,123,699

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2022

	Contributed equity \$	Share-based payment reserve \$	Accumulated losses \$	Total equity \$
31 December 2021				
Balance at 1 July 2021	16,071,499	278,467	(4,722,491)	11,627,475
Net loss for the period	-	-	(1,414,613)	(1,414,613)
Total comprehensive loss for the period	-	-	(1,414,613)	(1,414,613)
Transaction with owners recorded directly in equity				
Issue of shares	2,930,000	-	-	2,930,000
Conversion of options into shares	10,000	-	-	10,000
Issue of consideration shares	620,000	-	-	620,000
Shares issued in lieu of director fees	31,700	-	-	31,700
Share based payments	-	480,857	-	480,857
Capital raising costs	(206,783)	-	-	(206,783)
Balance at 31 December 2021	19,456,416	759,324	(6,137,104)	14,078,636
31 December 2022				
Balance at 1 July 2022	41,516,489	52,755	(7,445,545)	34,123,699
Net loss for the period	-	-	(8,231,137)	(8,231,137)
Total comprehensive loss for the period	-	-	(8,231,137)	(8,231,137)
Transaction with owners recorded directly in equity				
Issuance of ordinary shares	1,346,215	-	-	1,346,215
Share based payments	-	412,754	-	412,754
Capital raising costs	(211,117)	-	-	(211,117)
Balance at 31 December 2022	42,651,587	465,509	(15,676,682)	27,440,414

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2022

	31-Dec-2022	31-Dec-2021
	\$	\$
Note		
Cash flows from operating activities		
Interest received	128,624	-
Payments for exploration and evaluation expenditure	(1,296,175)	(640,950)
Payments to suppliers and employees	(1,130,028)	(253,512)
Net cash used in operating activities	(2,297,579)	(894,462)
Cash flows from investing activities		
Payments for exploration assets	(17,461)	-
Payments for property, plant and equipment	(113,378)	(25,000)
Net cash used in investing activities	(130,839)	(25,000)
Cash flows from financing activities		
Proceeds from equity issues	1,264,015	2,940,000
Proceeds from unissued securities	-	20,000
Payments for share issue costs	(1,250)	(206,783)
Repayment of lease liabilities	(15,000)	(13,864)
Net cash from financing activities	1,247,765	2,739,353
Net increase in cash and cash equivalents held	(1,180,653)	1,819,891
Cash and cash equivalents at the beginning of the period	14,186,746	2,450,024
Cash and cash equivalents at the end of the half-year	13,006,093	4,269,915

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Notes to the Half-Year Financial Statements

1. Corporate Information

MinRex Resources Limited and its controlled entities (“MinRex” or “the Company” or “the Group”), is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. These financial statements are presented in Australian dollars. The half-year financial report was authorised for issue in accordance with a resolution of the Directors on 15 March 2023.

The nature of the operations and the principal activities of the Company are described in the Directors’ Report.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

The half year financial report is a general purpose report prepared in accordance with the *Corporations Act 2001* and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group’s 2022 annual financial report for the financial year 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year. It has been determined by the group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has not determined the impact of these.

(c) Going Concern

The half year report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Condensed Notes to the Half-Year Financial Statements

3. Segment Information

For management purposes, the Company is organised into one main operating segment, which involves exploration for gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. Total revenue earned by the Company is generated in Australia and all the Company's non-current assets reside in Australia.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the half-year financial statements.

4. Exploration and evaluation expenditure

	31-Dec-2022	30-Jun-2022
	\$	\$
Exploration and evaluation assets		
(a) Area of interest:		
East Pilbara Gold Projects - Western Australia	599,536	5,656,000
East Lachlan Fold Belt Projects - New South Wales	4,304,357	4,304,357
White Springs Project - Western Australia	37,500	37,500
Abeh tenements - Western Australia	2,920,033	2,888,200
Odette Five Pty Ltd - Western Australia	6,938,664	6,921,783
Carrying amount at end of the period	<u>14,800,090</u>	<u>19,807,840</u>
(b) Reconciliation:		
Carrying amount at beginning of the period	19,807,840	9,437,857
Exploration and evaluation assets acquired ¹	48,714	10,369,983
Less write-off of exploration and evaluation expenditure ²	<u>(5,056,464)</u>	<u>-</u>
Carrying amount at end of the period	<u>14,800,090</u>	<u>19,807,840</u>

¹ During the period, the company paid for the related stamp duties on the acquisitions made during the 2022 financial year.

