

ASX AND MEDIA ANNOUNCEMENT

11 December 2019

LOAN NOTES & RIGHTS ISSUE TO RAISE \$1,958,777

MinRex Resources Limited (ASX: MRR) (“MinRex” or “the Company”) is pleased to announce that it has secured \$1 million (before costs) through the issue of unsecured Loan Notes (“**Loan Notes**”) to sophisticated investors. The Loan Notes have a face value of \$0.01 each with a coupon rate of 12% per annum and a maturity date of 3 February 2020 (which may be extended by the Company to 1 May 2020) (“**Maturity Date**”). Subject to Shareholder approval at a General Meeting of Shareholders to be held on 20 January 2020 (“**General Meeting**”), each Loan Note will convert into one (1) Fully Paid Ordinary Share (“**Share**”) in the Company at a conversion price of \$0.01 per Share at the earlier of Shareholder approval or the Maturity Date. New Shares issued through the conversion of the Loan Notes, will have one (1) free-attaching Unlisted Option (“**Option**”) for every four (4) Shares, exercisable at \$0.04 per Option on or before 30 months from the date of issue and which will be issued upon the conversion of the Loan Notes.

The Company is also pleased to announce that it intends to conduct a Non-Renounceable Entitlements Issue (“**Rights Issue**”) of one (1) Share for every one (1) Share held by the Company’s Shareholders at the record date, to issue up to a maximum of 95,877,727 Shares at an issue price of \$0.01 per Share to raise up to \$958,777.27 (before costs) with one (1) free-attaching Option for every four (4) Shares issued under the proposed Rights Issue, exercisable at \$0.04 per Option on or before 30 months from the date of issue. A section 713 Prospectus for the Rights Issue (“**Prospectus**”), will be issued as soon as practicable to the market and all Shareholders residing in Australia and New Zealand. The Shares issued through the conversion of the Loan Notes will not participate in this Rights Issue. The Rights Issue is not underwritten.

Details regarding the use of funds raised through the Loan Note issue and Rights Issue is set out in the table below.

| Use of Funds | \$ |
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| East Pilbara surface exploration expenditure (including field sampling, air-photo interpretation, geological mapping, surveying and target generation) | 360,000 |
| East Pilbara geophysical survey expenditure (including detailed heli-borne surveys at Daltons and Bamboo Creek, principally aeromagnetic and TEM surveys; and ground based geophysics at the Marble Bar North and Marble Bar South projects) | 100,000 |

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| Deflector Extended field sampling programmes (including rock and soil sampling and geological mapping) | 60,000 |
| Deflector Extended remote exploration (including air-photo interpretation and heli-borne TEM geophysics) | 100,000 |
| Evaluation of additional acquisition opportunities | 240,000 |
| Executive Director's fee – Mr S Durack JP (2 yr period) | 183,960 |
| Non-Executive Directors' fee – Dr J Ellingford – Chairman (2 yr period) | 183,960 |
| Non-Executive Directors' fee – Mr C Tsesmelis (2 yr period) | 72,000 |
| Corporate advisory – EverBlu Capital Pty Ltd (\$10,000 p/month mandate expires 14 October 2020) | 100,000 |
| Company Secretarial, Accounting and Legal Costs (2 yr period) | 266,500 |
| Working capital | 233,594 |
| Capital Raising Fee of EverBlu Capital* | 58,763 |
| Total Funds to be Raised | 1,958,777** |

*EverBlu Capital fee to be paid 50% in cash represents 6% capital raising fee on total raise of \$1,958,777.

**Apart from the Capital Raising fee and the Corporate Advisory fee, expenditure is forecast over a 2 year period. The compilation of this table assumes Shareholder approval of the conversion of the Loan Notes and the full amount of the Rights Issue is raised. Whilst the Rights Issue is not underwritten, EverBlu Capital has a mandate to place the shortfall.

The Company's mandated Corporate Advisor, Everblu Capital Pty Ltd ("Everblu"), will act as the Lead Manager to both the Loan Notes and Rights Issues. Everblu will charge a capital raising fee of 6% of the capital raised, of which 50% of this fee will be paid in cash by the Company, with the remaining 50% to be paid in Shares at an issue price of \$0.01 per Share. Everblu is also entitled to receive one (1) Option for every three (3) Shares issued upon the conversion of Loan Notes and under the Rights Issue, exercisable at \$0.04 per Option on or before 30 months from the date of issue. The issue of EverBlu securities will be subject to Company obtaining Shareholder approval at a General Meeting of Shareholders to be held on 20 January 2020.

Anglo Menda Pty Ltd has subscribed for \$150,000 worth of Loan Notes. The Company will seek shareholder approval for the purposes of Listing Rule 10.11 in respect of the issue of 15,000,000 Shares and 3,750,000 Options to Anglo Menda Pty Ltd on conversion of the Loan Notes.

The indicative timetable for the Rights Issue is as follows:

| EVENT | DATE |
|--|-----------------------------|
| Entity announces Entitlement Offer under Listing Rule 3.10.3 and lodges Appendix 3B with ASX | Wednesday, 11 December 2019 |
| Lodgement of Prospectus with ASIC and ASX | Wednesday 18 December 2019 |
| Notice of Offers sent to Optionholders and Shareholders | Wednesday 18 December 2019 |
| Shares quoted on an "EX" basis | Friday 20 December 2019 |
| Record Date for determining Entitlements | Monday 23 December 2019 |
| Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders | Monday 30 December 2019 |

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| Last day to extend Entitlement Offer Closing Date | Tuesday 4 February 2020 |
| Closing Date of Entitlement Offer | 5:00pm AWST (8:00pm AEDT) Friday 7 February 2020 |
| New Shares quoted on a deferred settlement basis | Monday 10 February 2020 |
| Announcement of Results of Issue | Wednesday 12 February 2020 |
| Last day for the entity to issue the securities taken up in the pro rata issue and lodge an Appendix 2A with ASX applying for quotation of the securities | Friday 14 February 2020 |

For further information, please contact:

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