

Quarterly Activities and Cash Flow Report

for the Quarter Ended 31 December 2017

31 January 2018

HIGHLIGHTS

- Since quarter end, MinRex shareholders have approved key resolutions at a General Meeting of the Company held on 19 January 2018, to enable MinRex to proceed with the acquisition of a 70% interest in five highly prospective tenements with gold potential in the East Pilbara region of Western Australia.
- Settlement of the acquisition of controlling interest in these tenements is expected in the near future.
- The tenements to be acquired contain extensive historical workings, including previous rock chip samples of 30g/t Au (Norms Find) and 1.28g/t Au (BC07) at Bamboo Creek.
- MinRex is now focussed on completing the acquisition of these areas and gearing up to commence gold exploration programs on the new East Pilbara project areas as soon as is practicable following settlement.
- In December 2017, the results of the latest field sampling program at MinRex's Deflector Extended Gold Project were released. This included two samples over 1g/t Au and another four over 0.1g/t Au from further infill surface rock and float sampling in the Project area.
- These new Deflector Extended Gold Project results were from a field program of geological mapping and the collection of 184 surface rock samples, conducted in November 2017, on this tenement, which lies along strike from Doray Minerals Ltd.'s Deflector Gold Mine.
- In late November 2017, the Company successfully completed a Private Placement to raise \$750,000 (before costs) to assist in funding the acquisition of the controlling interest in the new licences.
- As at 31 December 2017 the Company had available cash of \$3.007 million.

About MinRex

MinRex Resources Limited (ASX:MRR) ("MinRex" or "the Company") is an exploration company, listed on the Australian Securities Exchange, with its present focus being the exploration of gold and base metal projects in Western Australia and tin in Tasmania.

MinRex currently holds two projects, the Deflector Extended Gold Project at Gullewa in Western Australia (about 400km north of Perth) and the Heemskirk Tin Project on the west coast of Tasmania (Figure 1).

The Company has also commenced the acquisition of three new project areas, incorporating five tenements, in the East Pilbara region, around Marble Bar, about 1,200km north northeast of Perth (Figure 2). The new projects are the Daltons Gold Project, at the old Daltons Creek mining centre (90km southwest of Marble Bar), the

Bamboo Creek Gold Project (at Bamboo Creek, about 70km northeast of Marble Bar), and the Marble Bar Project, comprising two discrete licences at Marble Bar, one 10km to the southwest of the town site and one 3km to the north.

