

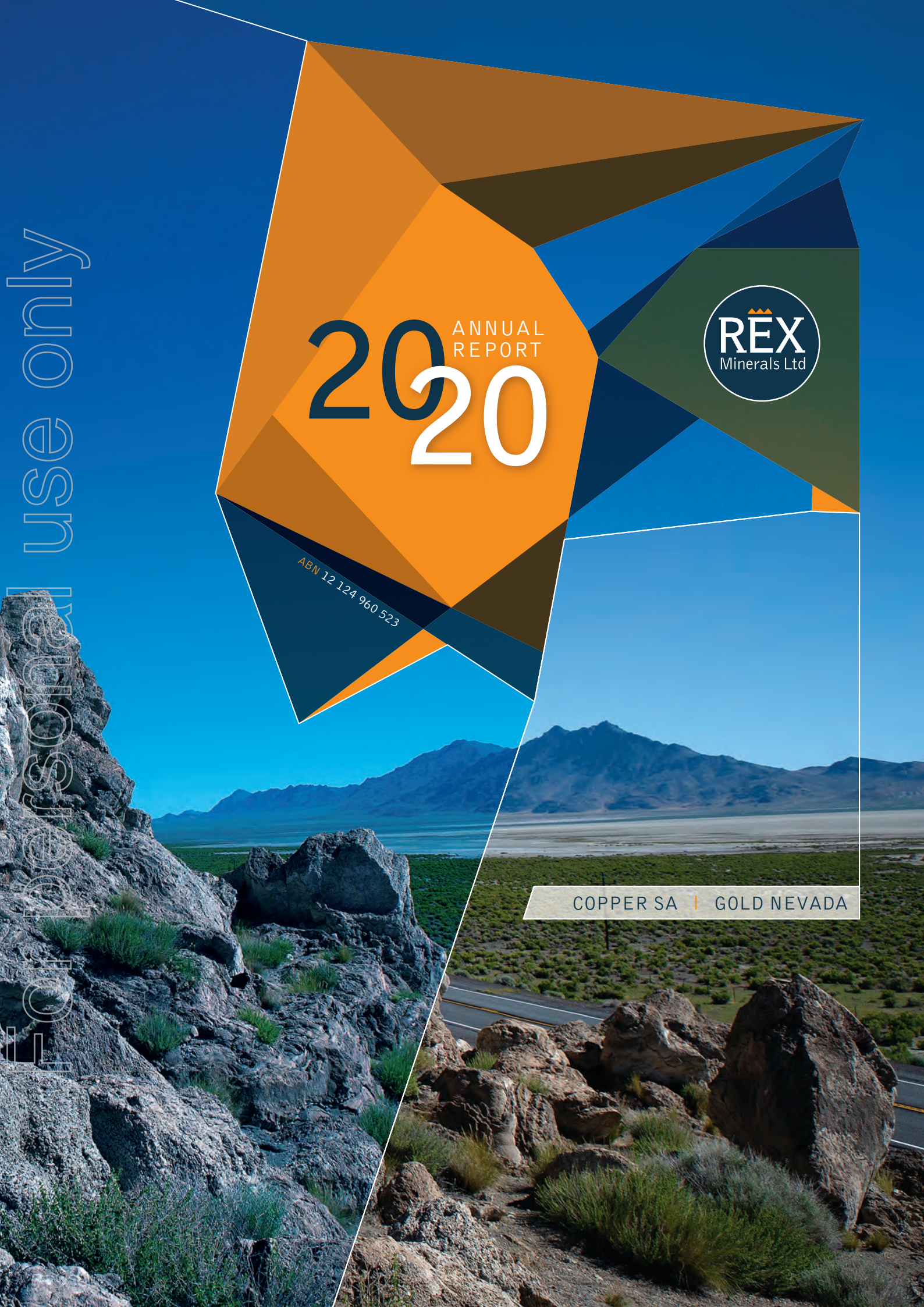
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# 2020 ANNUAL REPORT



ABN 12 124 960 523

COPPER SA | GOLD NEVADA



# 2020 ANNUAL REPORT

ABN 12 124 960 523



## CORPORATE DIRECTORY

### DIRECTORS

Dr David Carland (Non-Executive Chairman)  
Mr Richard Laufmann (CEO and Managing Director)  
Mr Alister Maitland (Non-Executive Director)  
Mr Mitchell H Hooke AM (Non-Executive Director)  
Mr Ian Smith (Non-Executive Director)  
Mr Ronald Douglas (Non-Executive Director)

### COMPANY SECRETARY

Ms Kay Donehue

### PRINCIPAL and REGISTERED OFFICE

Level 6, 1 Collins Street  
Melbourne, Victoria 3000

### CONTACT DETAILS

Rex Minerals Ltd  
PO Box 3435  
Rundle Mall, South Australia 5000  
Telephone: 1300 822 161 (Australia)  
Telephone: +61 3 9068 3077 (International)  
Email: [rex@rexminerals.com.au](mailto:rex@rexminerals.com.au)  
Website: [www.rexminerals.com.au](http://www.rexminerals.com.au)

### SHARE REGISTRARS

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067  
Telephone: +61 (0) 3 9415 4000 (investors)  
1300 850 505 (investors within Australia)

### AUDITORS

KPMG Australia  
151 Pirie Street  
Adelaide, South Australia 5000

### BANKERS

ANZ Banking Group Limited  
Level 21, 11 Waymouth Street  
Adelaide, South Australia 5000

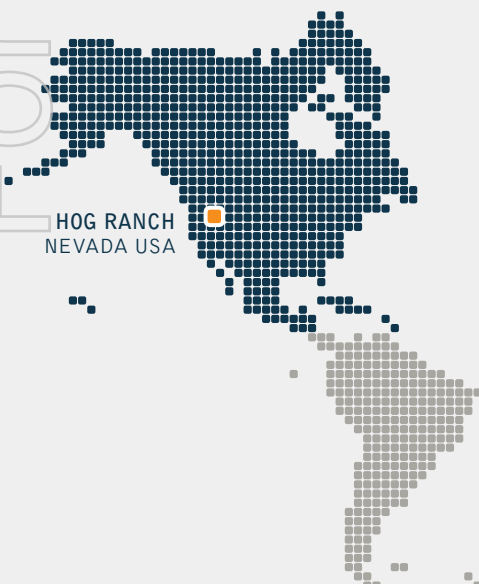
### Ord Minnett Limited

Level 7, 161 Collins Street  
Melbourne, Victoria 3000

### LEGAL ADVISORS

Baker McKenzie  
Level 19, 181 William Street  
Melbourne, Victoria 3000

## OPERATION LOCATIONS



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# 2020

ANNUAL REPORT 30 JUNE

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## REX MINERALS LTD

### LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER



ABN 12 124 960 523

Dear Fellow Shareholder,

The winds of change continue to blow across the global landscape, in every way confronting, affecting every aspect of our lives and at every level challenging our paradigms of normal. We, as a Company, will continue to adjust to this environment and avoid any pretence of drifting back to 'business as usual'.

