



**MinRex Resources Limited
and its Controlled Entities**

ABN 81 151 185 867

**INTERIM FINANCIAL REPORT FOR THE
HALF-YEAR ENDED 31 DECEMBER 2019**

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CORPORATE DIRECTORY

DIRECTORS

Dr James Ellingford (Non-Executive Chairman)

Mr Simon Durack JP (Executive Director)

Mr Constantine Tsismelis (Non-Executive Director)

COMPANY SECRETARY

Miss Aida Tabakovic

REGISTERED OFFICE

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Perth WA 6000

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AUDITORS

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WEST PERTH WA 6005

LEGAL ADVISORS

HWL Ebsworth Lawyers

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Perth WA 6000

SECURITIES EXCHANGE

Australian Securities Exchange Limited

ASX Code: MRR

DIRECTORS' REPORT

The Directors submit their report for MinRex Resources Limited and its wholly owned subsidiaries ("MinRex" or "the Company" or "the Consolidated Entity") for the half-year ended 31 December 2019.

DIRECTORS

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

Dr James Ellingford - D.Mgt, MBA, Post Grad Corp Man (*Non-Executive Chairman*)

Dr Ellingford previously served as International Executive President of a multi-billion dollar NASDAQ business Take-Two Interactive Software with its headquarters in Geneva and New York (TTWO). He has decades of international experience and has close ties with financial institutions and governments throughout the world. Dr Ellingford holds a Post Graduate degree in Corporate Management, Masters in Business Administration and a Doctorate in Management. Dr Ellingford has lectured MBA students in corporate governance, ethics and marketing at a leading Sydney University which are all areas he maintains a keen interest.

Mr Simon Durack – B.Comm, Post Grad Dip Bus, FCA, FGIA, JP (*Executive Director*)

Mr Durack is a Chartered Accountant and practicing Company Secretary, with over 30 years commercial experience gained working in Australia, South East Asia and Europe. Mr Durack's commercial experience includes time worked in the Accounting profession with Coopers & Lybrand (now PricewaterhouseCoopers). He has also held many senior financial and secretarial roles with both large public and private entities. In these roles, Mr Durack has been responsible for providing managerial, secretarial and financial advisory input. Mr Durack has also acted as resident Director for several offshore companies with operations in Australia. Mr Durack brings a strong commercial and financial background to the Company.

Mr Constantine Tsesselis –BScTech, FIChemE, MIEAust, CPEng (*Non-Executive Director*)

Mr Tsesselis is a Chemical Engineering Consultant with over 40 years technical, managerial and commercial experience in gas processing, LNG, refining, petrochemicals and alternative fuels. He has held senior positions with major oil companies, independent refiners, engineering companies and consulting firms in Europe, the Middle-East and Australia. He is also a Managing Director of various unlisted companies. Mr. Tsesselis experience includes expert knowledge of decision-support applications for production planning and scheduling, investment analysis, supply chain operations, distribution and logistics.

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

COMPANY SECRETARY

Miss Aida Tabakovic

PRINCIPAL ACTIVITY

The principal activity of the Company is mineral exploration with the present focus being the exploration of gold and base metal projects in Western Australia.

REVIEW AND RESULTS OF OPERATIONS

Corporate Structure

MinRex Resources Limited was incorporated in May 2011 and listed on the ASX on 7 November 2011. MinRex Resources Limited and its controlled entities ("MinRex" or "the Company" or "the Group"), namely East Pilbara Conglomerates Pty Ltd and SR (Sale Entity) Pty Ltd, which the Company acquired on 26 February 2018, are incorporated and domiciled in Australia.

Operating Results

The Company's net loss attributable to the members of MinRex Resources Limited for the six months ended 31 December 2019 was \$465,961 (for the six months ended 31 December 2018: loss of \$430,680). As at 31 December 2019, the Company had \$585,436 in cash and cash equivalents. At the end of the period, the Company had the following securities on issue:

- 95,877,727 fully paid ordinary shares; and
- 60,000,000 unquoted options exercisable at \$0.144 on or before 26 February 2020.

Operations Review

MinRex Resources Limited is an exploration company, listed on the Australian Securities Exchange (ASX), with our primary present focus being the exploration of gold and base metal projects in Western Australia.

MinRex currently holds five gold and base metals projects, one of which it has held for several years. Deflector Extended Project is located at Gullewa, in the Murchison Region of Western Australia (about 400km north of Perth). In February 2018, the Company acquired 70% interest in four newer projects which are located in the East Pilbara of Western Australia, namely the Daltons Project (90km southwest of Marble Bar), the Bamboo Creek Project (about 70km northeast of Marble Bar), Marble Bar North and Marble Bar South Projects, comprising two discrete licences at Marble Bar, one being located 10km to the southwest of the town site and the other 3km to the north (Figures 1 & 2).



Figure 1: Location of MinRex Project Areas

During the December 2019 half year period, the analytical results were received from a detailed geological exploration and sampling program, which covered all four of the East Pilbara Projects and the Deflector Extended Project at Gullewa. A sixth geological exploration and sampling program was conducted, in the East Pilbara, during the months of September and October 2019.

Exploration Programs – Summary

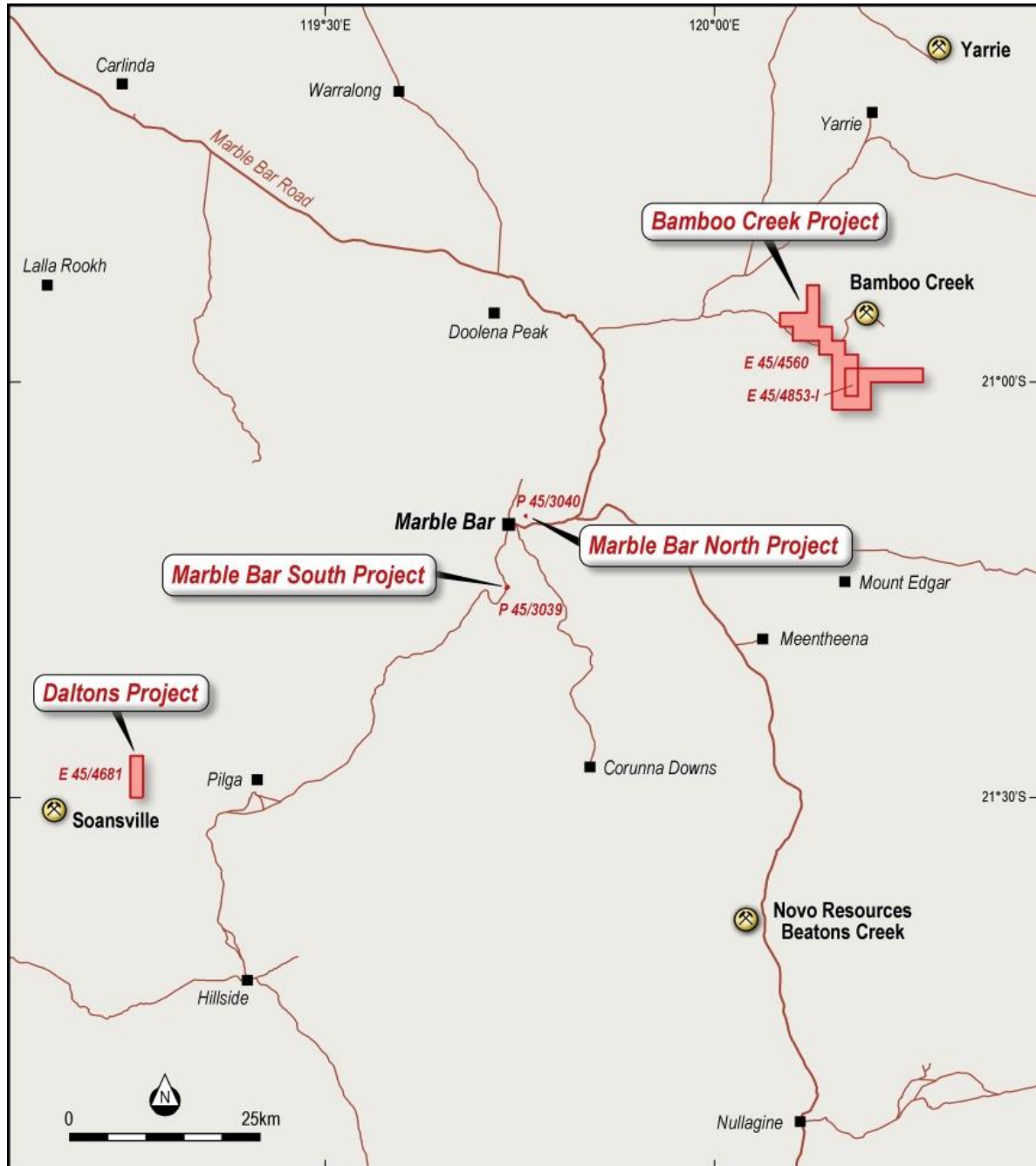


Figure 2: Location of East Pilbara Gold Project Areas

The fifth geological evaluation and sampling program in the East Pilbara, was conducted during June 2019. This program included work on the Daltons Gold Project (E45/4681), which lies in a remote area 65km to the southwest of Marble Bar by unsealed roads and tracks. The location and under-explored history of this area combines to make it ideal for more detailed study, sampling and field exploration. On this occasion a total of 100 rock samples were collected from prospective areas along strike from and surrounding, the known copper and gold mineralized vein systems.

