

ASX Release: 28 October, 2013

Quarterly Activities Report - for the period ended 30 September 2013

ASX Code: RXM

Shares on Issue: 188.9 million

Options on Issue: 5.0 million

Cash on hand: A\$19.9m

Market Capitalisation: \$103.9M

Share range in quarter: 36c to 72c

Website: www.rexminerals.com.au

*Progressing towards
completion of bankable
Feasibility Study (BFS).*

*Commercial negotiations ongoing
with potential funding and off take
partners, including submission of
written non-binding financial
proposals.*

*Mining approvals progressing to
next stage with MLP now referred
for public comment.*

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HIGHLIGHTS

Corporate

- Continued progress on the fixed price EPC contract to build the processing plant and associated infrastructure for the Hillside project.
- Commercial negotiations with potential offtake partners have advanced with submission of written, non-binding indicative financing proposals.
- Progressing BFS to support debt funding negotiations.
- Appointment of Ms Rachel Rees to the role of Chief Financial Officer.
- Head office has been relocated to Adelaide.

Hillside Project

- The South Australian Government's DMITRE advertised public notices inviting public comment on the Mining Lease proposal for the Hillside project.
- Pilot plant test work confirmed with copper grade in concentrate averaging 23% and copper recoveries increased from 88% to 91%.
- The recent metallurgical test work results have provided further opportunity to increase the copper concentrate grades and these are being incorporated into project design with the expectation of delivering substantial improvements to the project's economics.
- Numerous mining contractors have indicated their desire to submit a quote for the open pit mining contract at Hillside.
- Best results from Hillside drilling include:
 - 26m @ 1.0% copper, 0.1 g/t gold and 14% iron (**1.2% Cu eq**)
 - 76m @ 1.6% copper, 0.2 g/t gold and 18% iron (**1.9% Cu eq**)

SUMMARY COMMENTS

Rex continued working towards the completion of the Bankable Feasibility Study ("BFS") and the closure of finance for our A\$800-850m Hillside project. Rex is working to secure full funding for the Hillside project prior to the commencement of an 18 to 24 month construction schedule, with first copper produced in late 2015/early 2016. Rex continued with commercial negotiations with potential offtake partners. DMITRE has advertised public notices inviting public comment on the Hillside Mining Lease proposal.

OUTLOOK

Final approvals associated with the Mining Lease are anticipated in the December 2013 quarter. Additionally, Rex will continue negotiations in regard to the balance of funding required to develop Hillside, while advancing the formal terms for a full turnkey fixed lump sum EPC contract. Finally, Rex will look to conclude the Hillside BFS to support completion of debt funding. The initial responses to the open pit mining contract quotes will be assessed and shortlisted.

PROJECTS

Hillside Project – Overview of Progress to Date

This quarter again saw a great deal achieved at the Hillside project, including:

- An Ore Reserve Statement and open pit mine plan for the first 12 years of operation;
- The selection of a proposed construction group (NFC) to provide a fixed priced construction contract for Hillside;
- NFC to facilitate the debt funding of the project development costs through major Chinese banks, such as China Minsheng Banking Corp., Ltd (“Minsheng Bank”) and others, based on 70% of the EPC Contract turnkey cost, with an indicative amount of US\$550m.; and
- Completion of metallurgical testing providing increased confidence in the concentrates we will produce. This is important data for copper smelters and offtake groups which in turn could provide the balance of project funding.

Rex is progressively working towards the completion of the Hillside BFS and the closure of finance for our Hillside project. In many respects, this is a good time to be building Hillside. Equipment lead times are decreasing and there is increasing competition within the mining and project construction sector. Rex is working to achieve a fully funded Hillside project allowing commencement of an 18 to 24 month construction schedule in order to see first copper produced in late 2015/early 2016.

While we have seen changes in the external environment over the past six months and in particular commodity prices and the exchange rates, internally we have worked on enhancing revenue fundamentals for Hillside, particularly over the first 10 years of what should be a 15+ year mine life. As part of this work, Rex recently announced 12 year Ore Reserve, which is based solely on an open pit mine plan. This mine plan is capable of delivering at a rate of 110,000 tonnes per annum (“tpa”) of copper equivalent² (“CuEq”) production (that is an average of 75,000tpa copper, 60kcoz gold, 1.2mtpa magnetite) production for the first 10 years.