Against this backdrop, a combination of reinvention and persistence has delivered real-world progress at our flagship projects in Nevada and South Australia.

As we deliver this letter, the gold price sits comfortably near new highs above US\$1,900 an ounce and the copper price sits again above US\$3 a pound. Rex is pure leverage to these metals.

In this context, we would like to highlight but a handful of the significant milestones achieved by the Company during the year in review.

- Hog Ranch Gold Property, acquired 12 months ago as an exploration asset in Nevada USA, has already grown to a gold Mineral Resource of 1.4 million ounces.
- Your Company used debt, rather than dilute shareholders, to progress the exploration program and study work at Hog Ranch.
- In November, the South Australian Government, with support from the State's Opposition Party, approved (after many years) mining legislation amendments, so vital to the industry and its future.
- In June, we published a Scoping Study, demonstrating the low-cost viability of a start-up mine at the Bells Project in the southern portion of the Hog Ranch licence area.
- In July, after three years and \$15 million expenditure, Rex was rewarded with the approval of its Hillside Copper-Gold Project Program for Environment Protection and Rehabilitation (PEPR), in South Australia.
- A second and third drilling campaign commenced at Hog Ranch, at newly-identified targets.

These achievements have positioned your Company to pursue and deliver on a range of objectives that we have shared with shareholders. These include:

- Pursue options to find development partners for Hillside.
- Define the full scale of exploration opportunities which are emerging at Hog Ranch.
- Embark on the baseline permitting and approval process for the first development opportunity at the Bells start-up within Hog Ranch.

To achieve these objectives, we recently raised \$10 million via placement to professional and sophisticated shareholders, which we have augmented with a Share Purchase Plan (SPP), offering all of our eligible shareholders similar terms and the opportunity to maintain their investment in Rex.

We are sincerely grateful to all investors who have supported the Company, and we look forward to sharing progress on this year's work program, aimed at allowing us to deliver the next tier of progress for the Company.

On a final note, our Board has not been in any way immune to the pandemic disruption. This has and will continue to require massive transformations to our business practices – as to how we adapt and innovate – both functionally and in the way we govern. As a Board, we will take valuable time to reflect on our lessons learnt and re-set our sails accordingly.

Yours sincerely,

Dr David Carland  
Chairman

Mr Richard Laufmann  
Chief Executive Officer

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## REX MINERALS LTD

### REVIEW OF OPERATIONS for the year ended 30 June 2020

#### CORPORATE

The year in review, reshaped in 2020 by the impacts of COVID-19, has already redefined the future – it is only to what extent that remains in question.

Against this backdrop, Rex Minerals Ltd (Rex or the Company) has moved quickly to reset and refocus to adapt to the challenges.

Following global and nationwide quarantine and lockdown, we immediately suspended and deferred all non-committed expenditure and activities to both conserve cash and reassess Rex's activities and work programs. Our objective? To provide a plan to steer Rex through the immediate period of COVID-19 uncertainty and beyond.

Importantly, our decision to add gold to the Rex portfolio, with the acquisition of the Hog Ranch Gold Property (Hog Ranch or Hog Ranch Property) in Nevada, USA continues to deliver upside. Gold is without peer as a protective asset class, particularly in uncertain times such as these. The consideration for the acquisition to the vendors was equity-based and our shareholders formally approved the consideration of equity to all vendors at the Annual General Meeting held on 21 November 2019.



Above: Butch Moore (former operations manager) and Richard Laufmann, CEO on site at Hog Ranch.

Directors and employees invested a total of \$784k supporting the Company by the exercise of options during the year. Rex also announced on 21 February 2020 that it has entered into a Loan Facility Agreement for a total amount of \$4.4M from a group of lenders (including four Directors) using the Company's freehold land as security. The transaction has been entered into using market terms on an arm's length basis and the repayment date on the loan has now been extended to February 2022.

On 3 September 2020, the Company announced that it had successfully completed a Placement to professional and sophisticated investors, raising \$10M and has offered existing eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP).



Above: Geologists Steven Bussey and Stephanie Grocke reviewing samples from 2020 drill program.

## REX MINERALS LTD

### REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2020

#### CORPORATE (CONTINUED)

In summary, the Company has copper and gold projects, in two excellent jurisdictions – both forward looking assets, both asset classes to own in these times. Consistent with our strategy and outlook, the Company has achieved a number of significant milestones, some of which are noted below in Figure 1.