In June a total of 20 rock samples were collected at the Marble Bar North Project (P45/3040), from previously un-sampled areas of the lease, mainly in the west and south of the lease in outcropping quartz veins, scree areas and old dumps. The extensive old workings in this project area occur on quartz veins in sheared and altered greenstones close to the greenstone/granitoid contact.

In June a total of 20 rock samples were also collected at the Marble Bar South Project (P45/3039), from previously un-sampled areas of the lease, mainly in the west and south of the lease in outcropping quartz veins and scree areas, away from the old workings, which run along a 30-40m high ridge of greenstone rocks. This licence area covers the contact of the basal Fortescue Group conglomerate and basalt with Archean greenstones.

At the Bamboo Creek Project, exploration licences (E45/4560 and E45/4853) reconnaissance and access studies were completed along with target assessment and analysis work, with the aim of optimizing later field work. This work was in preparation for more detailed field programs and sampling work which was subsequently completed in September-October 2019. This project area is large, remote and has limited access points and tracks and further work in this area requires preparation and planning regarding access to the various target areas and prospects. The area is prospective for gold mineralisation of the Bamboo Creek style, base metal and molybdenum mineralization of the Coppin Gap (Spinifex Ridge) style and chrome-nickel mineralization in ultramafic bodies, as well as anomalism in other, as yet unidentified, mineralisation styles.

During June 2019, exploration was completed at the Deflector Extended Project (E59/1657), in the Murchison area. On this occasion the field team collected a total of 34 rock samples from outcrop, float and scree, in previously un-tested areas where prospective rocks were observed. The analytical results for these rock samples were received in July 2019 and built on previous sampling programs utilising surface soil, auger and rock sampling and geological mapping with the aim to hone in to buried mineralised structures and favourable settings for mineralisation.

Exploration Programs - Results

The assay results for all 174 samples collected during June 2019 exploration program were released, on the 15 July 2019, along with the locational data, maps and plans.

The 100 rock samples collected at the Daltons Project were from various rock types, quartz veins, shear zones, dumps, scree and float. The samples were analysed for a total of 20 metallic and other elements. The outstanding assay results were in the gold and copper assays which were up to 60.6g/t Au and 5.8% Cu, with an average grade of all 100 samples being 1.8g/t Au and 0.12% Cu, with a total of 14 samples assayed over 1.0g/t Au. The gold assay results for all 160 samples collected to date at the Daltons Gold Project, are shown on the plan below (Figure 3). It is encouraging that gold is seen to occur along a strike length of over 1500m and also in several parallel structures over a zone up to 500m wide.

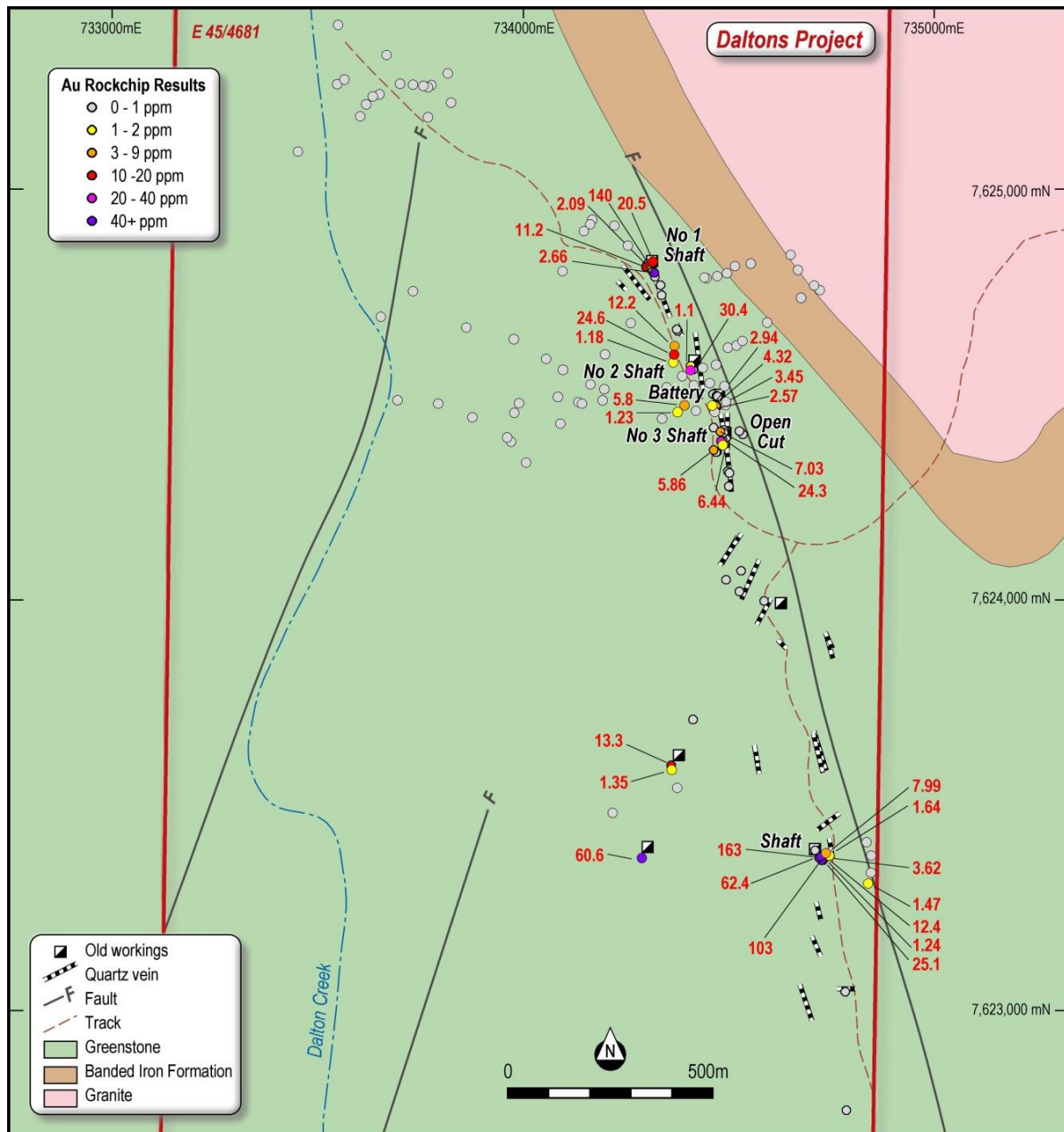


Figure 3: Daltons Gold Project E45/4681 showing workings and all 160 gold assay results

At the Marble Bar North Project (P45/3040) a total of 20 rock samples (MNR061-080) were collected in June 2019, many from new previously untested areas, mainly in the south of the licence, but also some from old pits, heaps and minor old workings at the Ironclad Gold Mine site. The gold mineralisation in this area occurs as quartz veins in sheared and strongly carbonated greenstones, and associated alteration zones, close to the greenstone/granite contact. These 20 new rock samples from the Marble Bar North Project were analysed for a total of 20 metallic and other elements at Bureau Veritas in Perth. The samples were generally low for most elements, except the gold assays, which varied from zero up to 5.0g/t Au, with six samples being over 0.1g/t Au.

The new samples were collected from throughout the licence area, although mainly in the south, in areas beyond the previous sampling programs, which largely focussed on the old workings, and were typically taken from scree, float and old dumps. The plan below shows the gold assay results for all 80 rock samples collected by MinRex at the Marble Bar North Project, to date; along with the location of old workings and the generalised geology plan (Figure 4).