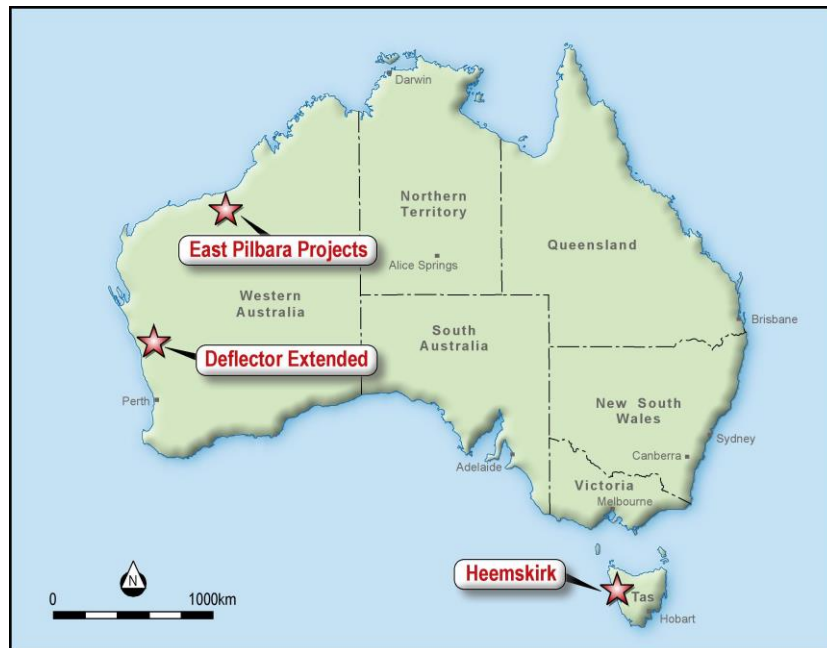
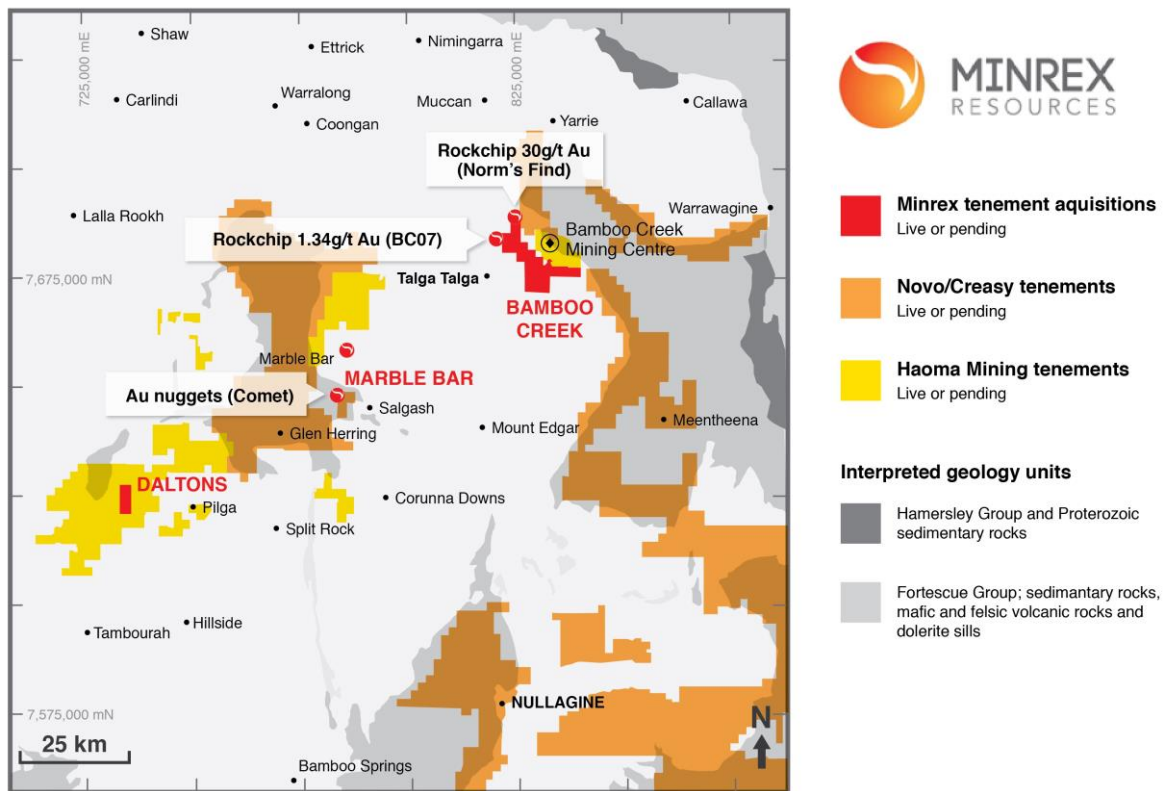


Figure 1: Location of MinRex Project Areas

East Pilbara Gold Projects

On the 28 November 2017, MinRex announced that it had entered into a binding Heads of Agreement to acquire, through controlling entities, a 70% interest in five East Pilbara tenements. Acquisition of the East Pilbara Gold Projects provides MinRex with highly-prospective gold licences in Western Australia’s Pilbara Region. The Pilbara Region has recently become subject to significant investor interest due to the discovery of gold nuggets in Fortescue Group sediments.



Regional simplified bedrock geology, gold mineralisation and key projects (MGA94)

Figure 2: Location of East Pilbara Project Areas

On 14 December 2017, MinRex announced that it was mobilising a team to commence a due diligence site inspection and conduct prospecting activities on the East Pilbara Gold Projects. This work was undertaken in mid-December 2017 and during this site visit all of the project areas were visited.

The results of the site inspection, field trip evaluation and technical due diligence were announced on 15 January 2018. Significantly six gold nuggets totalling 22.7g were recovered from one of the tenements (P45/3040) (Figure 3). This tenement contains part of the old historic Ironclad gold mine (Figure 4).