² The Company is withdrawing from the joint ventures established in 2017 of its entire interest (70%) in the following tenements: E45/4560, E45/4853, P45/3039 & P45/3040.

Condensed Notes to the Half-Year Financial Statements

5. Issued Capital

	31-Dec-2022 No.	31-Dec-2022 \$	30-Jun-2022 No.	30-Jun-2022 \$
Ordinary Shares				
Fully paid ordinary shares	1,084,867,503	42,651,587	1,060,146,961	41,516,489
	1,084,867,503	42,651,587	1,060,146,961	41,516,489

	31-Dec-22 No.	31-Dec-22 \$	30-Jun-2022 No.	30-Jun-2022 \$
Movements in ordinary shares on issue:				
At beginning of the period	1,060,146,961	41,516,489	551,137,055	16,071,499
Share issued in lieu of introduction fee	1,325,806	82,200	-	-
Share issued during the period - Placement	14,919,355	925,000	252,620,968	12,850,000
Share issued during the period - Options Exercised	8,475,381	339,015	55,410,981	2,236,439
Shares issued on conversion of performance rights	-	-	23,000,000	754,243
Shares issued in lieu of Director and Consultancy fees	-	-	4,432,987	117,200
Consideration for acquisition of exploration assets	-	-	173,544,970	10,226,058
Share issue costs		(211,117)		(738,950)
At end of period	1,084,867,503	42,651,587	1,060,146,961	41,516,489

6. Share-based payments reserve

The share-based payments reserve records items recognised as expenses on valuation of options and performance rights.

	31-Dec-2022 \$	30-Jun-2022 \$
At beginning of the period	52,755	278,467
Share-based payments vesting expense	80,618	528,531
Incentive options issued	204,500	-
Lead manager options issued	127,636	-
Conversion of performance rights	-	(754,243)
At the end of the period	465,509	52,755

Refer to Note 7 for valuation technique and assumptions.

Condensed Notes to the Half-Year Financial Statements

7. Share-based payments

	31 Dec 2022 No.	31 Dec 2022 \$
Issue of incentive options to director ⁽ⁱ⁾	10,000,000	204,500
Issue of performance rights to directors and employee ⁽ⁱⁱ⁾	24,000,000	16,567
Issue of performance rights to director ⁽ⁱⁱⁱ⁾	1,000,000	4,029
Issue of performance rights to director ^(iv)	13,000,000	60,022
Sub-total		285,118
Share based payments expense in the profit and loss		285,118

- (i) The company has issued 10,000,000 incentive options on 2 December 2022 to director, following approval at the Annual General Meeting held on 30 November 2022.
- (ii) The company has issued 22,500,000 incentive performance rights on 2 December 2022 to directors and employees, following approval at the Annual General Meeting held on 30 November 2022.
- (iii) 1,000,000 incentive performance rights issued on 13 May 2021 as part of the CEO equity-based remuneration package.
- (iv) 13,000,000 incentive performance rights issued on 25 February 2022 to directors, following approval at the General Meeting held on 16 February 2022.

Performance rights

The valuation of share-based payment transactions is measured by reference to fair value of the equity instruments at the date at which they are granted. The fair value of the performance rights is determined using the Monte Carlo simulation model, taking into account the terms and conditions upon which the rights were granted.