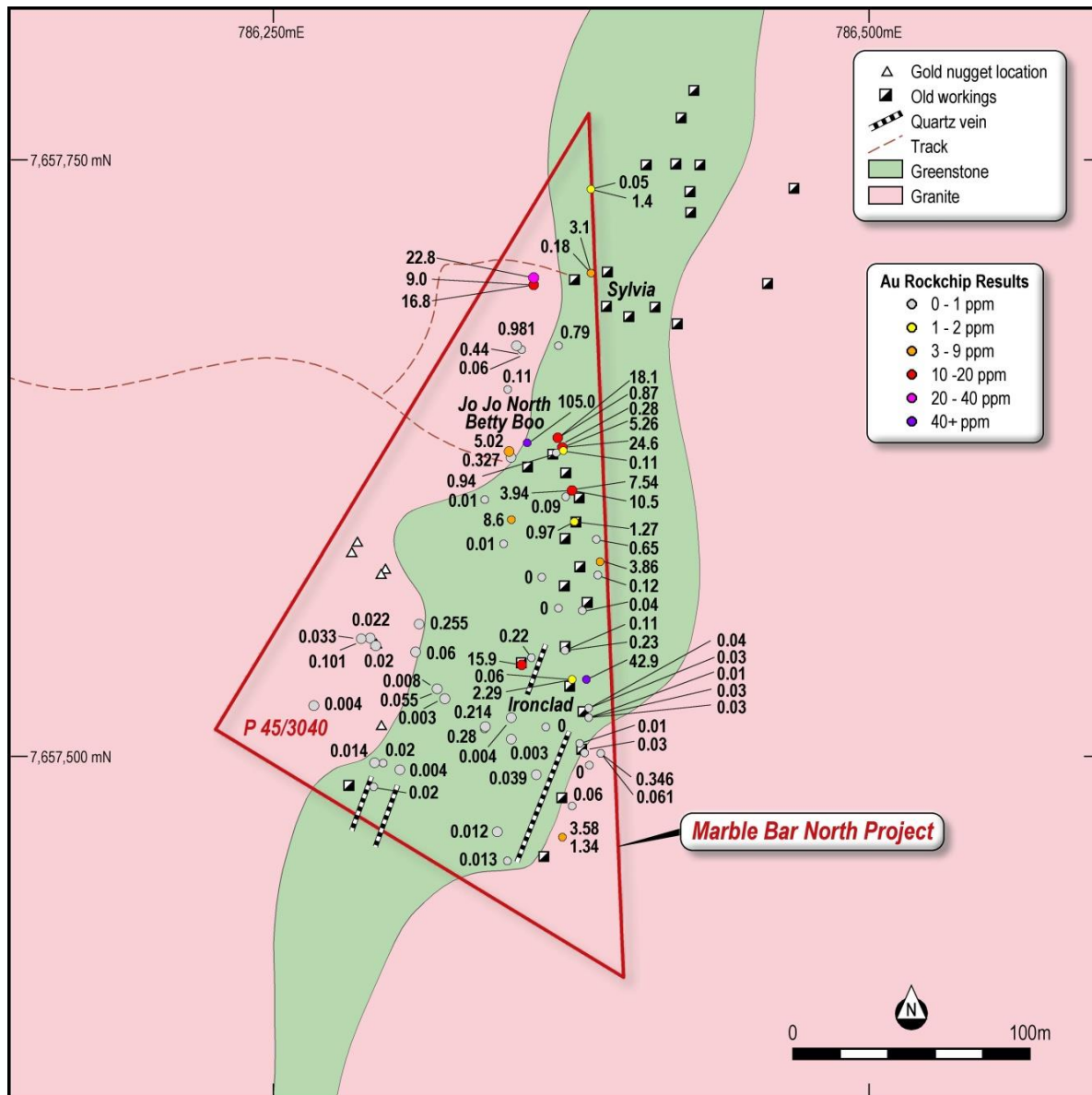


Figure 4: Marble Bar North Project showing workings, nugget finds and all 80 gold assays to date

At the Marble Bar South Project (P45/3039) a total of 20 rock samples (MSR071-090) were collected in June 2019, mainly in the southern sector of the licence and were taken from scree, float and outcrops beyond and around the old workings. This licence contains the old McKays Find Gold Mine and this line of old workings runs along a 30-40m high ridge of greenstone rocks which is truncated to the north by the presence of basal Fortescue Group conglomerate rocks. The known gold mineralisation occurs as a 100m long and 2m wide zone of quartz veining in pyritic-fuchsite-carbonate rock, which lies parallel to the regional schistosity. The aim of this work was to commence testing on other parts of the licence for previously undetected gold mineralisation.

The 20 new rock samples from Marble Bar South were analysed for a total of 20 metallic and other elements. A few samples were anomalous in various elements with the outstanding results being gold assays which varied from zero up to 42.5g/t Au. The highest value sample (42.5g/t Au) came from a loose quartz vein float sample in the centre of the licence that may have been transported from higher up on the ridge line and along strike from the McKays Find Mine area. More sampling and geological mapping will be required to determine the significance of this sample. Generally low results were received for samples taken from other areas in the south of the licence area, although these represent only a small portion of this area and only a small number of samples. Further sampling and mapping work, to better understand this area will be completed on the next visit to the Project. The plan below shows the gold assay results for all 90 rock samples collected at the Marble Bar South Project to date, along with the location of old workings and the generalised geology plan (Figure 5). Both of the Marble Bar properties contain old gold mine workings and have returned very encouraging sample assay results in all of the sampling programs completed to date.

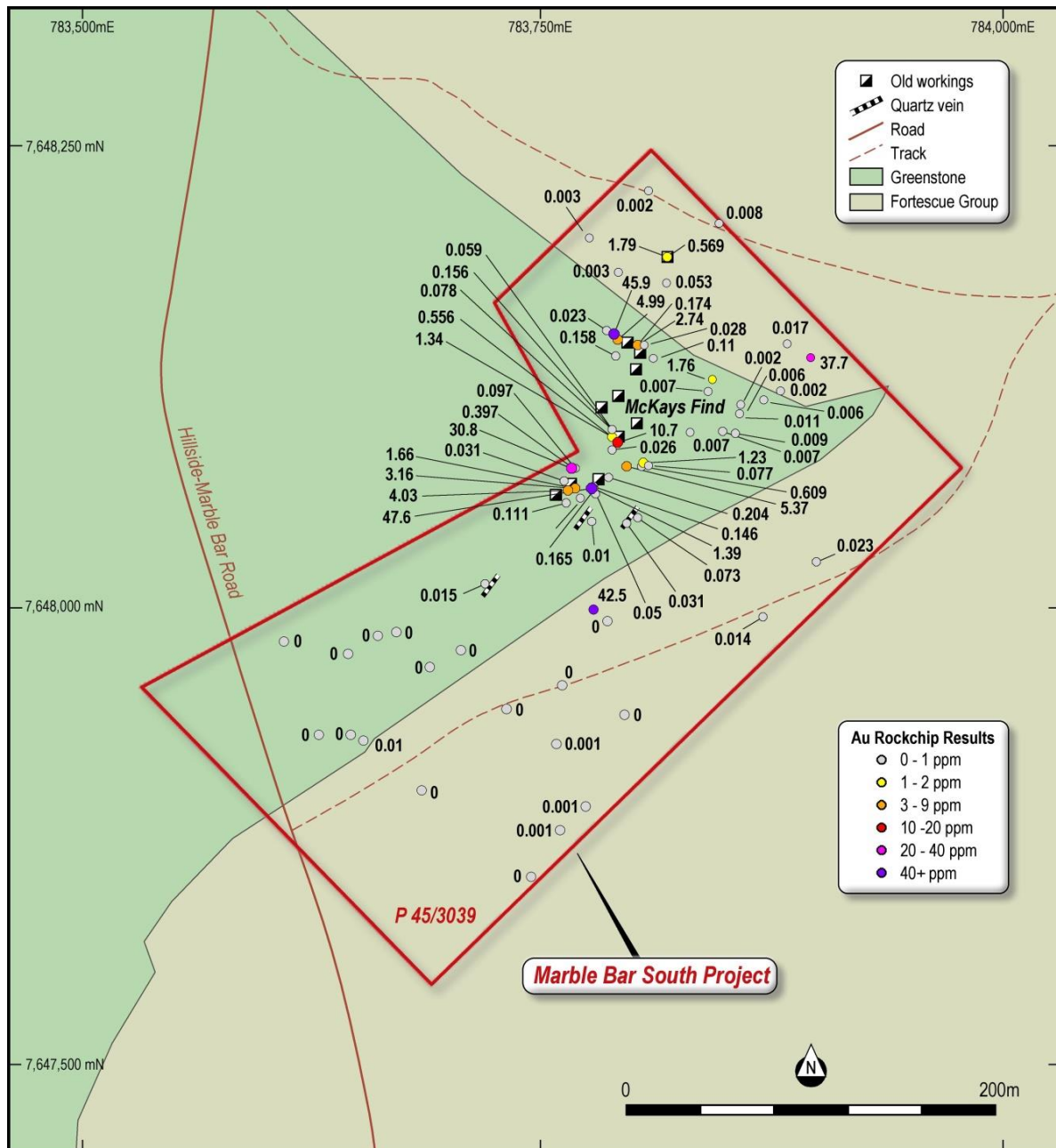


Figure 5: Marble Bar South Project showing geology, workings and all 90 gold assays to date

MinRex also completed further exploration at the Deflector Extended Project, with the collection of further 34 rock samples from outcrop, float and scree, at previously un-tested areas where prospective rocks were observed. In July 2019, the analytical results for the 34 samples returned low values, with maximum values of 9ppb Au, 0.15ppm Ag and 95ppm Cu.