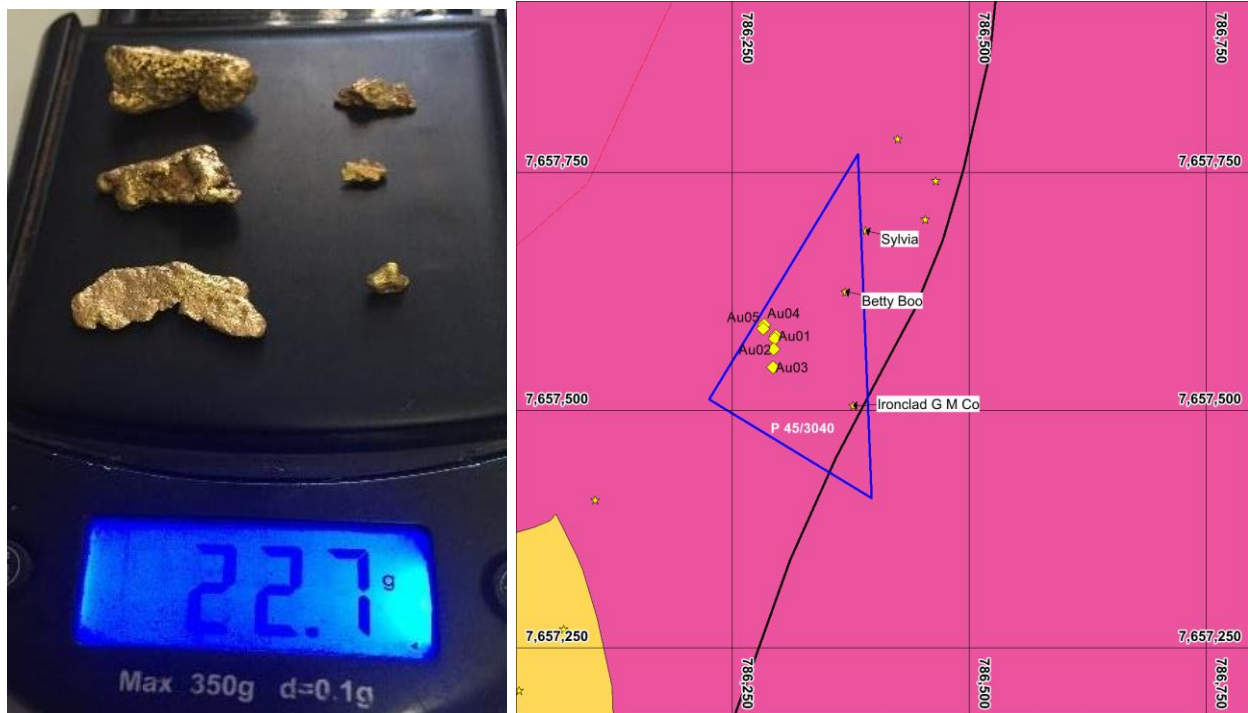


Figure 3: Photo of six gold nuggets totalling 22.7gms found on P45/3040 at Marble Bar
Figure 4: Plan of Marble Bar project tenement P45/3040, showing gold nugget locations

In addition to the metal detecting on P45/3040, some 10 rock chip samples were collected from the second Marble Bar tenement, P45/3039. These rock chip samples were collected, as metal detecting was ineffective due to the presence of significant scrap metal on surface, from the old workings and infrastructure, within the tenement. These rock chips were taken from a ridge adjacent to a significant number of historical workings that are up to 10m deep (figure 5).

These workings are not in the DMIRS MINDEX database and no historical production records are available. The rock chip samples have been sent to Perth for geological interpretation and chemical analysis. The field team were targeting the basal part of a conglomerate along strike from gold occurrences on the adjacent Haoma Mining tenements. Regional mapping by the Western Australian Geological Survey has identified these conglomerates as a part of the Mt Roe Basalt, the basal part of the Fortescue Group. Locations of these rock chips will be reported along with the assay results as soon as they are received.