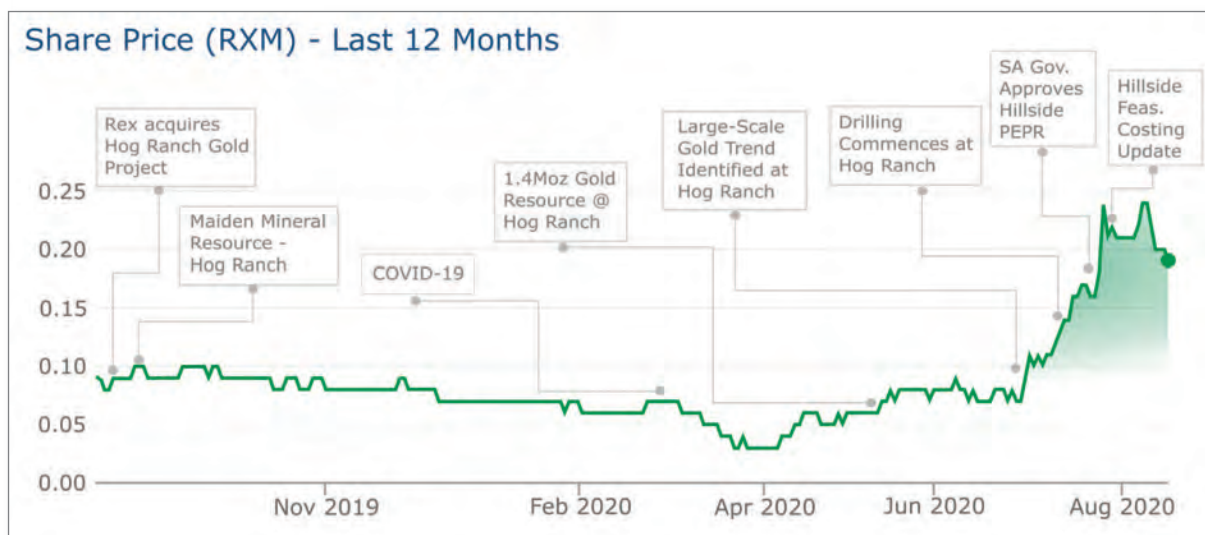


Figure 1: Significant milestones over 12 Months.

#### HILLSIDE PROJECT – SOUTH AUSTRALIA

The Hillside Copper-Gold Project (Hillside) remains one of Australia's largest undeveloped open pit copper Mineral Resources and contains 2M tonnes of copper and 1.4M ounces of gold and with the South Australian Government's approval of the Program for Environment Protection and Rehabilitation (PEPR) for Stage 1 of the Project on 24 July 2020, Rex now has a pathway to development.

The Hillside Project is planned around an open pit mine, initially with a 13-year mine life, producing approximately 35,000 tonnes of copper contained in concentrate and 24,000 ounces of gold per annum.

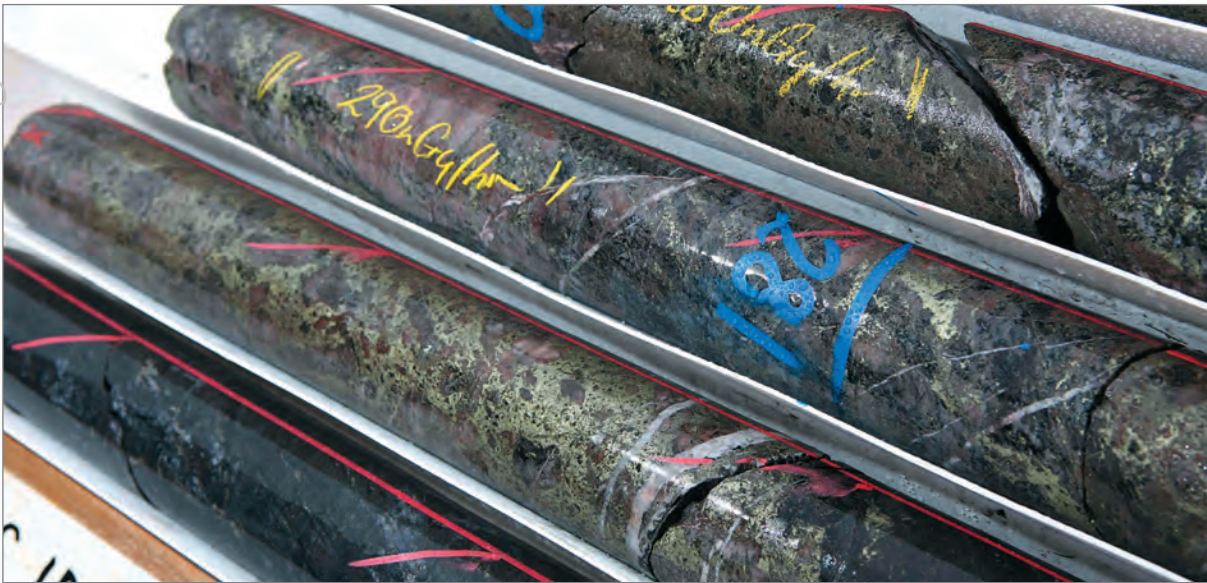
Summarised in the table below are the key financial outcomes from the updated capital and operating cost estimates for the Hillside Feasibility Study announced on 31 July 2020. Next steps are to pursue all available financing options, and the Company has engaged Grant Samuel to head a formal process, seeking expressions of interest.

		Base Case 2020	Consensus Forecast July 2022	Incentive Case	Upside Case
Copper Price	US\$/lb	3.00	2.84	3.50	4.00
Gold Price	US\$/oz	1,550	1,638	1,800	1,800
Exchange Rate (AUD:USD)	\$	0.70	0.63	0.70	0.65
Post-Tax NPV <sub>5%</sub>	A\$M	501	640	869	1,394
Post-Tax IRR	%	16.2	19.0	23.2	32.0
C1 Cash Costs (after by-products)	US\$/lb	1.38	1.19	1.30	1.18
AISC	US\$/lb	1.60	1.40	1.55	1.44

## REX MINERALS LTD

### REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2020

#### HILLSIDE PROJECT – SOUTH AUSTRALIA (CONTINUED)



Above: Hillside Project drill core.

#### SOUTH AUSTRALIAN TENEMENT SCHEDULE at 30 June 2020

South Australia					
Tenement	Location	Lease Status	Area Type	Current Area	Expiry Date
EL5683 <sup>1</sup>	Moonta South	Granted	km <sup>2</sup>	21	09/06/2020
EL5981	Moonta South	Granted	km <sup>2</sup>	108	22/06/2021
EL6100	Moonta South	Granted	km <sup>2</sup>	94	16/01/2023
EL6136 <sup>2</sup>	Moonta South	Granted	km <sup>2</sup>	185	19/03/2020
EL6143 <sup>3</sup>	Moonta South	Granted	km <sup>2</sup>	104	15/04/2020
EL6189	Moonta South	Granted	km <sup>2</sup>	354	01/08/2022
EL6245	Moonta South	Granted	km <sup>2</sup>	1,168	01/08/2022
EL6455	Moonta South	Granted	km <sup>2</sup>	74	04/11/2021
ML6438	Hillside	Granted	Ha	2,998	15/09/2035
EML6439	Hillside	Granted	Ha	225	15/09/2022
MPL146	Hillside	Granted	Ha	94	15/09/2035

<sup>1</sup> Renewal documentation submitted to the SA Government and currently being processed

<sup>2</sup> Renewal of licence term to 19/03/2022 granted on 27 July 2020, area reduced to 91km<sup>2</sup>

<sup>3</sup> Renewal of licence term to 15/04/2022 granted on 6 August 2020, area reduced to 51km<sup>2</sup>

## REX MINERALS LTD

### REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2020

#### HOG RANCH – NEVADA, USA

##### Mineral Resource Summary

Hog Ranch is clearly emerging as a significant and exciting new gold opportunity. In only eight months following acquisition, Rex has delivered a new Resource estimate of 1.4M ounces, 90% of which is less than 100m below surface (see announcement of 12 May 2020). This represents an incredibly low all-in discovery cost at Hog Ranch of US\$0.87/oz of gold.