Previous work on this tenement included reconnaissance and geological mapping to follow up the review of the previously completed exploration work. To date, MinRex has collected a total of 600 surface rock samples at the Deflector Extended Gold Project, 594 soil samples and 185 auger drill samples which have defined significant anomalous zones for further exploration and sampling. There have also been prior programs of RAB drilling, air core drilling and soil sampling by earlier explorers of the area, with the results supporting the definition of these anomalous zones. The assay results from all 600 rock samples collected by MinRex in the project area are shown on the plan below (Figure 6).

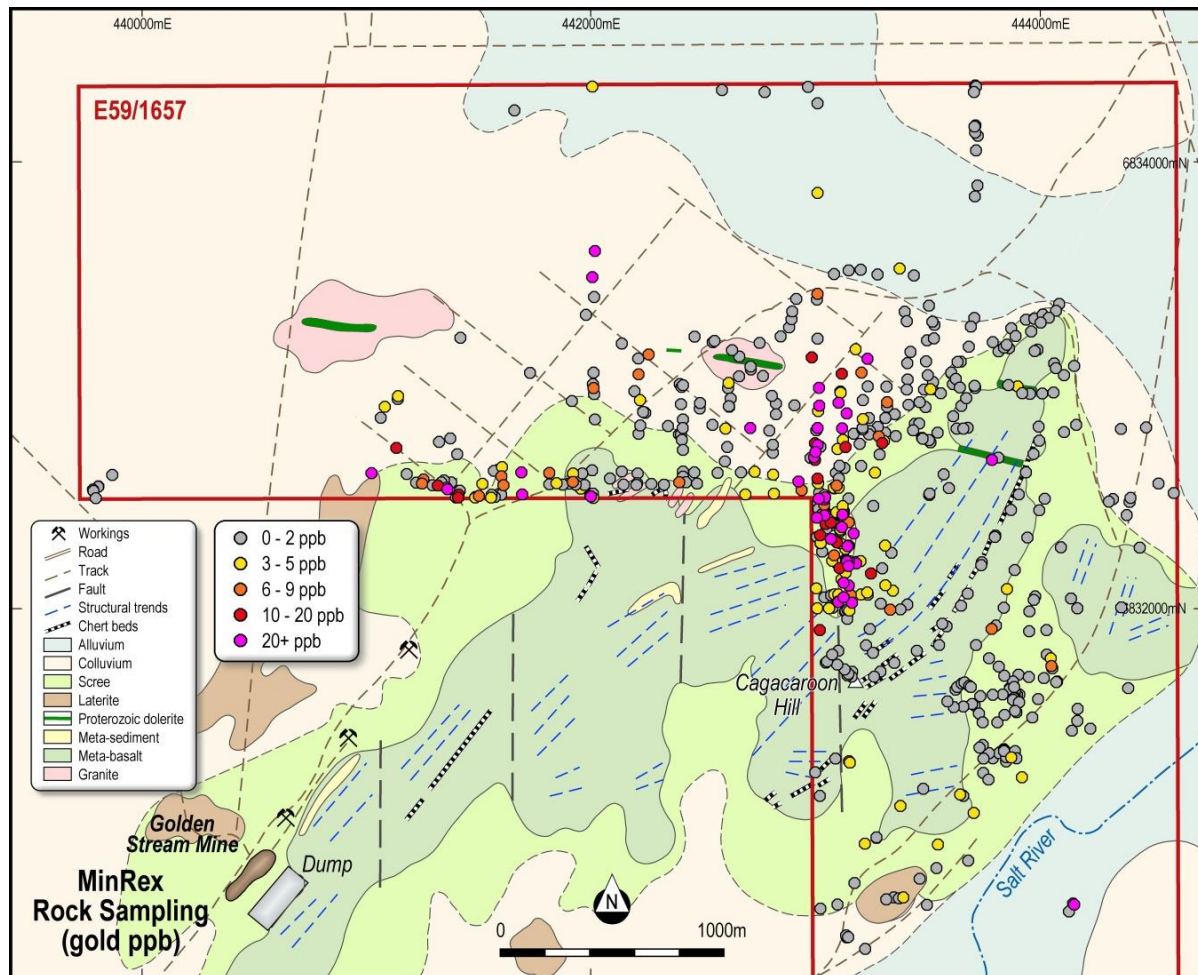


Figure 6: Plan showing the geology and all rock sample assay results, in E59/1657

Exploration Programs – Bamboo Creek Gold Project

MinRex's sixth East Pilbara exploration program ran through September and October 2019. This work was focussed on following up on the earlier very encouraging rock sampling results at the two Bamboo Creek Project exploration licences (Figure 7) with detailed rock sampling and geological mapping to better understand the gold and base metals prospects now identified and continue the search for as yet undiscovered mineralised systems. A total of 180 samples were collected from the larger lease (E45/4560) and 50 samples from the smaller lease (E45/4853) for a grand total of 230 samples.

Bamboo Creek Project area is prospective for gold mineralisation of the Bamboo Creek style. Bamboo Creek goldfield lies just 5-10km to the north and east, and along strike within the Warrawoona Group Greenstones that occur in the northern portion of the exploration licence (Figure 3). There is also potential for the felsic porphyry-hosted base metal and molybdenum mineralization of the Spinifex Ridge (Coppin Gap) type, with the Spinifex Ridge Mo-Cu deposit being just 2km to the west of the northern portion of the exploration licence, occurring within a porphyry intrusion into the Warrawoona Group Greenstone sequence. There is also potential for chrome-nickel mineralisation in ultramafic bodies, as at Nobb Hill, as well as anomalism in other, as yet unidentified, mineralisation styles.