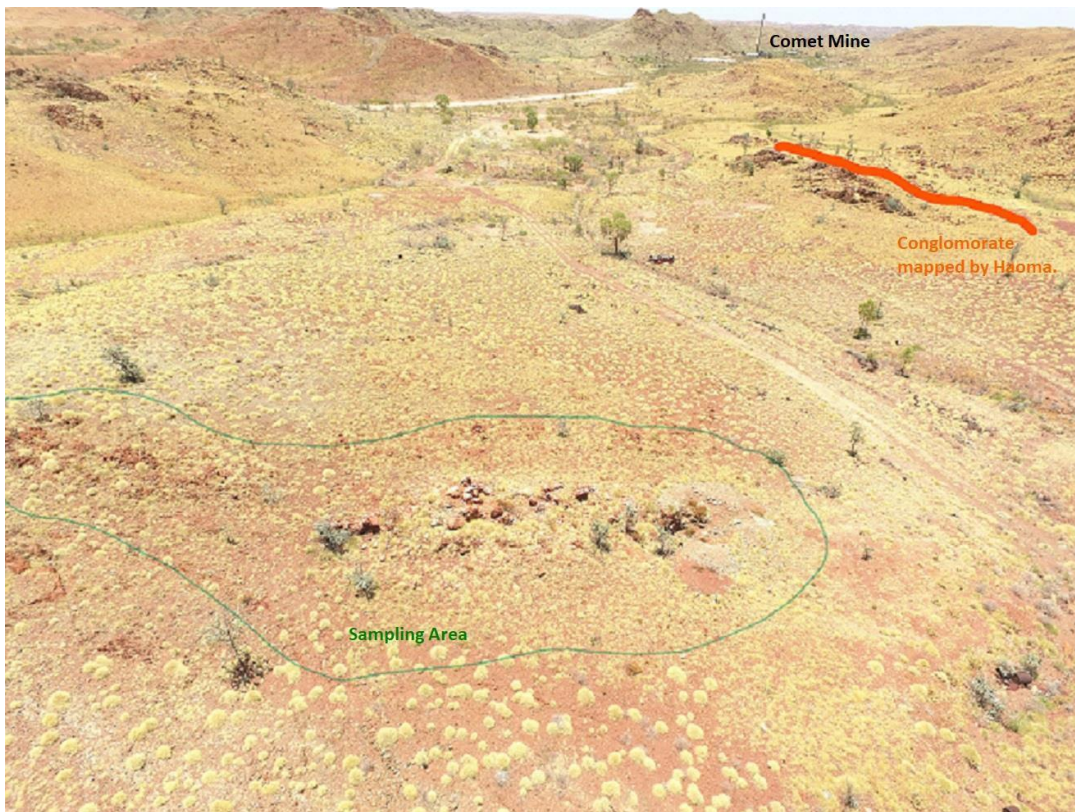


Figure 5: Aerial photo overview of Marble Bar project tenement P45/3039, showing rock chip sampling area and Haoma Mining's Comet gold mine in the background

Access to both the Dalton and Bamboo Creek projects was difficult due to the state of tracks and high travel times from Marble Bar, the closest accommodation suitable for December field activities. One small nugget (0.1g) was recovered adjacent to historical workings on the Daltons project (Figure 6).



Figure 6: Aerial photo of old workings on Dalton project tenement E45/4681, showing gold nugget location

Additional work has been recommended on all of the East Pilbara project areas; including excavation of a bulk sample from the Marble Bar tenements along with detailed geological mapping once the historical data compilation is completed. The data compilation has now commenced following shareholder approval being obtained for the acquisition of the projects, at the General Meeting of the Company on 19 January 2018. Field work will commence once the acquisition of the tenements is finalised.

Deflector Extended Gold Project

MinRex’s Deflector Extended Gold Project (E59/1657) lies to the northeast of the Doray Minerals Limited (“Doray”) Deflector Mine, where copper-gold mineralisation occurs in shear zones in meta-basalt, and also the Golden Stream open cut, where gold was produced from shear zone-hosted quartz veins in meta-basalt. Both deposits trend towards MinRex’s tenement, where deep cover sequences have hindered previous exploration work. The Deflector Mine was opened in May 2016, as an underground mining operation on copper-gold sulphide lodes; Doray is also actively exploring its Deflector area tenements, with drilling at the Deflector Mine and other mines and prospects in the area.