Hillside Project – Mining Lease Proposal for Public Comment

This quarter, the South Australian Government’s Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) advertised public notices inviting public comment on the Mining Lease proposal for the Hillside project.

The Mining Lease and its associated documentation follow two years of work by Rex on community consultation, environment and social studies. The information included in the Mining Lease proposal is based on environmental studies completed over the past 18 months, as well as valuable input from an independent Community Consultative Group (CCG). The CCG is made up of 20 members including those with interests in agriculture, landholders, natural resource management and the environment, small business, tourism, local government, emergency services and various local community members. Rex continues to run an open and inclusive engagement process with the aim of integrating the development of the Hillside project with the current land use and future vision of the local community. Rex considers the approach taken during planning and prior to the Mining Lease proposal as a critical part of the process towards the approval for mining at Hillside. The CCG continue to play a valuable role in optimising the ability for Rex to become an integral member of the local community on the Yorke Peninsula.

The Hillside project, when developed, will complement and diversify the social and economic fabric of the Yorke Peninsula, and deliver significant benefits to the broader South Australian economy.

Hillside Project – Pilot Plant Test Work

Rex has recently completed test work that improved copper recoveries (announced 22 July 2013). The improved copper recoveries were the direct result of pilot plant test work completed as part of the Hillside BFS and highlighted the significant advances made in regard to mineral processing.

The pilot plant test work has shown that copper grade in concentrate will average 23% and that there has been a further improvement in expected copper recovery. Copper recovery has increased from 88% to 91%. The pilot plant test work also confirmed the production of a high grade low impurity magnetite concentrate (>68% Fe).

In summary, the copper-gold concentrate and iron ore concentrates produced are considered to be of a high quality and attractive to many copper smelters and iron ore producers respectively. The copper-gold concentrate has an average copper grade of 23% and is low in all impurities. Similarly, the iron ore concentrate produced a sample containing >68% iron and low in impurities.



Figure 1: Copper-gold concentrate exiting floatation cell

Hillside Project – Drilling Results

Following the finalisation of the Hillside Mineral Resource and Ore Reserve (announced 28 June 2013), Rex ceased all drilling activities. Results received up until this point continued to confirm the quality of the Hillside Mineral Resource and the location of drill holes completed and results received during the September 2013 quarter are shown in Figure 2 and Table 1.

CORPORATE

The cash balance as at 30 September 2013 was \$19.9m. Expenditure and activities for the month were incurred as expected, however the cash outflow for the quarter was higher than indicated by activity due to the corresponding reduction in creditors and accruals compared to 30 June 2013. This was a one off increased cash flow associated with drilling activities undertaken in June and July being paid in August 2013. Rex also received a cash payment of \$3.1m from the ATO related to the R&D tax claim for the year ended 30 June 2012.

Rex continued to advance finance and partner discussions for its +110,000 tpa CuEq² Hillside project this quarter. Commercial negotiations with potential offtake partners have now advanced to the next step with submission of written, non-binding indicative financing proposals being received.

In addition, Rex continues to work with China-based NFC to advance the fixed price EPC contract along with several banks a loan facility of up to US\$550 million, for the purpose of providing debt funding for the development of the Hillside project.

Furthermore, over the past six months, a number of factors have combined to generate significant interest from potential funding partners; these include:

- 1) The quality of the Hillside Reserve base with a 50% increase in Reserves announced in June 2013.
- 2) An enhanced Hillside mine plan and forecast project cash flows of approximately \$250m pa¹.
- 3) Expected strengthening of A\$ copper price with a bias for a depreciating Australian dollar.
- 4) Softening construction cost and contractor market place with a renewed focused on cost containment.
- 5) Growing recognition of shortage of global copper supply with lack of project developments.
- 6) A clear election result in Australia.

Finally, the recent metallurgical test work results have provided further opportunity to increase the copper concentrate grades and these are being incorporated into project design with the expectation of delivering substantial improvements to the project's economics.