A combination of factors has resulted in a substantial upgrade to the Mineral Resource at Hog Ranch. This has included a more refined interpretation of the geology in the northern Project area, the inclusion of sulphide material as part of a potential open pit heap leach option based on recent and historical metallurgical test work, improved prospects for the gold price and a lower cut-off grade which matches the natural geological distribution of the interpreted gold mineralisation. In addition, Rex has been able to compare the new block model against the historical production records to further test the validity of the data which was used to create the updated Mineral Resource.

Within the Hog Ranch Property area there are two distinct types of gold mineralisation (oxide and sulphide). The oxide horizon makes up the majority (~93%) of the Mineral Resource and is anticipated to have recoveries in line with the historical test work and historical mining at Hog Ranch, and this is further supported by recent metallurgical test work completed at the Bells Project (Bells) (see announcement of 6 February 2020).

The interpreted distribution of gold combined with low costs associated with a heap leach operation support our selection of cut-off grades for both oxide and sulphide material. For the oxide material at the Krista Project (Krista), Rex has adopted a cut-off grade of 0.1g/t gold (Au), whilst for the sulphide material at Airport and Cameco, Rex has adopted a cut-off grade of 0.15g/t Au. The Bells Mineral Resource was completed at a cut-off grade of 0.2g/t Au as Rex believes this to be a smaller-sized operation compared with the assumptions used for the combined Krista, Airport and Cameco area.

Table 1: Summary results for the updated Mineral Resource estimate at Hog Ranch.

Zone	Classification	Tonnes	Gold Grade	Gold Ounces
Krista Oxide	Inferred	68.5Mt	0.40g/t	890kcozs
Cameco & Airport Sulphide	Inferred	4.7Mt	0.70g/t	100kcozs
Bells Oxide	Inferred	15.7Mt	0.50g/t	240kcozs
Bells Oxide	Indicated	8.7Mt	0.63g/t	180kcozs
	<b>TOTAL</b>	<b>97.6Mt</b>	<b>0.45g/t</b>	<b>1.4Mcozs</b>

Gold grades for Indicated Resources are rounded to two significant figures (nearest 0.01g/t) and gold grades for Inferred Resources are rounded to nearest 0.05g/t. Some apparent differences in gold ounces may occur due to rounding.

The Mineral Resource at Krista, Airport and Cameco is reported within an open pit shell optimised for heap leach processing, based on a gold price of US\$1,600/oz and at cut-off grades of 0.1g/t gold for oxide and 0.15g/t gold for sulphide.

The Mineral Resource at Bells is reported within an open pit shell optimised for heap leach processing, based on a gold price of US\$1,600/oz and a cut-off grade of 0.2g/t gold. (See announcement of 29 January 2020.)



Above: Hog Ranch during WMC operations.



## REX MINERALS LTD

### REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2020

#### HOG RANCH – NEVADA, USA (CONTINUED)

##### Scoping Study – Bells Project

Rex announced the results of a Scoping Study for the Bells Project at Hog Ranch on 9 June 2020. The Study has identified a stand-alone low-cost start-up heap leach opportunity in the southern area of Hog Ranch (Figure 2). The Bells deposit represents 30% of our current Mineral Resource, which offers a separate start-up opportunity to provide early cashflow, allowing us to focus on the much larger Hog Ranch Property. The headline metrics and outcomes based on the Bells Mineral Resource of 420koz are:

- Pre-production capital costs of US\$58M and payback of 1.9 years
- Production rate of 3Mtpa for an 8.5 year operation with life of mine (LOM) strip ratio of less than 0.5:1
- Producing approximately 39koz of gold per annum with an estimated LOM recovery of 80%

		Base Case 2020	Upside Case 2020
Gold Price	US\$/oz	1,550	2,000
Exchange Rate (AUD:USD)	\$	0.70	0.70
Post-Tax NPV <sup>5%</sup>	US\$M	75	165
	A\$M	108	236
Post-Tax IRR	%	40	74
C1 Cash Costs	US\$/oz	783	783
AISC	US\$/oz	902	933 <sup>1</sup>

<sup>1</sup> increase in AISC due to higher royalty payments.

##### Evidence for regional gold potential at Hog Ranch

As announced on 1 July 2020, the geological features that are linked to the historical mining area and the current Mineral Resource at Hog Ranch are found to exist over a broad area beyond the current limits of the Mineral Resource. These features support the interpretation that there are multiple epithermal deposit types which could host significant gold mineralisation and which appear to occur along a defined corridor or trend (Figure 2).

The information that has led Rex to this interpretation is the combined presence of geological alteration features such as hydrothermal silica with surrounding clay minerals or alteration features in the surface rocks, overlapping geochemical anomalies and the coincidence of favourably-oriented fault intersection points.

The above features are observed in greatest intensity along a broad corridor or trend which cuts through the dominant volcanic host rocks at Hog Ranch. At this stage, Rex has limited the scope of its regional exploration work to the local host rocks which are part of a large volcanic caldera known as the Cottonwood Creek Volcanic Center (CCVC) (Figure 2).

As part of the gold mineralisation at Hog Ranch, there exists two distinct target types which are common for this type of deposit in Nevada. The target types are vastly different from each other in terms of their location, size, grade and subsequent mining and processing options.

##### Large-scale, shallow disseminated gold target type

The historical mining area at Hog Ranch and current Mineral Resource along with a larger series of well-supported exploration targets near the surface (less than 200m deep) are all based on flat-lying disseminated gold mineralisation (Figure 3).