About 85% of the area of E59/1657 is covered by sand, colluvium, scree and alluvium, with only about 15% outcrop of mafic meta-basalts in the Cacagaroon Hills area, and other small areas of granite and dolerite. Minrex has been actively exploring the Project area since 2011, utilising surface sampling and geological mapping to hone in to buried mineralized structures and favourable settings for mineralization.

During November 2017, an extensive field program was conducted at MinRex’s Deflector Extended Gold Project, including geological mapping and the collection of 184 new surface rock samples, with the results from these new samples being shown below on Figure 7. The full results from this program were reported in an ASX announcement on 11 December 2017.

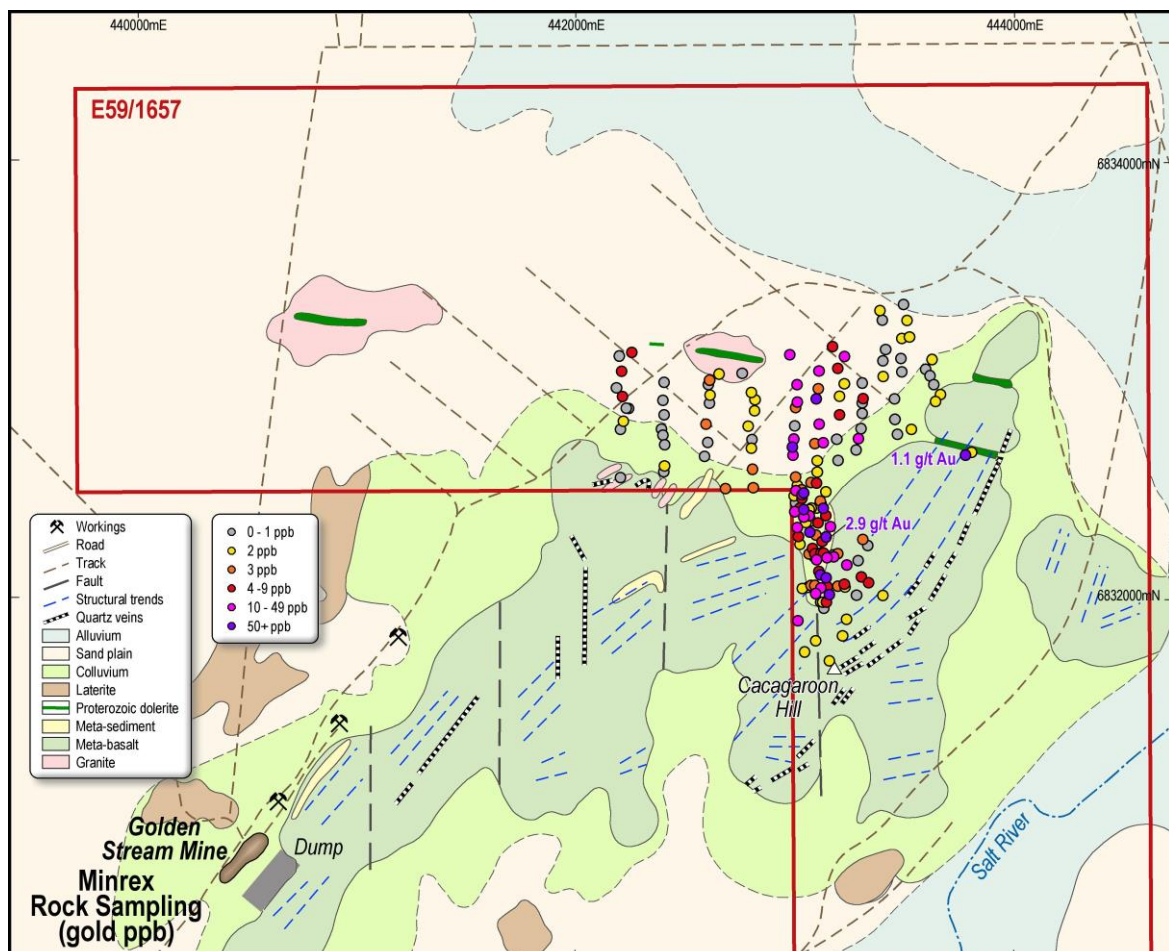


Figure 7: Plan showing the geology and recent (November 2017) rock sample results, in E59/1657

Two of these latest samples returned assay results exceeding 1.0g/t Au, with the highest being 2.9g/t Au from a small sub-crop of vein quartz and goethite, that also returned an assay of 0.1% copper. The second highest assay was from quartz float material that assayed 1.1g/t Au and 0.09% Cu and 1.0% lead. Four other samples assayed over 0.1g/t Au, all in quartz vein float material in areas of cover and scree (Figure 7).