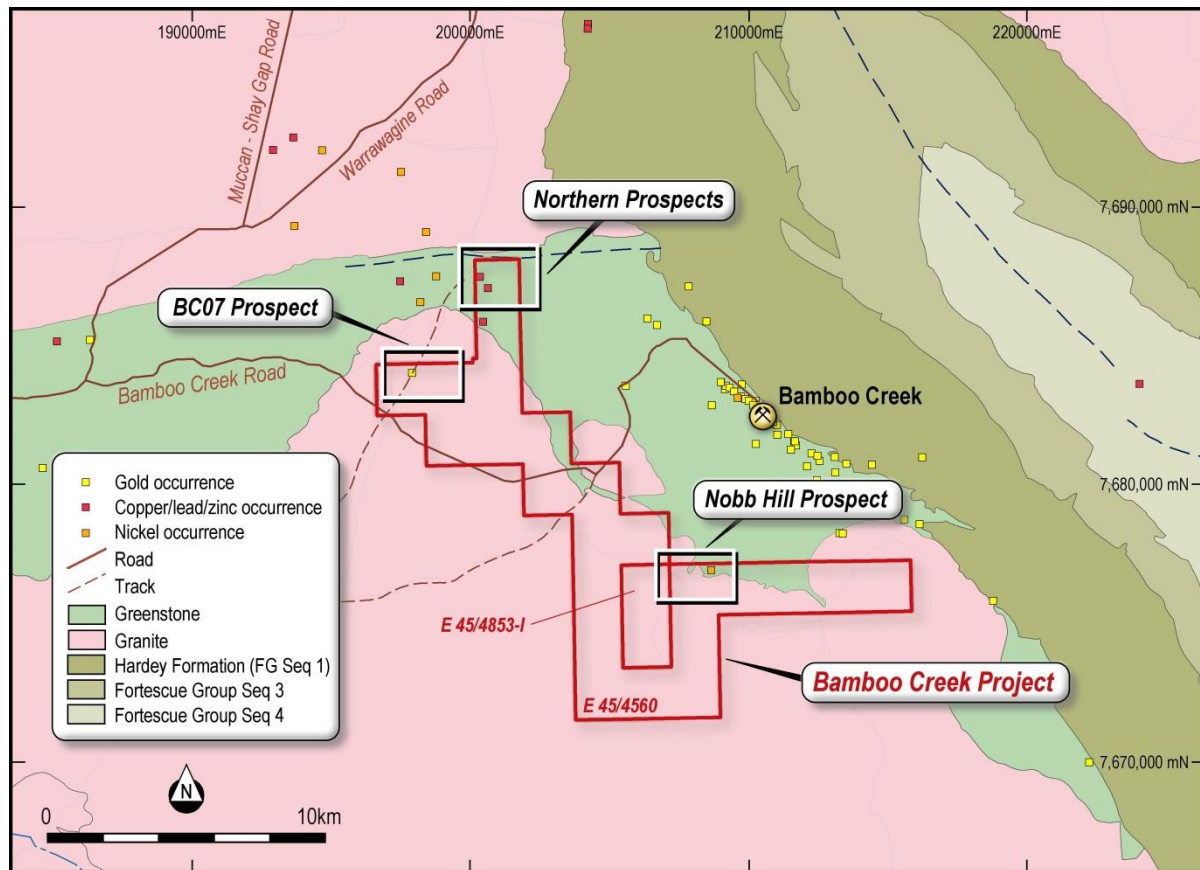


Figure 7: Map showing the geology of MinRex's two Bamboo Creek exploration licences

The rock samples collected in September-October 2019, were analysed for a total of 26 metallic and other elements. The results of a few samples were anomalous in various elements and returned outstanding results in the gold and base metals assays. A variety of elemental results are depicted on the individual plans of the main prospect areas that follow below.

At the main Bamboo Creek Project exploration licence (E45/4560) a total of 180 rock samples (BBR211-390) were collected from multiple areas, including some of the named prospects, including the Northern Area ultramafic rock sequence which represents the along strike continuation of the Bamboo Creek goldfield, the BC07 prospect and the Nobb Hill layered ultramafic prospect. These samples were collected from a wide spread of rock types, outcrop, float and scree zones, beyond and around the main core prospect areas in order to test for extensions and different mineralised zones.

At the Northern Prospect area, five percent of the 100 samples collected assayed over 0.1g/t Au, with a highest value of 0.61g/t Au and anomalous gold values being spread along the southern (basal) contact of the ultramafic rock sequence with underlying mafic rocks and chert, with this contact thought to represent the shear zone which hosts gold mineralisation at the nearby Bamboo Creek Mining Centre. Previous sampling in proximity to this contact zone has returned values up to 1.16 g/t Au and previous sampling at the nearby Norms Find prospect have also returned assay values of up to 22.9g/t Au, 36g/t Ag and 18.5% Cu. The assay results for all gold samples collected to date are shown on the plan below (Figure 8). These samples were mainly of iron-stained quartz vein rocks, outcrop and float, within the Warrawoona Group ultramafic greenstone rocks.

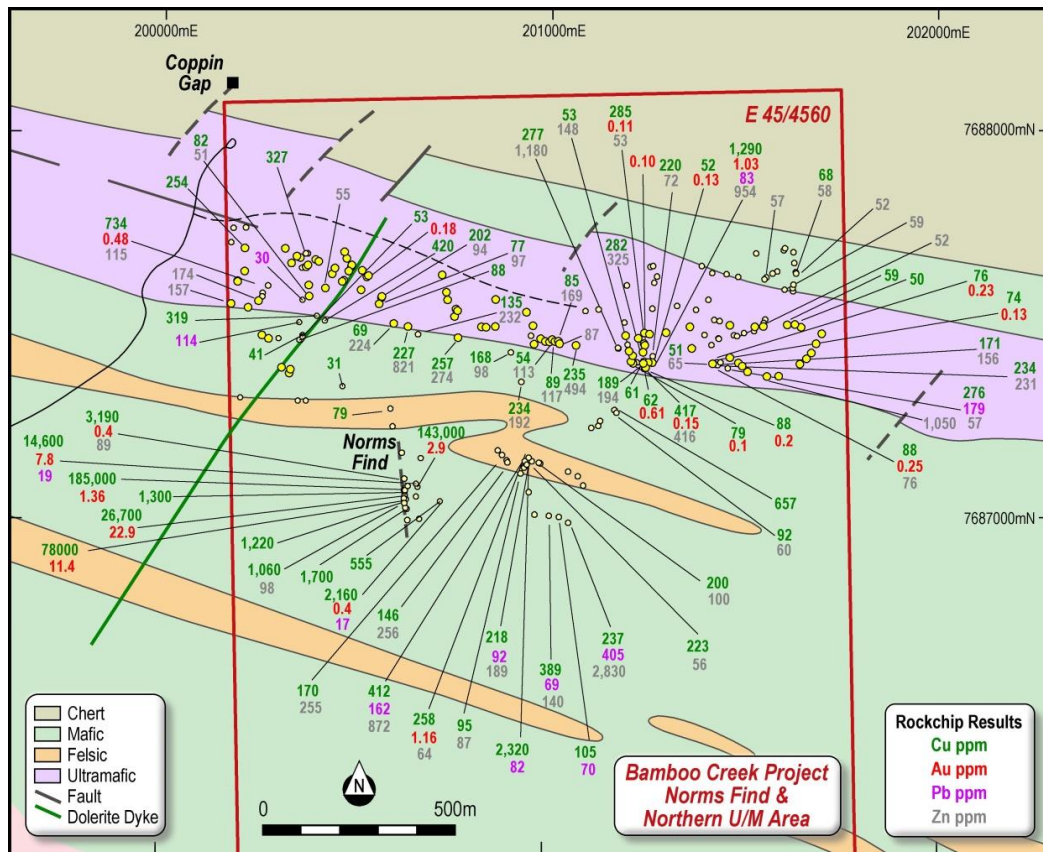


Figure 8: Map of the Northern Prospect Area and all sample results to date in this area

More samples were also collected at the BC07 prospect area, with the sampling having been extended along this extensive quartz vein system and also into the footwall and hanging wall rocks, which include extensive xenoliths and rafts of greenstones within the roof zone of the Coppin Gap Granodiorite. The current BC07 vein sampling returned gold values of up to 0.27g/t Au, copper up to 1.1% Cu, lead up to 0.61% Pb and zinc up to 1.4% Zn. Previous sampling on the BC07 quartz veins has returned values of up to 0.89 g/t Au, 10.5 g/t Ag and 1.1% Cu. The better results for all samples collected to date are shown below (Figure 9).