The following input were used for the valuation of the performance rights issued during the period:

	CLASS C	CLASS D	CLASS E
Grant date	30 Nov 2022	30 Nov 2022	30 Nov 2022
Spot price	\$0.045	\$0.045	\$0.045
Life of the Rights (Years)	5.00	5.00	5.00
Expiry	2 Dec 2027	2 Dec 2027	2 Dec 2027
Volatility %	100%	100%	100%
Risk free rate	3.537%	3.537%	3.537%
Dividend yield	Nil	Nil	Nil
Number of Rights	4,500,000	5,250,000	6,000,000
Valuation per Option	\$0.0426	\$0.0415	\$0.0421

Condensed Notes to the Half-Year Financial Statements

7. Share-based payments (cont'd) Performance rights (cont'd)

	CLASS F	CLASS G	CLASS H
Grant date	30 Nov 2022	30 Nov 2022	30 Nov 2022
Spot price	\$0.045	\$0.045	\$0.045
Life of the Rights (Years)	5.00	5.00	5.00
Expiry	2 Dec 2027	2 Dec 2027	2 Dec 2027
Volatility %	100%	100%	100%
Risk free rate	3.537%	3.537%	3.537%
Dividend yield	Nil	Nil	Nil
Number of Rights	3,000,000	2,250,000	3,000,000
Valuation per Option	\$0.0406	\$0.0403	\$0.0398

Performance milestones

Each Performance Right is a right of the holder to acquire one fully paid ordinary share in the capital of the Company subject to the below terms and conditions.

Name	Number of rights issued	Fair Value	Performance Milestones
Class CEO (May 2021)	1,000,000	\$4,029 \$0.0240 per right	500,000 PR: completion of a minimum of 10,000m of drilling at the Company's Lachlan Fold Belt Projects 500,000 PR: completion of a minimum of 20,000m of drilling at the Company's Lachlan Fold Belt Projects
Class A (Feb 2022)	6,500,000	\$30,379 \$0.0466 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.08 at any time prior to the Expiry Date.
Class B (Feb 2022)	6,500,000	\$29,643 \$0.0455 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.10 at any time prior to the Expiry Date.

Condensed Notes to the Half-Year Financial Statements

7. Share-based payments (cont'd) Performance milestones (cont'd)

Name	Number of rights issued	Fair Value	Performance Milestones
Class C (Nov 2022)	4,500,000	\$3,195 \$0.0426 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.08 at any time prior to the Expiry Date.
Class D (Nov 2022)	5,250,000	\$3,631 \$0.0415 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.10 at any time prior to the Expiry Date.
Class E (Nov 2022)	6,000,000	\$4,210 \$0.0421 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.09 at any time prior to the Expiry Date.
Class F (Nov 2022)	3,000,000	\$2,030 \$0.0406 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.12 at any time prior to the Expiry Date.
Class G (Nov 2022)	2,250,000	\$1,511 \$0.0403 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.13 at any time prior to the Expiry Date.
Class H (Nov 2022)	3,000,000	\$1,990 \$0.0398 per right	The volume weighted average price of the Company's shares on ASX over 20 consecutive trading days (on which the Shares have been traded) reaching \$0.14 at any time prior to the Expiry Date.

Management evaluates estimates and judgements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Condensed Notes to the Half-Year Financial Statements

7. Share-based payments (cont'd)

Options

The following options arrangements were in existence at the reporting date:

Option series	Number	Grant date	Exercise price \$	Expiry date	Vesting date
MRRAOPT01	10,000,000	30 Nov 2022	0.1000	02 Dec 2024	2 Dec 2022
MRRIOPTA	5,000,000	30 Nov 2022	0.1000	02 Dec 2025	2 Dec 2022
MRRIOPTB	5,000,000	30 Nov 2022	0.1000	02 Dec 2025	2 Dec 2022
MRROPT4	49,885,417	Various	0.0400	08 Apr 2023	Various
MRROPT5	18,000,000	27 Nov 2020	0.0450	08 Apr 2023	26 Feb 2021
MRROPT6	500,000	26 Nov 2021	0.0450	09 Apr 2023	13 May 2021
MRROPT7	86,895,162	30 Nov 2022	0.1000	02 Dec 2024	02 Dec 2022

There has been no alteration of the terms and conditions of the above options arrangements since the grant date.

The fair value of the options is determined using the Black & Scholes option pricing model, taking into account the terms and conditions upon which the rights were granted.