MinRex has now collected a total of 534 surface rock, scree and float samples in the Deflector Extended Gold Project area, along with soil samples and auger drill results, which have defined significant anomalous zones for further examination and sampling. There have also been prior programs of RAB drilling, aircore drilling and soil sampling, by earlier explorers of the area, the results from which support the definition of these anomalous zones. The full results from all 535 rock samples to date are shown below in Figure 8.

The best results are from an area, now known as Corner Creek, where a number of anomalous surface assay values (up to 2.9g/t Au) cluster in a distinct scree-covered area, adjacent to mafic meta-basalt and an interpreted fault zone, near the central corner of the lease. The prevalence of higher gold values in rock and soil values in areas of mafic colluvium suggests that concealed mineralisation may lie below the blanket of scree surrounding the Cacagaroon Hills meta-basalt outcrop area, especially immediately to the north.

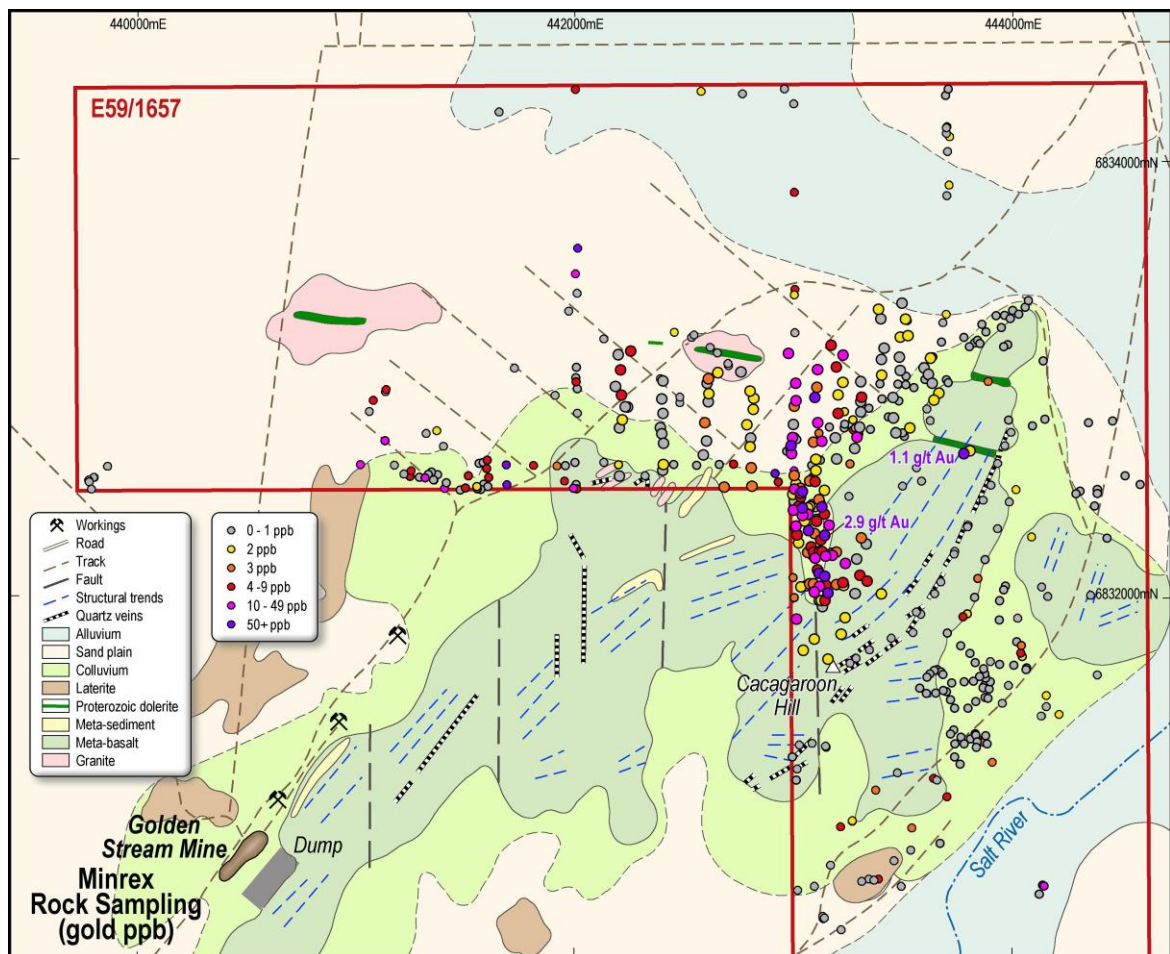


Figure 8: Plan showing the geology and all rock sample results to date, in E59/1657.

It is anticipated that the next stage of work at the Deflector Extended Gold Project will comprise a shallow, vertical aircore drilling program of lines of holes within this anomalous area. Commencement of the heritage survey process, with archaeological and ethnographic surveys over the proposed drilling areas will commence in 2018, along with the collection of further surface rock and soil samples, with a view to further pin pointing the most anomalous areas for subsequent drilling. This work will concentrate on the defined anomalous zones, but also include some further reconnaissance work elsewhere in the Deflector Extended Gold Project.

Heemskirk Tin Project

The Heemskirk Tin Project lies in exploration licence EL18/2011, on the west coast of Tasmania. MinRex has now held its Heemskirk Tin Project since 2012 and has been successful in identifying a number of the old tin workings, dating from the 1870's-1880's, and has collected a total of 129 stream sediment concentrate samples, 99 rock chip samples and 78 soil samples, for a total of 306 samples (Figure 9), in a search for large low-grade, or smaller, high to medium-grade tin deposits

Work is now on-going to collate the exploration results to date and plan for the next stage of exploration, with a new field program expected to commence in the summer months. This new program is likely to include extending the stream sediment concentrate sampling into the north-western zone of the project area.