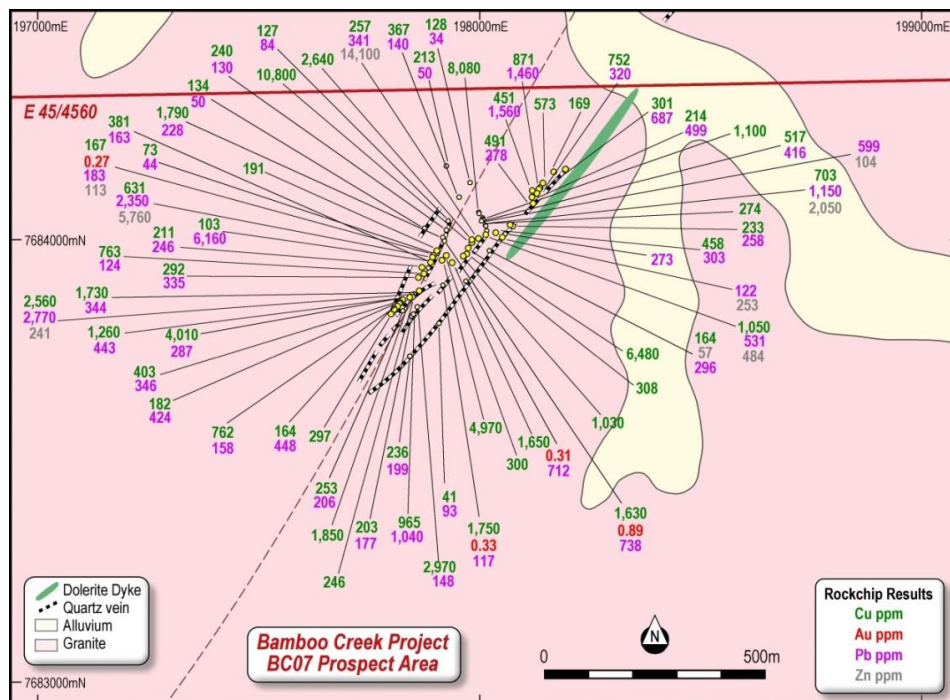
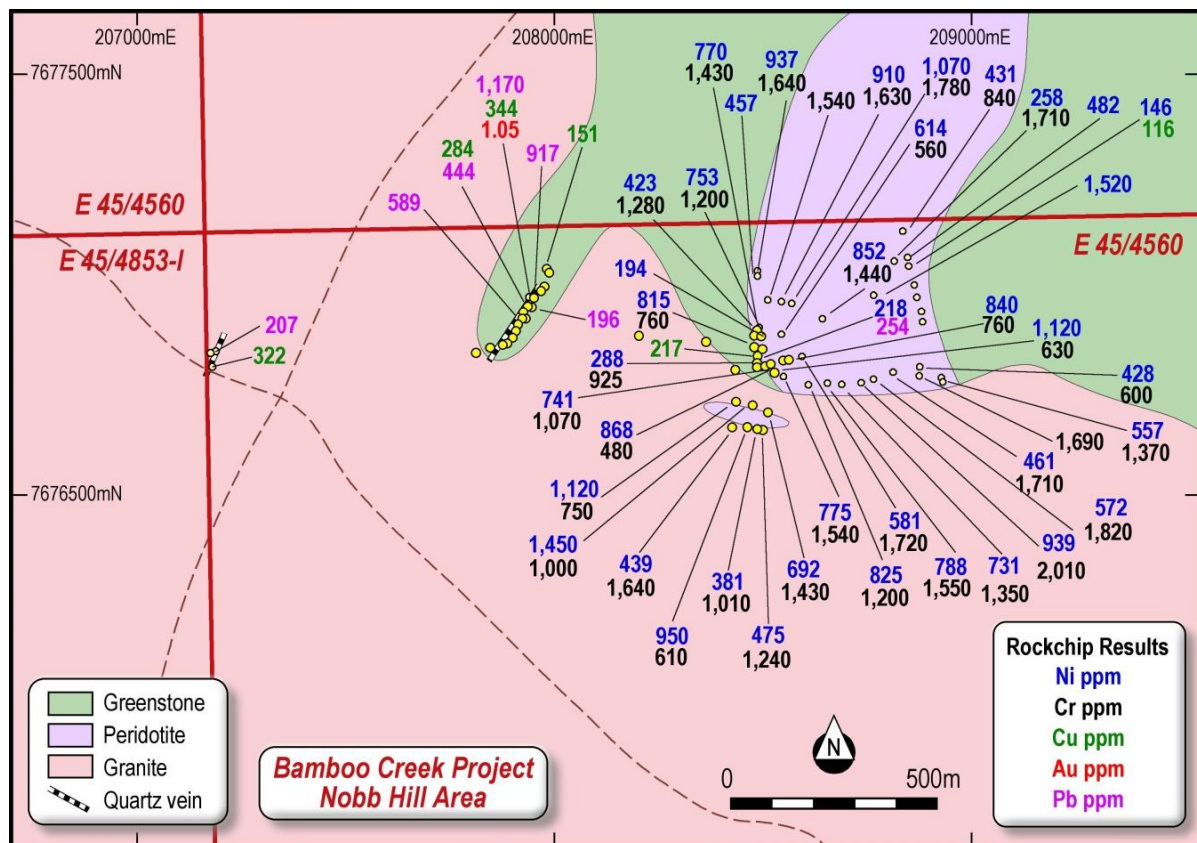


Figure 9: View of the BC07 Prospect Area (E45/4560) and all rock sample results to date

A total of 40 new samples were also collected at the large, coarse-grained ultramafic intrusion, in the eastern portion of E45/4560 which comprises the Nobb Hill prospect. This prominent hill outcrops in the eastern portion of the exploration licence and consists of layered bands of serpentinised peridotite and metapyroxenite with some talcose alteration zones. Relatively few samples have been collected from this prospect and the extent of any differentiation and accumulation of nickel, chromite and other metals within the intrusive body is as yet poorly understood.

The new sampling returned assay values of up to 0.16% Cr, 0.15% Ni and 91ppm Co and copper up to 284ppm Cu, lead up to 917ppm Pb and titanium up to 1700ppm Ti. The better assay results are shown below (Figure 10). The current samples were also tested for platinum and palladium, which are often associated with similar geological settings but with no significant results being returned.

A number of the new samples were also collected from a large quartz vein, which lies about 600m to the west of Nobb Hill. This vein had previously returned one anomalous assay value of 1.05 g/t Au and elevated arsenic, lead and zinc values. The current sampling only returned a single value of 44ppb Au and minor elevated metal values. More systematic and detailed sampling is required to fully test the large layered intrusion at Nobb Hill in an effort to identify individual zones and layers that may hold higher levels of nickel, chrome and copper, or other anomalous metal-rich layers. All of the sample results returned to date are shown on Figure 10.



At the smaller Bamboo Creek Project licence (E45/4853) a total of 50 rock samples (BCR071-120) were collected, over a wide spread of locations and rock types across the northernmost portion of the licence. This area is north of the two geophysical target areas (BC12 and BC13) that were previously sampled and occurs in a zone that has earlier been interpreted from geophysical imaging, to contain xenoliths of mafic rock, narrow intrusive felsic dykes, abundant small pegmatite dykes and quartz veins, all within the larger Mt Edgar Granitoid Complex.

The 50 samples collected on this occasion were from a variety of rock types, including granite, mafic greenstone, pegmatite, quartz vein and surface weathered zones. These samples returned low assay values, with maximum

values of 3ppb Au, 51ppm As, 153ppm Li, 148ppm Cu, 59ppm Mo, 43ppm Pb and 139ppm Zn. The better results are shown below (Figure 11). The northernmost samples with larger circles depict the 2019 sample results.