Rex announced the appointment of Ms Rachel Rees to the role of Chief Financial Officer. Rachel is a Senior Executive and Chartered Accountant with extensive commercial, strategic and risk management, corporate governance and financial management experience. Rachel has a track record of success over more than 20 years across a broad range of industries. The appointment of a Chief Financial Officer with Rachel's experience and capabilities will greatly enhance the ability of Rex to progress and finalise the various funding alternatives as well as assist in transforming Rex from an explorer to developer/producer. Rachel commenced on 9 September 2013.

As announced on 26 September 2013, the Rex head office is now based in Adelaide, this has resulted in the closure of the Ballarat office. It also re-affirms Rex's commitment to South Australia with our aim of become a regionally based copper company with several operating assets.

ACTIVITIES PLANNED FOR NEXT QUARTER AND KEY MILESTONES FOR 2013

Bankable Feasibility Study and Debt Funding: Rex has finalised the pilot plant test work to lock in the expected feed for Hillside. All geology and resource related requirements have already been met, while further optimisation of the mine plan will be finalised. Completion of the BFS is expected towards the end of the December 2013 quarter. The BFS will be used to further progress debt funding with a range of banks.

EPC Contract: Rex will further progress the fixed price estimate and contract details for the EPC contract to engineer, procure and construct the processing facilities and associated infrastructure.

Funding Progress: Rex will review and rank the various written funding offers that have been submitted and progress discussions and negotiations with a range of funding and offtake partners with the aim of being able to secure sufficient funds, in association with the debt funding, to commence the construction and development stage of the Project.

Mining Approvals: Approvals associated with the Miscellaneous Purposes Licence and Mining Lease have been issued for public comment and final approvals are anticipated in the December 2013 quarter.

Indicative Mining Costs: Responses to Rex's initial request for quotes for the open pit operation from interested contract mining companies has been strong and will be assessed, shortlisted and progressed to the next stage.

Pine Point Copper Belt: A detailed review of all historical data within Rex's tenement package will be undertaken, with a specific focus on historical geochemical data given the exceptional results received from Westbrook. Focus will continue to be on land access negotiations, including a number of key target areas important to the overall exploration strategy on the Yorke Peninsula.