Where this gold mineralisation has been weathered, the gold particles within the permeable host rocks are easily recovered using heap leach processing methods (used in historical mining at Hog Ranch) as is common practice throughout Nevada. In addition, the near-to-surface and flat-lying nature of the gold mineralisation at Hog Ranch means that open pit mining with low strip ratios can be employed.

A combination of higher gold prices, larger economies of scale and very low operating costs has enabled Rex to consider the definition and economic evaluation of a much larger volume of gold mineralisation than was possible during the historical mining period when the gold price was averaging circa US\$330/oz.

HOG RANCH – NEVADA, USA (CONTINUED)

Regional targets along the defined Gold Trend

Further outside of the Krista Project area, it was also recognised that there are additional locations throughout the host volcanic rocks at Hog Ranch which have similar features to what is observed at both the Krista and Bells Projects.

The potential epithermal deposit locations were also observed to exist along a definable trend which cuts through the regional volcanic rocks of the CCVC (Figure 2). Rex interprets this broad trend to relate to a deep-seated structure that has controlled the location of these historical hot-spring locations and their associated gold mineralisation.

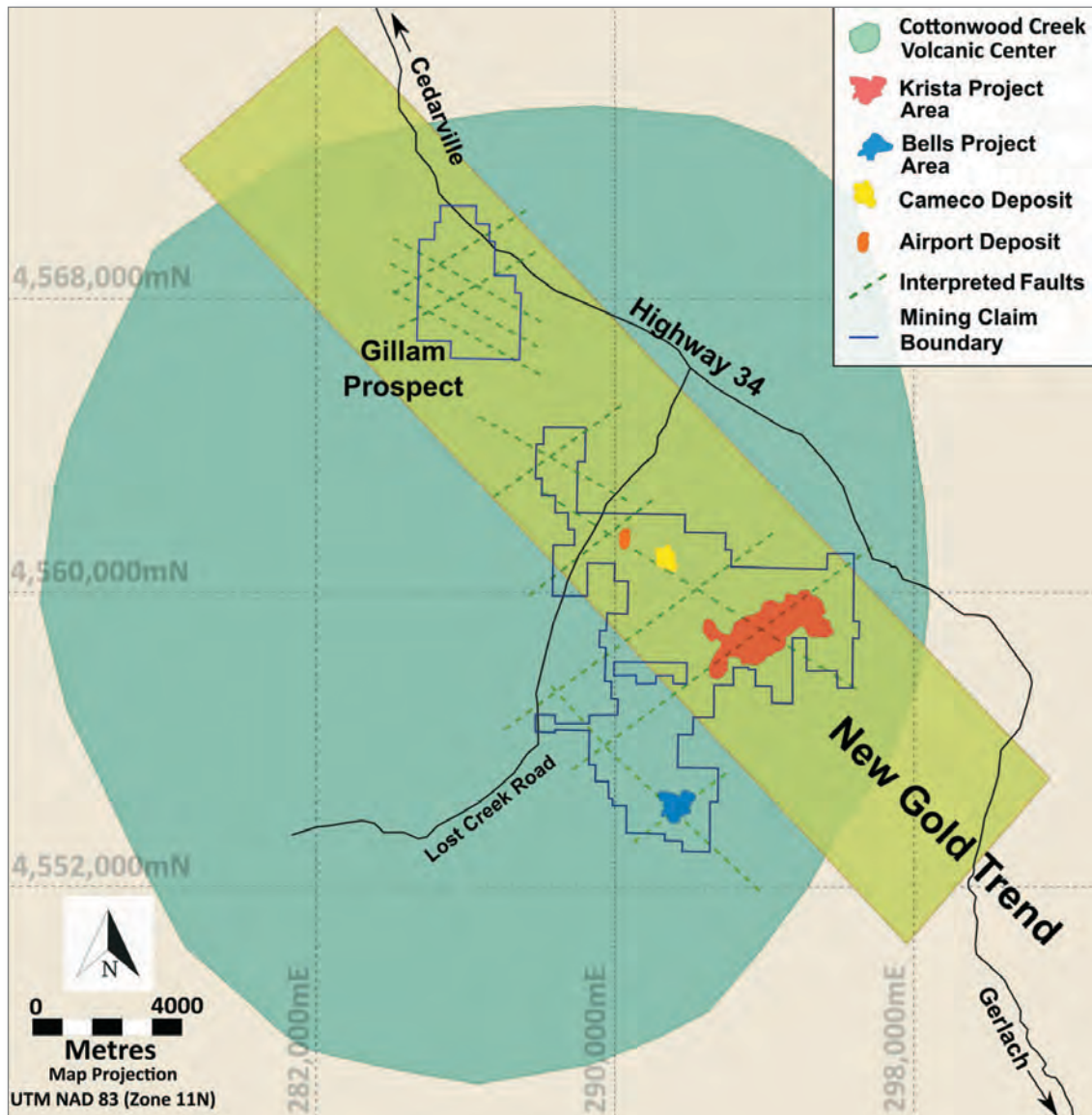


Figure 2: Rex's claims at Hog Ranch with the newly-interpreted gold trend.

The area defined by Rex which has evidence for epithermal mineralisation now exceeds 10km<sup>2</sup>. This compares with the area at Krista, within the Krista Tuff only, which was historically mined or within the current Mineral Resource, for an area of approximately 1.6km<sup>2</sup>.

For reference also, the Bells Project area, which appears to have formed outside of the larger defined gold trend, has recorded mine production and a current Mineral Resource of just over 0.45Mozs of gold covering an area of just under 0.8km<sup>2</sup>.