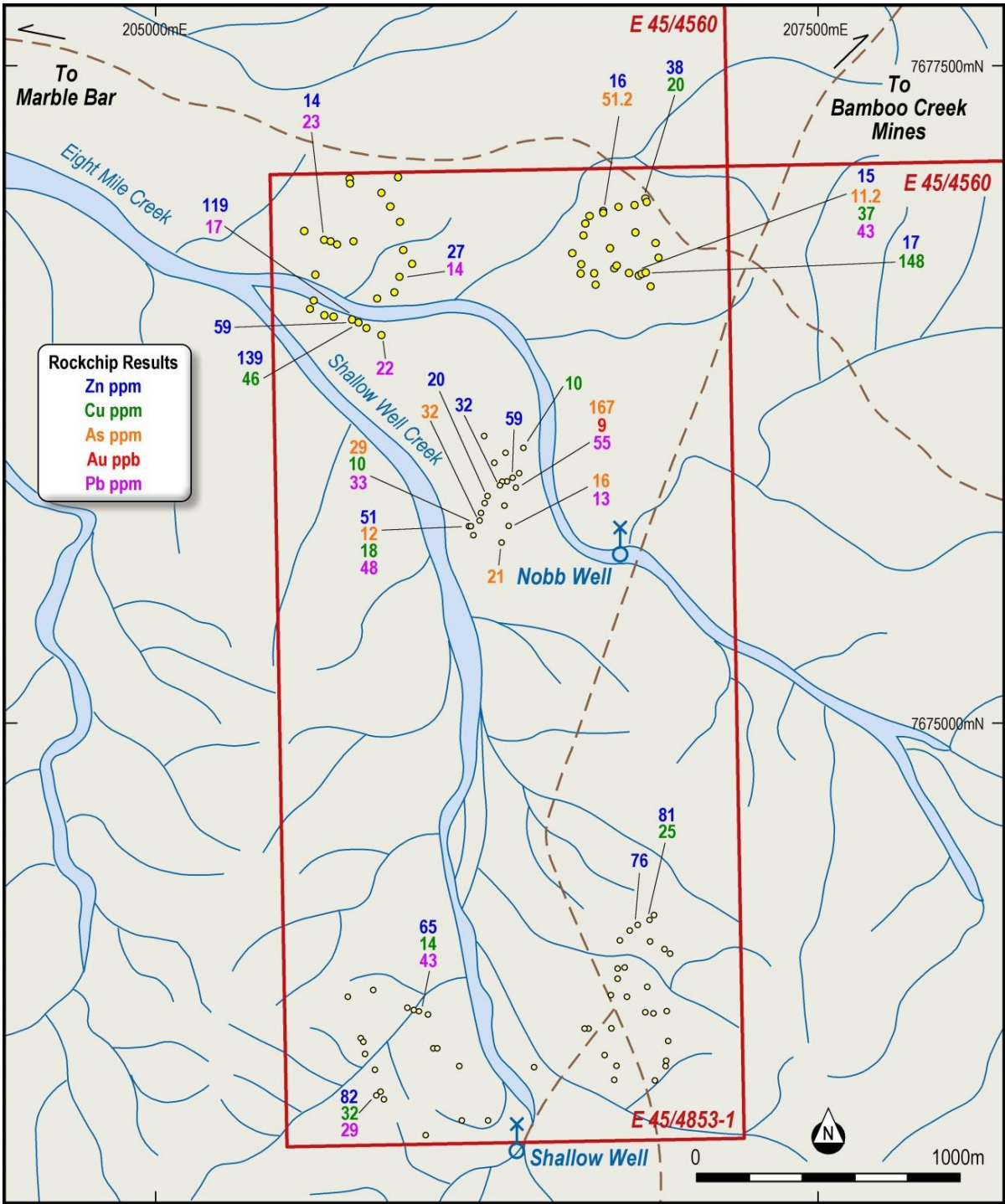


Figure 11: EL45/4853 at the Bamboo Creek Project showing assay results – new with larger circles

MinRex’s Planned Future Exploration Programs

Exploration activities planned by the Company in the next year for its Project areas in Western Australia are provided below.

East Pilbara Gold Projects

In 2020, the next phase of field work in the East Pilbara will include further exploration work on all four of MinRex's project areas around Marble Bar. The Company is considering completing detailed heli-borne and surface geophysical programs over all four of the East Pilbara Project areas, with the aim of generating exploration targets and delineating more prospective terrains that may be present within the mineral licences.

Further rock sampling, soil sampling in colluvium and soil covered areas and detailed geological mapping will also be performed to better understand these complex gold, base metal and poly-metallic mineralised systems. This work will aim to build on the results received from the previous six exploration programs that MinRex has completed in the area within the past two years. The work is planned to commence as soon as possible after the current summer hot and wet season ends in the Pilbara, around late March/April 2020.

Deflector Extended Project

It is anticipated that the next stage of work at the Deflector Extended Project will comprise a shallow RAB drilling program of lines of holes within the most anomalous surface sampling areas. The Company is considering completing a small detailed heli-borne geophysical program over the Project area, with the aim of generating new exploration targets and delineating any more prospective terrains that may be present within the exploration licence.

Commencement of the heritage and environmental surveys over the proposed drilling areas will also start during 2020, in conjunction with the collection of further surface rock and soil samples with a view to better pin point the most anomalous areas for subsequent drilling. This work will concentrate on the defined anomalous zones, and will also include some further reconnaissance work elsewhere on the Deflector Extended Project.

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.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

- On 20 January 2020, the Company's provider for share registry services changed from Security Transfer Australia Pty Ltd to Automic Group;
- As announced on 11 December 2019, the Company advised that it had secured commitments for \$1 million (before costs) through the issue of unsecured Loan Notes to sophisticated investors. As at 31 December 2019, the Company received \$510,000 of Loan Note funds with the receipt of the balance of \$490,000 of Loan Note funds being received by 30 January 2020;
- On 13 February 2020, the Company announced Non-Renounceable Entitlement Issue Offer to issue 1 new Share for every 1 Share held at an issue price of \$0.01 per Share, to raise up to \$958,777 (before costs), together with 1 free attaching Option for every 4 new Shares issued. The Entitlement Offer to close on 18 March 2020, with the Company reserving the right to extend the Offer closing date if required.
- On 26 February 2020, Company's 60,000,000 unlisted options exercisable at \$0.144 expired unexercised;
- On 11 March 2020, the Company's shareholders approved conversion of unsecured Loan Notes totalling \$1 million, to fully paid ordinary shares at \$0.01 each.

In the opinion of directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors, PKF Perth, 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 16 of this report and forms part of this Directors' Report for the half-year ended 31 December 2019.

There were no non-audit services provided by the Company's auditor.

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



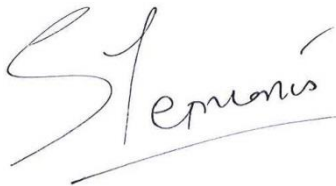
Simon Durack
Executive Director
Perth, 12 March 2020

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MINREX RESOURCES LIMITED

In relation to our review of the financial report of Minrex Resources Limited for the half year ended 31 December 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SIMON FERMANIS
PARTNER

12 MARCH 2020
WEST PERTH,
WESTERN AUSTRALIA

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

		31-Dec 2019	31-Dec 2018
	Note	\$	\$
Revenue from ordinary activities			
Interest income		1,517	6,976
Expenditure			
Depreciation and amortisation		(12,897)	(1,178)
Corporate expenses		(199,315)	(215,831)
Exploration, evaluation & development expenditure		(86,009)	(125,846)
Marketing and promotional expenses		(90,716)	(46,458)
Management and administration expenses		(80,809)	(48,343)
Total expenditure		(468,229)	(437,656)
(Loss) from ordinary activities before income tax expense		(468,229)	(430,680)
Income tax expense		-	-
Net (loss) attributable to the members of MinRex Resources Limited		(468,229)	(430,680)
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		(468,229)	(430,680)
(Loss) per share:			
Basic loss per share attributable to the ordinary equity holders of the company (cents)	7	(0.005)	(0.005)
Diluted loss per share attributable to the ordinary equity holders of the company (cents)	7	(0.005)	(0.005)

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

		31-Dec 2019 \$	30-Jun 2019 \$
	Notes		
Current Assets			
Cash and cash equivalents		585,436	557,177
Unsecured convertible loan note receivable	4	490,000	-
Other receivables		31,611	29,860
Prepayment		33,941	22,476
Total Current Assets		1,140,988	609,513
Non-Current Assets			
Exploration, evaluation and development expenditure	5	5,656,000	5,656,000
Right-of-use asset		61,731	-
Property, plant and equipment		4,008	4,957
Total Non-Current Assets		5,721,739	5,660,957
Total Assets		6,862,727	6,270,470
Current Liabilities			
Unsecured convertible loan note	4	1,000,000	-
Lease liability	11	26,685	-
Trade and other payables		156,115	121,968
Total Current Liabilities		1,182,800	121,968
Non-current liabilities			
Lease liability	11	34,152	-
Total non-current Liabilities		34,152	-
Total Liabilities		1,216,952	121,968
Net Assets		5,645,775	6,148,502
Equity			
Issued capital	6	8,832,568	8,867,065
Share-based payments reserve	6	3,156,000	3,156,000
Accumulated losses		(6,342,793)	(5,874,563)
Total Equity		5,645,775	6,148,502

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

		31-Dec 2019 \$	31-Dec 2018 \$
	Note		
Cash flows from operating activities			
Interest received		1,717	6,826
Payments for exploration, evaluation and development expenditure		(109,373)	(125,846)
Payments to suppliers and employees		(339,588)	(488,495)
Net cash used in operating activities		(447,244)	(607,515)
Cash flows from investing activities			
Payments for purchase of PPE		-	(674)
Net cash used in investing activities		-	(674)
Cash flows from financing activities			
Proceeds from unissued unsecured convertible note	4	510,000	-
Payments for share issue costs	6	(34,497)	(1,884)
Net cash from financing activities		475,503	(1,884)
Net increase/(decrease) in cash and cash equivalents held		28,259	(610,073)
Cash and cash equivalents at the beginning of the half-year		557,177	1,540,302
Cash and cash equivalents at the end of the half-year		585,436	930,229

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Contributed equity	Share-based payment reserve	Accumulated losses	Total Equity
31 December 2018				
Balance at 1 July 2018	8,773,949	3,156,000	(4,976,162)	6,953,787
Net loss for the year	-	-	(430,680)	(430,680)
Comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(430,680)	(430,680)
Transaction with owners recorded directly in equity				
Share-based payment	95,000	-	-	95,000
Share issue costs	(1,884)	-	-	(1,884)
Balance at 31 December 2018	8,867,065	3,156,000	(5,406,842)	6,616,223
31 December 2019				
Balance at 1 July 2019	8,867,065	3,156,000	(5,874,563)	6,148,502
Net loss for the year	-	-	(468,230)	(468,230)
Total comprehensive loss for the year	-	-	(468,230)	(468,230)
Transaction with owners recorded directly in equity				
Capital raising costs	(34,497)	-	-	(34,497)
Balance at 31 December 2019	8,832,568	3,156,000	(6,342,793)	5,645,775

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

1. Corporate Information

MinRex Resources Limited and its controlled entities, East Pilbara Conglomerates Pty Ltd and SR (Sale Entity) Pty Ltd, ("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 condensed financial report was authorised for issue in accordance with a resolution of the Directors on 12 March 2020.