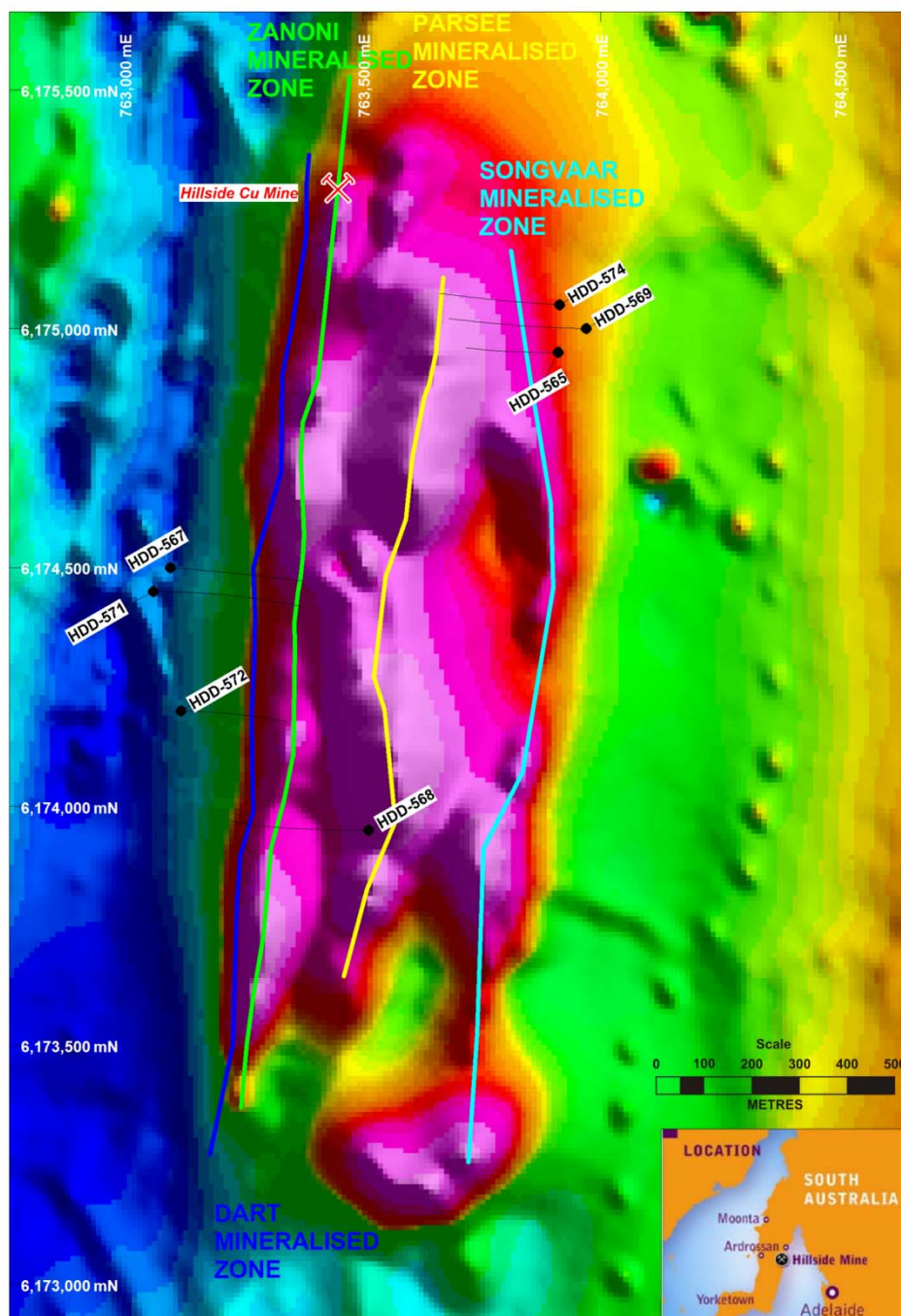


Figure 2: Magnetic map of Hillside, showing the location of recent drilling. Drill results detailed in Table 1.

Table 1: Summarised drilling highlights from results received at Hillside during the September 2013 quarter.

HOLE ID	FROM (m)	TO (m)	INTERVAL (m)	Cu (%)	Au (g/t)	Fe (%)	CuEq (%)	Structure
HDD-565	316	330	14	1.0	0.1	19	1.3	Songvaar (p)
HDD-567	429	455	26	1.0	0.1	14	1.2	Dart (p)
	488	503	15	5.0	0.5	16	5.5	Zanoni (p)
including	490	498	8	8.0	0.9	18	8.7	Zanoni (p)
HDD-568	274	281	7	1.5	0.3	29	2.0	Zanoni (p)
	316	323	7	1.0	0.5	15	1.5	Zanoni (p)
HDD-569	318	384	66	0.7	0.2	20	1.1	Songvaar (p)
including	318	327	9	1.7	0.3	14	2.0	Songvaar (p)
	450	472	22	0.8	0.3	33	1.4	Songvaar (p)
HDD-571	466	542	76	1.6	0.2	18	1.9	Zanoni (p)
including	469	478	9	2.0	0.3	16	2.4	Zanoni (p)
	490	500	10	3.4	0.5	33	4.1	Zanoni (p)
	510	515	5	3.2	0.8	25	3.9	Zanoni (p)
HDD-572	373	390	17	1.4	0.5	19	1.9	Zanoni (p)
including	375	383	8	2.1	0.8	24	2.8	Zanoni (p)
HDD-574	301	358	57	0.5	0.2	16	0.8	Songvaar (p)
including	327	333	6	1.8	0.9	25	2.6	Songvaar (p)
HDD-578	484	494	10	1.7	0.2	12	2.0	Dart (p)

(p) = Primary Mineralisation (s) = Supergene Mineralisation * All intercepts reported are down hole unless otherwise specified

Notes to the announcement

The estimates of production and cash flow as reported here are within the Company's 12 year Ore Reserve and represent the best estimate to date of the production profile of the Hillside project over an initial 10 year period. Revenues are based on the increased production schedule and commodity price forecasts shown in Table 2. Rex has also completed further refinements and confirmation of the costs identified in the Hillside Pre-Feasibility Study which has given Rex further confidence in the potential cash flows reported in this announcement. While the current estimates of production and cash flows from Hillside represent the best estimate from existing information and work completed to date, Rex will continue to refine and optimise the financial outcomes from the development of the Hillside project. Greater detail in regard to the financial estimates from the Hillside project will be released upon completion of the Hillside BFS. These forecasts are all dependant on the timely and successful completion of the required mining approvals and permits, financing and successful commissioning of the Hillside project.