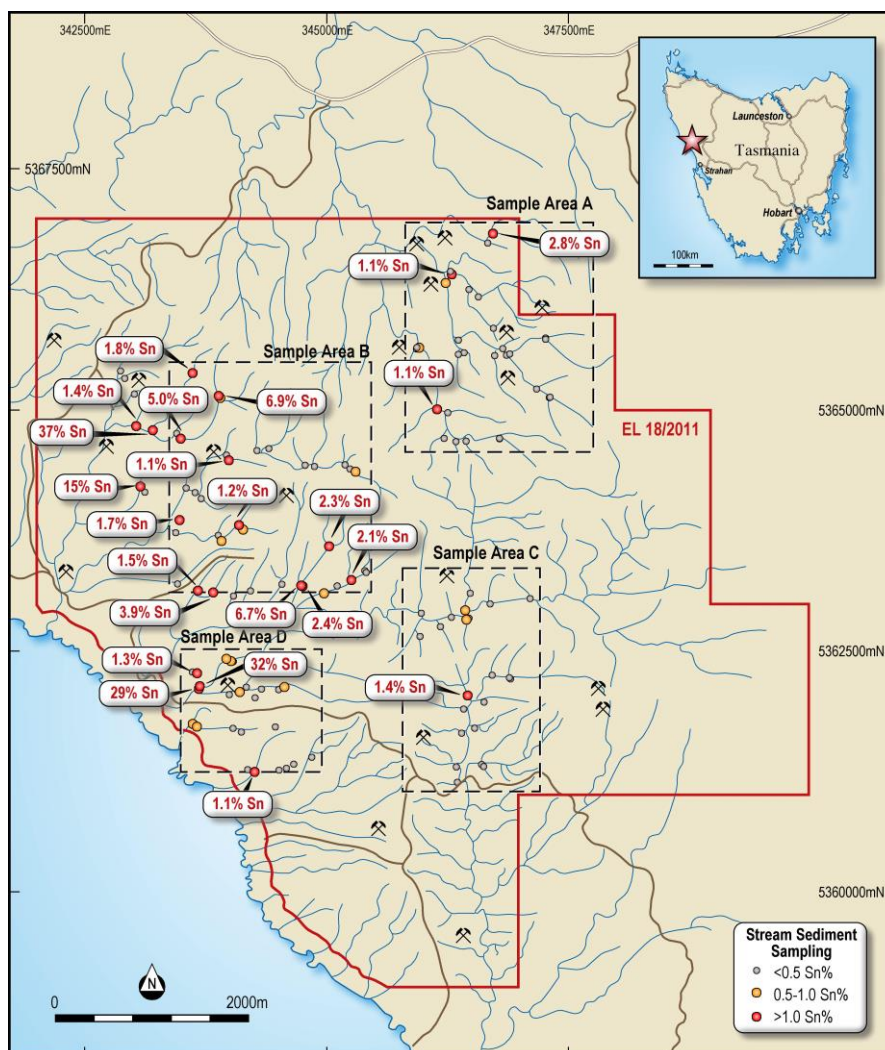


Figure 9: Plan of all Panned-Concentrate Stream Sediment Assay Values from Heemskirk

Share Placement

On 28 November 2017, the Company announced that it had completed a private placement of 6,250,000 fully paid ordinary at \$0.12 each, to raise \$750,000 before costs. These funds are to be utilised in acquiring the controlling interest in the East Pilbara tenements.

MinRex Tenement List

| Region | Project | Tenement | Area approx. | Grant Date | Expiry Date | Interest | Holder |
|-----------|----------------|-----------|--------------------|------------|-------------|----------|-----------------------|
| Pilbara | Daltons | E45/4681 | 9 km ² | 13-07-17 | 12-07-22 | 70% | Sorrento Resources PL |
| Pilbara | Bamboo Creek | E45/4560 | 69 km ² | 27-10-17 | 26-10-22 | 70% | Sorrento Resources PL |
| Pilbara | Bamboo Creek | E45/4853 | 6 km ² | 11-10-17 | 10-10-22 | 70% | Elysian Resources PL |
| Pilbara | Marble Bar | P45/3039 | 8.26 ha | Pending | - | 70% | Richard Parker |
| Pilbara | Marble Bar | P45/3040 | 3.03 ha | Pending | - | 70% | Richard Parker |
| Murchison | Deflector Ext. | E59/1657 | 15 km ² | 12-07-11 | 11-07-21 | 100% | MinRex Resources Ltd |
| Tasmania | Heemskirk | EL18/2011 | 9 km ² | 03-04-11 | 02-04-18 | 100% | MinRex Resources Ltd |

As the acquisition of the Pilbara tenements is not yet settled, the tenements currently remain under the title of the vendors.

Corporate

As at 31 December 2017, the Company had available cash of \$3.007 million.

For further information, please contact:

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Competent Persons Statement:

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Kieron Munro, a Competent Person who is a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Munro is employed as an independent geological consultant by MinRex and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MINREX RESOURCES LIMITED

ABN

Quarter ended (“current quarter”)

81 151 185 867

31 DECEMBER 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (37) | (67) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | (19) |
| (e) administration and corporate costs | (240) | (323) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 3 | 5 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (274) | (404) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |