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 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 2019 annual financial report for the financial year 30 June 2019, except for the impact of the Standards and Interpretations described below. 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. 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.

The following new Accounting Standards or Interpretations are most relevant to the Group for the half year:

AASB 16 Leases

The consolidated group has adopted AASB 16 from 1 July 2019. The standard became effective 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

(b) Basis of Preparation

It has been determined by the Group that, other than the adoption of AASB 16, there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

(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.

The Group incurred a loss for the period ended 31 December 2019 of \$468,229 (31 December 2018: \$430,680) and net cash outflows from operating activities of \$447,244 (31 December 2018: \$607,515). These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors believe the Group is a going concern as they have appropriate plans to raise additional capital to fund forecasted activities via receipt of commitments for \$1 million (before costs) through the issue of unsecured Loan Notes to sophisticated investors and the proposed Non-Renounceable Entitlement Issue to issue up to a maximum of 95,877,727 Shares to raise up to \$958,777.27 (before costs). As per Shareholder approval obtained by the Company on 11 March 2020, the unsecured Loan Notes totalling \$1,000,000 will be converted into equity, preserving Company's cash reserves.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in its financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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. Unsecured Convertible Loan Note

	31-Dec 2019 \$	30-Jun 2019 \$
Unsecured convertible loan note receivable ¹	490,000	-
Unsecured convertible loan note received	510,000	-
Total unsecured convertible loan note liability ¹	1,000,000	-

¹ On 11 December 2019, the Company announced that it has secured \$1,000,000 through the issue of unsecured 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 has been extended by the Company to 1 May 2020. Shareholders approved at a General Meeting of Shareholders which was held on 11 March 2020 quarter, the Shareholders approved for each Loan Note to convert into one (1) Fully Paid Ordinary Share in the Company at a conversion price of \$0.01 per Share before the maturity date of 1 May 2020. New Shares issued through the conversion of Loan Notes, will have one (1) free-attaching Unlisted 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. As at 31 December 2019, the Company received \$510,000 in funds from Loan Notes issued, with the receipt of the balance of \$490,000 being received by 30 January 2020.

5. Exploration, evaluation and development expenditure

	31-Dec 2019 \$	30-Jun 2019 \$
Exploration, evaluation and development assets		
(a) Area of interest:		
Deflector Extended Gold Project - Western Australia	-	-
East Pilbara Gold Project – Western Australia	5,656,000	5,656,000
Carrying amount at end of half-year	5,656,000	5,656,000
(b) Reconciliation:		
Carrying amount at beginning of half-year	5,656,000	5,656,000
Additions	109,373	220,202
Less write-off of exploration and evaluation expenditure	(109,373) ¹	(220,202) ¹
Carrying amount at end of half-year	5,656,000	5,656,000

¹ Exploration expenditure written off amounts at balance dates is in line with Company's accounting policy on exploration, evaluation and development assets.

6. Issued Capital

	31-Dec-2019	31-Dec-2019
Ordinary shares	No.	\$
Issued and fully paid	95,877,727	8,832,568
Movements in ordinary shares on issue	No.	\$
At beginning of half-year	95,877,727	8,867,065
Capital raising costs		(34,497)
At end of half-year	95,877,727	8,832,568

	30-June-2019	30-June-2019
Ordinary shares	No.	\$
Issued and fully paid	95,877,727	8,867,065
Movements in ordinary shares on issue	No.	\$
At beginning of half-year	92,711,060	8,773,949
Share-based payment to settle trade creditors	3,166,667	95,000
Share issue costs	-	(1,884)
At end of half-year	95,877,727	8,867,065

	31-Dec-2019	31-Dec-2019
Share Based Payments Reserve	No.	\$
Options on issue	60,000,000	3,156,000
Movements in options on issue		
At beginning of half-year	60,000,000	3,156,000
Movement during the period	-	-
At end of half-year	60,000,000	3,156,000

	30-June-2019	30-June-2019
Share Based Payments Reserve	No.	\$
Options on issue	60,000,000	3,156,000
Movements in options on issue	-	-
At beginning of half-year	60,000,000	3,156,000
At end of half-year	60,000,000	3,156,000

7. 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 2019 \$	For the half- year ended 31 December 2018 \$
Net loss attributable to ordinary shareholders	(468,229)	(430,680)
Weighted average number of ordinary shares	95,877,727	94,286,239
Basic and diluted loss per ordinary share	<u>(0.005)</u>	<u>(0.005)</u>

8. Events Subsequent to Balance Date

- On 20 January 2020, the Company's provider for share registry services changed from Security Transfer Australia Pty Ltd to Automic Group;
- As announced on 11 December 2019, the Company advised that it had secured commitments for \$1 million (before costs) through the issue of unsecured Loan Notes to sophisticated investors. As at 31 December 2019, the Company received \$510,000 of Loan Note funds with the receipt of the balance of \$490,000 of Loan Note funds being received by 30 January 2020;
- On 13 February 2020, the Company announced Non-Renounceable Entitlement Issue Offer to issue 1 new Share for every 1 Share held at an issue price of \$0.01 per Share, to raise up to \$958,777 (before costs), together with 1 free attaching Option for every 4 new Shares issued. The Entitlement Offer to close on 18 March 2020, with the Company reserving the right to extend the Offer closing date if required.
- On 26 February 2020, Company's 60,000,000 unlisted options exercisable at \$0.144 expired unexercised;
- On 11 March 2020, the Company's shareholders approved conversion of unsecured Loan Notes totalling \$1 million, to fully paid ordinary shares at \$0.01 each.

In the opinion of directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

9. Contingent Liabilities

As at the date of this report, no other contingent liabilities, other than as disclosed in the 30 June 2019 Annual Report, had been identified in relation to the half-year ended 31 December 2019.

10. Capital Commitments

The Company's minimum expenditure commitments in relation to its tenements are:

	31-Dec-2019	30-Jun-2019
	\$	\$
Not longer than 12 months	113,927	113,927
Between 12 months and 5 years	132,381	190,007
	<u>246,308</u>	<u>303,934</u>

11. Lease Commitments

	31-Dec-2019	30-Jun-2019
	\$	\$
Right-of-use asset	73,679	-
Between 12 months and 5 years	(11,948)	-
	<u>61,731</u>	<u>-</u>

	31-Dec-2019	30-Jun-2019
	\$	\$
Lease liability – current	26,685	-
Lease liability – non-current	34,152	-
	<u>60,837</u>	<u>-</u>

AASB 16 was adopted using the modified retrospective approach, as such 30 June 2019 comparatives have not been restated.

12. Financial Assets and Financial Liabilities

Cash and cash equivalents, other receivables and trade and other payables accounts are the only financial instruments. The carrying amounts of these accounts approximate their fair values as at 31 December 2019 due to their short term nature.

13. Related Party Transactions

During the period under review, there were no other related party transactions apart from the payment of directors' fees to three directors amounting to \$105,990 (for the half-year ended 31 December 2018: \$122,600).

14. 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 2019	30 June 2019
East Pilbara Conglomerates Pty Ltd	Australia	17 November 2017	100%	100%
SR (Sale Entity) Pty Ltd	Australia	17 November 2017	100%	100%

MinRex Resources Limited

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of MinRex Resources Limited ("the Consolidated Entity"), I state:

In the opinion of the Directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 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 Consolidated Entity 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.



Simon Durack
Executive Director

Perth, 12 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MINREX RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Minrex Resources Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2019, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minrex Resources Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$468,229 (2018: \$430,680) and an operating cash outflow of \$447,244 (2018: \$607,515) during the half year ended 31 December 2019. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls 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.

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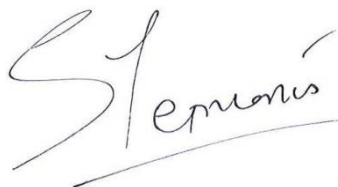
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Minrex Resources Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



PKF PERTH

SIMON FERMANIS
PARTNER12 MARCH 2020
WEST PERTH,
WESTERN AUSTRALIA