Table 2: Table of Commodity Prices used in estimates of Cash Flow

	2016	2017	2018	Long Term
Copper Price (US\$/lb)	3.2	3.0	3.0	3.0
Gold Price (US\$/oz)	1300	1300	1250	1250
Iron Ore Price (US\$/t) *for 62% Fe content	100	100	100	100
USD:AUD exchange rate	0.9	0.8	0.8	0.8
Inflation	2.5%	2.5%	2.5%	2.5%

Commodity price assumptions have been based on a review of broker consensus and research on the projected supply and demand for each commodity supplied to Rex by CRU strategies.

¹ The results contained within this announcement contain “forward-looking statements”. All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper and other metals price volatility, currency fluctuations, increased capital and production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement”.

² CuEq Grade -Commodity Prices and Recoveries:

- Copper price used = 3.00 US\$/lb
- Gold price used = 1250 US\$/ounce
- Iron ore price used = 100 US\$/tonne:
 - US\$100 equates to the industry benchmark at 62% iron
 - Plus US\$25 premium for a concentrate grade of 67% at Hillside
- Testing has confirmed conventional processing options.
- Total Cu grade is used in the CuEq calculation
- Gold recoveries estimated at 84%
- Iron ore recoveries estimated at 43%
- Iron ore concentrate grade = 67%
- It is the Company’s opinion that all elements included in the metal equivalents calculation have a reasonable potential to be recovered.
- Formula for calculating copper equivalent = 1 + 2 + 3
 - 1) Copper Grade = Cu
 - 2) Copper Equivalent grade for Au = $(\text{Au}/10000) * ((1250/0.06857142)/3.00) * 84\%$
 - 3) Copper Equivalent grade for Iron Ore = $((\text{Fe} * 43\%)/67\%) * ((125/2204.623)/3.00)$
 - *0.06857142 = conversion from oz’s to lb’s
 - *2204.623 = conversion from tonnes to lb’s

Competent Persons’ Report – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Mr Colin McVie and Mr Ben Brown who are Members of the Australasian Institute of Mining and Metallurgy and are full time employees of Mining Plus Pty Ltd. Mr McVie and Mr Brown have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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 McVie and Mr Brown consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Persons’ Report– Mineral Resources

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Patrick Say who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Rex Minerals Ltd. Mr Say has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Say 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 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

Name of entity

REX MINERALS LTD

ABN

12 124 960 523

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(6,407)	(6,407)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	180	180
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (R&D Rebate received)	3,082	3,082
	Net Operating Cash Flows	(4,953)	(4,953)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other		
	Net investing cash flows	(1)	(1)
1.13	Total operating and investing cash flows (carried forward)	(4,954)	(4,954)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,954)	(4,954)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(4,954)	(4,954)
1.20	Cash at beginning of quarter/year to date	24,816	24,816
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	19,862	19,862

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	329
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation including Feasibility studies	3,472
4.2	Development	
4.3	Production	
4.4	Administration	1,808
Total		5,280

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	19,862	24,816
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (Term Deposits)		
Total: cash at end of quarter (item 1.22)	19,862	24,816

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	Mineral Claim 4354		0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	188,907,284	188,907,284		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	840,000 1,200,000 3,000,000	- - -	<i>Exercise price</i> \$3.00 \$1.20 \$0.91	<i>Expiry date</i> 30/4/2014 30/4/2015 31/8/2017
7.8	Issued during quarter	-	-	-	
7.9	Exercised during quarter	-	-	-	
7.10	Expired during quarter	-	-	-	
7.11	Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 28 October 2013

Print name: Amber Rivamonte

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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