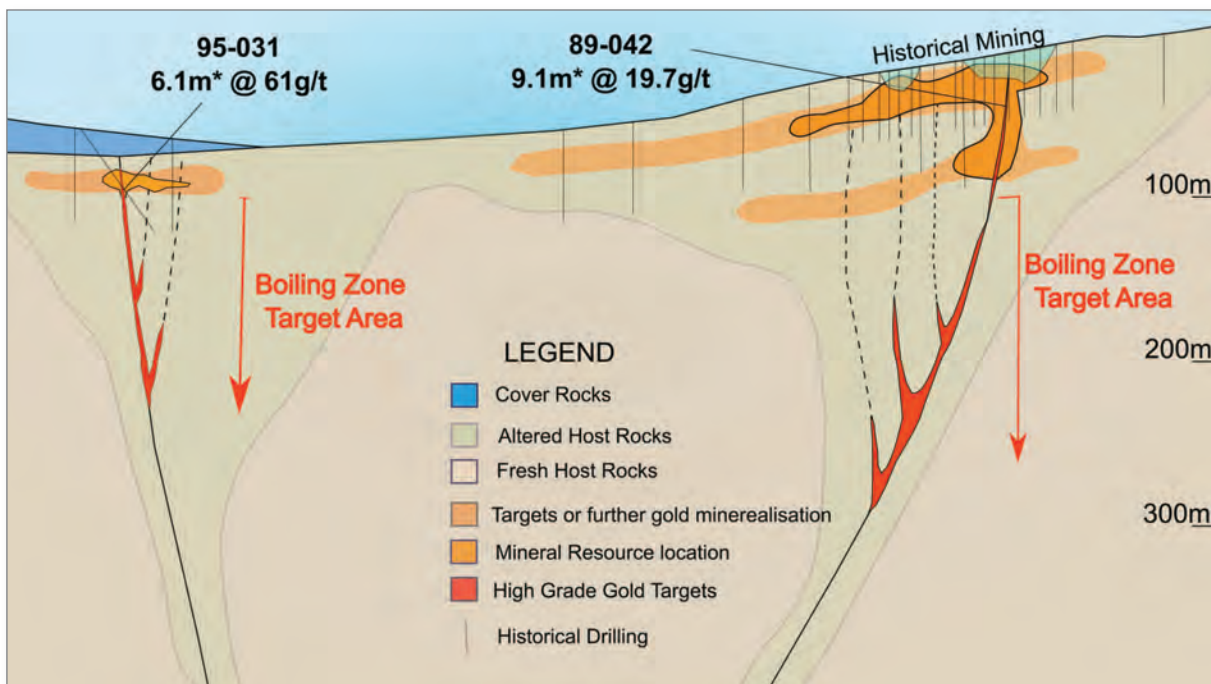
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HOG RANCH – NEVADA, USA (CONTINUED)

High-grade vein-hosted gold target types

In addition to the large-scale shallow gold potential at Hog Ranch, there exists evidence for the presence of high-grade lode gold (or vein-hosted gold) mineralisation. There are already a large number of very high-grade (>30g/t) intercepts (see Table 2) that exist throughout the drill hole database which are interpreted by Rex to be related to vertically-orientated structures which were essentially part of the “plumbing system” to deliver the gold-bearing fluids close to the surface.

Figure 3 is a schematic representation of the relationship between the shallow disseminated gold and the vertical vein-hosted high-grade gold target types at Hog Ranch. The high-grade gold mineralisation is interpreted to be most prominent in a favourable position known as the “boiling zone.” Rex interprets that the structures in the “boiling zone” have not yet been effectively tested at Hog Ranch.

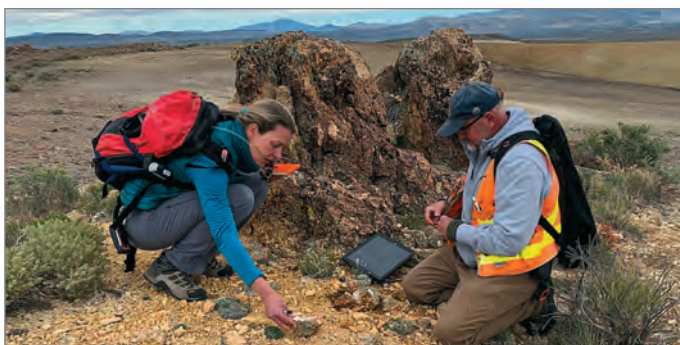


\*All reported intersections are down hole lengths only and not true widths (see announcement of 2 September 2019 for historical drill hole information at Hog Ranch).

Figure 3: Schematic diagram representing the two target types.

A number of these high-grade veins were exposed in the historical open pits with a similar style of vein system still currently exposed at the Bells open pit. Rex has reviewed a number of these high-grade intersections and found that they remain to be tested along the dominant vein orientation which was documented from the historical mining area, to be in a north-west direction.

The presence of high-grade vein-hosted gold mineralisation underneath a large blanket of shallow disseminated gold is a common occurrence throughout the south-west USA. The Sleeper and Midas deposits in Nevada are two analogies for this target type which are interpreted to have formed as part of the same geological event as Hog Ranch (Saunders 2008).



Above: Geologists Stephanie Grocke and Jeff Nicholes sampling at Gillam Prospect.



Above: Permitting consultant, EM Strategies on site at Bells Project.

## REX MINERALS LTD

### REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2020

#### HOG RANCH – NEVADA, USA (CONTINUED)

##### High-grade vein-hosted gold target types

Table 2: Significant drilling results\* from the Hog Ranch drill hole database for intersections that are interpreted to exist in quartz vein-hosted vertical structures and which also exist outside of the historical open pits.

Hole Number	Pit/Area	From (ft)	To (ft)	Interval (m)	Gold Grade(g/t)
95-031	Cameco	165	185	6.1	61.8
89-042	Geib/(Krista)	165	195	9.1	19.7
88-199	139/(Krista)	300	305	1.5	194.1
87-120	Geib/(Krista)	205	215	3.0	59.5
87-238	Geib/(Krista)	200	205	1.5	92.9
89-044	Geib/(Krista)	240	245	1.5	72.8
88-025	Geib/(Krista)	270	275	1.5	64.9
87-126	Geib/(Krista)	250	255	1.5	50.0
91-375	139/(Krista)	240	245	1.5	44.4
87-215	Geib/(Krista)	145	150	1.5	38.7
86-155	Geib/(Krista)	260	265	1.5	35.2
19-007	Bells	255	275	6.1	4.6

\*All reported intersections are down hole lengths only and not true widths. The drill intersections are largely interpreted to be from near-vertical quartz veins which implies that the true width may be much less than the reported down hole lengths (see announcement of 2 September 2019 for details and JORC tables pertaining to the historical drill hole information at Hog Ranch).

#### NEVADA, USA TENEMENT SCHEDULE at 30 June 2020

At 30 June 2020, the Hog Ranch Property was made up of a total of 347 lode mining claims located in Washoe County, Nevada. Hog Ranch Minerals Inc (a 100% owned Rex Minerals subsidiary) directly owns 100 Mining Claims (see table below) and controls the remaining 247 Mining Claims through a mining lease with purchase option with Nevada Select Royalty Inc.