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| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | (100) | (100) |
| 2.6 Net cash from / (used in) investing activities | (100) | (100) |

| | | |
|---|--------------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 1,628 | 2,444 |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (48) | (63) |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 1,580 | 2,381 |

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| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 1,801 | 1,130 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (274) | (404) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (100) | (100) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 1,580 | 2,381 |
| 4.5 Effect of movement in exchange rates on cash held | | - |
| 4.6 Cash and cash equivalents at end of period | 3,007 | 3,007 |

| 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 | 14 | 11 |
| 5.2 Call deposits | 2,993 | 1,790 |
| 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) | 3,007 | 1,801 |

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| | |
|--|------------------------------------|
| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 39 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

| | |
|--|---|
| | - |
|--|---|

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

| | |
|--|---|
| | - |
|--|---|

| | | |
|--|---|--|
| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |

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

| | | |
|--|--|--|
| | | |
|--|--|--|

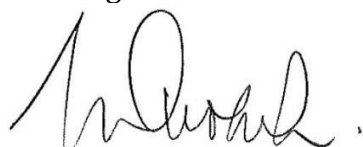
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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 850 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | 250 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 1,100 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | N/A | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | N/A | | | |

Compliance statement

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



Sign here:Date: 31/01/2018

(Director)

Print name: **SIMON DURACK**

Notes

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