The following input were used for the valuation of options issued during the period:

	MRRAOPT01 (i)	MRRIOPTA	MRRIOPTB
Grant date	30 Nov 2022	30 Nov 2022	30 Nov 2022
Spot price	\$0.040	\$0.045	\$0.045
Exercise price	\$0.100	\$0.100	\$0.120
Life of the Options (Years)	2.00	3.00	3.00
Expiry	2 Dec 2024	2 Dec 2025	2 Dec 2025
Volatility %	100%	100%	100%
Risk free rate	3.063%	3.387%	3.387%
Dividend yield	Nil	Nil	Nil
Number of Options	10,000,000	5,000,000	5,000,000
Valuation per Option	\$0.0128	\$0.0213	\$0.0196

- (i) The company has issued 10,000,000 lead manager options on 2 December 2022, in accordance with the lead manager mandate and following approval at the Annual General Meeting held on 30 November 2022.

Condensed Notes to the Half-Year Financial Statements

8. Loss per share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

The basic and diluted loss per share are the same as there are no instruments on issue that have a dilutive effect on the loss per share.

	For the half- year ended 31 December 2022	For the half- year ended 31 December 2021
	\$	\$
Net loss attributable to ordinary shareholders	(8,231,137)	(1,414,613)
Weighted average number of ordinary shares	<u>1,076,190,022</u>	<u>576,245,675</u>
Basic and diluted loss per ordinary share (cents)	<u>(0.76)</u>	<u>(0.24)</u>

9. Events Subsequent to Balance Date

MinRex Resources Limited (MinRex) is withdrawing from the joint ventures established by the Heads of Agreement dated on or around the 27 November 2017 (as varied) now between SR (Sale Entity) Pty and East Pilbara Conglomerates Pty Ltd, as subsidiaries of MinRex, and each of Kingmaker Metals Pty Ltd and SR (Retention Entity) Pty Ltd, as subsidiaries of Sorrento Resources Pty Ltd, of its entire interest (70%) in the following tenements: E45/4560, E45/4853, P45/3039 & P45/3040.

The joint venture established with respect to the Daltons tenement E45/4681 remains in force between SR (Retention Entity) Pty Ltd and SR (SR Entity) Pty Ltd and MinRex does not relinquish any of its interest in E45/4681.

On 8 February 2023, the Company announced the appointment of Alex Krstic as Non-Executive Director. Alex commenced employment in early February, bringing vast commercial and operational experience to the MinRex team, having worked in senior roles across the critical minerals, energy, and iron ore sectors in Australia and abroad.

It was also announced that Mr Pedro Kastellorizos has resigned from his position as Non-Executive Director.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations. There have been no significant changes in state of affairs since 30 June 2022.

10. Contingent Assets and Liabilities

There have been no significant changes in the contingent liabilities or commitments since 30 June 2022.

Condensed Notes to the Half-Year Financial Statements

11. Capital Commitments

There have been no significant changes in the capital commitments since 30 June 2022.

12. Related Party Transactions

There have been no significant changes in the related party transactions since 30 June 2022 with the exception of director rights and options issued, per note 7.

13. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries:

Name	Country of incorporation	Date of incorporation	Equity holding	
			31 December 2022	30 June 2022
East Pilbara Conglomerates Pty Ltd	Australia	17 November 2017	100%	100%
SR (Sale Entity) Pty Ltd	Australia	17 November 2017	100%	100%
Sofala Minerals Pty Ltd	Australia	11 September 2020	100%	100%
MR Resources Pty Ltd	Australia	30 July 2020	100%	100%
Moghul Mining Pty Ltd	Australia	23 November 2020	100%	100%
Odette Five Pty Ltd	Australia	25 January 2021	100%	100%

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of MinRex Resources Limited, I state:

In the opinion of the Directors:

- (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group financial position as at 31 December 2022 and of its performance for the half-year then ended; and
 - (ii) complying with AASB 134 - Interim Financial Reporting (including International Financial Reporting Standards) and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



George Karageorge
Managing Director & CEO
Perth, 16th March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MinRex Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MinRex Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Other matter

The financial report of MinRex Resources Limited, for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified opinion on that report on 2 September 2022. The financial report of MinRex Resources Limited, for the half-year ended 31 December 2021 was reviewed by another auditor who expressed an unmodified opinion on that report on 15 March 2022.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', written over a light blue horizontal line.

Jarrad Prue

Director

Perth

16 March 2023