Lode Mining Claims – Nevada, USA						
Claim Name	No. of Claims	Location	Lease Status	Area Type	Total Area <sup>1</sup>	Date Certified
NHR 1-30	30	Washoe County	Active	Ft <sup>2</sup>	27,000,000	10/08/2019
NHR 31-100	70	Washoe County	Active	Ft <sup>2</sup>	63,000,000	28/01/2020
<b>Total Claims</b>	<b>100</b>					

<sup>1</sup> Total Area comprises the area of each Lode Mining Claims, ie. 1500' x 600'

An additional 236 Mining Claims were certified in July 2020, increasing the total to 583 active Lode Mining Claims.

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## REX MINERALS LTD

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### REVIEW OF OPERATIONS (Continued) for the year ended 30 June 2020

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#### SUPPLEMENTARY INFORMATION

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All information compiled in this Annual Report has been previously announced and this statement fairly represents a summary of the supporting information and documentation. Rex Minerals Ltd confirms that it is not aware of any new information or data that materially affects the information included in the market announcement and that all material assumptions and technical parameters underpinning the estimates included in referenced previous market announcements continue to apply and have not materially changed.

#### Forward-Looking Statements

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This Annual Report contains "forward-looking statements". All statements other than those of historical facts included in this Annual Report 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, gold and other metals price volatility, currency fluctuations, increased 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.



Above: Aerial View, Krista Project Area.



Above: Mining Claim stake at Hog Ranch.



Above: 2020 Drill Program, Krista Project.

**SUPPLEMENTARY INFORMATION (CONTINUED)****Compliance Statement**

With reference to previously reported Mineral Resources, Ore Reserves, Feasibility Studies and Scoping Studies the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements as referenced.

In the case of estimates of Mineral Resources and Ore Reserves that reference material assumptions and technical parameters underpinning the information, contained within this Annual Report, continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The estimated Ore Reserves and Mineral Resources underpinning any production target have been prepared by a competent person in accordance with the requirements in Appendix 5A (JORC code).

**Competent Persons' Statement – Hog Ranch**

The information in this report that relates to Exploration Targets, Exploration Results or Mineral Resources is based on, and fairly reflects, information compiled by Mr Steven Olsen who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Rex Minerals Ltd. Mr Olsen 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 Olsen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mining is based on, and fairly reflects, information compiled by Mr Charles McHugh who is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Rex Minerals Ltd. Mr McHugh 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 McHugh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to metallurgy is based on, and fairly reflects, information compiled by Mr John Burgess who is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant to Rex Minerals Ltd. Mr Burgess 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 Burgess consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Base Case Assumptions – Bells Project**

The Bells Scoping Study (2020) price assumptions are quoted in US dollars and gold: US\$1,550/oz.

**Competent Persons' Statement – Hillside Project**

The information in this report that relates to Ore Reserves is based on information compiled by Mr Charles McHugh who is a Fellow of the Australasian Institute of Mining and Metallurgy and is an employee of Rex Minerals Ltd. Mr McHugh 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 McHugh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 an 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.

**Base Case Assumptions – Hillside Project**

The Hillside Feasibility Study (2020) price assumptions for the life of the operation are copper: US\$3.00/lb; gold: US\$1,550/oz and exchange rate of AUD:USD \$0.70.

2020

ANNUAL REPORT

# DIRECTORS' REPORT

For the year ended 30 June 2020



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## REX MINERALS LTD

### DIRECTORS' REPORT For the year ended 30 June 2020

The Directors present their report together with the consolidated financial statements of the Group comprising of Rex Minerals Ltd (the Company) and its subsidiaries (the Group or Rex), for the financial year ended 30 June 2020 and the auditors' report thereon.

#### DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
<p><b>Dr David Carland</b> Chairman Independent Non-Executive Director (PhD (Econometrics), MEc, BEc (Hons), MAICD)</p>	<p>Dr David Carland has been a Director since 12 December 2013 and was appointed Chairman of Rex Minerals on 1 January 2014. Dr Carland also serves as a member of the Company's Audit Committee and its Remuneration Committee.</p> <p>Dr Carland has over 35 years of investment banking and commercial experience in both the private sector and government. He is the Executive Director of Australian Resources Development Limited, a company focused on the provision of specialised advice and assistance on the structuring, financing and developing of energy and resource projects.</p> <p>Dr Carland was the co-founder and part-owner of BurnVoir Corporate Finance Limited (BurnVoir), an independent specialist investment banking firm focusing on the energy, resource and infrastructure sectors. Prior to establishing BurnVoir, Dr Carland was executive vice president and head of energy and power at Bankers Trust, and before that, he was deputy managing director and head of corporate finance at UBS Australia. He was previously a non-executive director of Indophil Resources NL. Dr Carland has held senior executive roles with the CRA Group (now Rio Tinto), including management of the commercial arrangements for the purchase of the Gladstone Power Station. His roles have seen him based in the US and London.</p>
<p><b>Mr Richard Laufmann</b> Chief Executive Officer and Managing Director (B.Eng (Mining), MAusIMM, MAICD)</p>	<p>Mr Richard Laufmann is a founding Director of Rex Minerals and was formerly a non-executive director (since 2007). He was appointed Chief Executive Officer and Managing Director (CEO) of the Company on 23 April 2015.</p> <p>Mr Laufmann is a mining engineer with broad experience in the resources sector, both corporate and operational.</p> <p>Mr Laufmann's previous roles include chief executive officer of Indophil Resources NL (until January 2015, an ASX listed company with a large copper-gold Joint Venture in the Philippines) and prior to that, chief executive officer of Ballarat Goldfields NL. Mr Laufmann also previously led WMC Resources Limited's gold business as general manager-operations.</p>
<p><b>Mr Alister Maitland</b> Independent Non-Executive Director (B.Com, FAICD, FAIM, SF Fin)</p>	<p>Mr Alister Maitland was appointed a Director of Rex Minerals on 16 September 2011. He is Chairman of the Audit Committee and a member of the Remuneration Committee.</p> <p>Mr Maitland is a former executive director of ANZ Banking Group with a background in international finance whose banking experience extended beyond Australasia to cover Asia, the Sub Continent, the Middle East, Europe and America. His professional experience has included global business expansion, internal and external consulting, treasury projects and international political agendas. As chief executive of ANZ Bank for New Zealand, he was responsible to the local board for that country's operations.</p> <p>He has been a non-executive director of a number of publicly-listed ASX companies and Government bodies covering a wide range of activities including property services, mining, banking, asset management and health. He is a former chairman of Ballarat Goldfields NL, director of Lihir Gold Ltd and Malayan Banking Berhad (Maybank).</p>



## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### DIRECTORS (CONTINUED)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
<p><b>Mr Mitchell H Hooke AM</b> Independent Non-Executive Director (B.Rur.Sc. (UNE), MAIA, MAICD)</p>	<p>Mr Mitchell H Hooke AM was appointed a Director of Rex Minerals on 4 August 2015. He is Chairman of the Remuneration Committee and a member of the Audit Committee.</p> <p>Mr Hooke is globally-recognised for his in-depth knowledge and strategic leadership in Australian and global public policy advocacy, as well as delivering on practical operational issues in the development of economic, social and environmental policy and practice across the minerals, agriculture, and food and grocery industries in Australia and internationally.</p> <p>Mr Hooke was the chief executive officer of Grains, Food and Grocery, and the Minerals Councils of Australia spanning over 25 years until his retirement from the MCA at the end of 2013. He is the Chairman of Partners in Performance International, a Non-Executive Director of The Menzies Research Centre Ltd and with a long and strong rural background, he is an Independent Non-Executive Director of Grain Producers Australia Limited. He is a Non-Executive Director of coal-based technology company GTL Energy Ltd, and was formerly a non-executive director of USA private equity Elgin National Industries and its Australian subsidiary Roberts and Schaefer. Mr Hooke is also a member of the Advisory Boards of Micromine Ltd and Member of the Company of Winifred Wests Schools.</p>
<p><b>Mr Ian Smith</b> Independent Non-Executive Director (B.E (Hons, Mining), B Fin Admin, FIEAust, FAusIMM)</p>	<p>Mr Ian Smith was appointed a Director of Rex Minerals on 18 February 2019.</p> <p>Mr Smith is a mining engineer with more than 40 years' experience in the mining and services sector. He has held some of the most senior positions in the Australian resources industry, most recently managing director and chief executive officer of Orica. Prior to that, he was managing director and chief executive officer of Newcrest, growing the business to what has become Australia's biggest, and globally one of the largest, gold mining companies. Mr Smith is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Institute of Engineers.</p> <p>In prior roles Mr Smith was global head of operational and technical excellence with Rio Tinto, London and managing director – Comalco Aluminium Smelting with Rio Tinto in Brisbane. He has technical, operational, financial and strategic expertise, having also held senior and executive positions with WMC Resources, Pasminco and CRA. Mr Smith is a past president of the Australian Mines &amp; Metals Association and is a past chairman of the Minerals Council of Australia. Mr Smith was formerly a non-executive director of White Rock Minerals Ltd.</p>
<p><b>Mr Ronald Douglas</b> Independent Non-Executive Director (B.Eng, FAIM, MAustIMM, MAICD)</p>	<p>Mr Ronald Douglas was appointed a Director of Rex Minerals on 18 February 2019.</p> <p>Mr Douglas is an engineer by qualification and has extensive experience leading owners' teams for major projects located around the world. Mr Douglas is the Executive Vice President, Project Delivery for Ausenco and he has over 35 years' global experience in project delivery and resources sector management. His previous roles have included global head of projects and technology for Orica; executive general manager projects and studies for Newcrest; chief executive officer of Australian Solomons Gold; managing director for Anglesey Aluminium Metal (part of Rio Tinto); and general manager for Rio Tinto's aluminium and coal projects.</p> <p>Mr Douglas is a Fellow of the Australian Institute of Management, a Member of the Australasian Institute of Mining and Metallurgy and a Member of Australian Institute of Company Directors. He has extensive and well-recognised expertise in industrials, minerals and metals, as well as oil and gas. Mr Douglas was formerly a non-executive chairman of Highlands Pacific Limited.</p>

## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### COMPANY SECRETARY

Ms Kay Donehue

(GradDipACG, GIA(Cert), AGIA, ICSA, AAICD, Chartered Secretary)

Ms Donehue has over 25 years' experience in the mining and banking industries, and most recently has focused extensively on company secretarial and governance roles in the mining sector. Ms Donehue was previously company secretary of Indophil Resources NL which was delisted from the ASX in 2015 following completion of a Scheme of Arrangement with its major shareholder.

Ms Donehue is an Associate of the Governance Institute of Australia and holds a Graduate Diploma in Applied Corporate Governance.

#### DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each Director were:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings <sup>2</sup>	
	A	B	A	B	A	B
Dr David Carland	6	6	2	2	–	–
Mr Richard Laufmann <sup>1</sup>	6	6	2	2	–	–
Mr Alister Maitland	5	6	1	2	–	–
Mr Mitchell Hooke	4	6	1	2	–	–
Mr Ian Smith <sup>1</sup>	5	6	1	2	–	–
Mr Ronald Douglas <sup>1</sup>	5	6	2	2	–	–

A – Number of meetings attended.

B – Number of meetings held during the year whilst the Director held office.

<sup>1</sup> Director is not a member of the Committees but attend meetings as appropriate by invitation.

<sup>2</sup> Any matters for consideration by the Remuneration Committee were managed directly by the Board and accordingly, no separate meetings were held by the Remuneration Committee during the year.

#### CORPORATE GOVERNANCE STATEMENT

Rex has adopted comprehensive systems of control and accountability as the basis for the administration and compliance of effective and practical corporate governance. These systems are reviewed regularly and revised if appropriate.

The Board is committed to administering the Company's policies and procedures with transparency and integrity, pursuing the genuine spirit of good corporate governance practice. To the extent they are applicable, Rex has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 3rd Edition* for the 2020 financial year and will adopt the Council's February 2019 update—*Corporate Governance Principles and Recommendations, 4th Edition*, effective 1 July 2020. In addition, as the Company's activities transform in size, nature and scope, additional corporate governance structures will be considered by the Board and assessed as to their relevance.

In accordance with the ASX Principles and Recommendations and the ASX Listing Rules, the Corporate Governance Statement and a more detailed discussion of the Company's approach can be found on its website: [www.rexminerals.com.au/company-profile](http://www.rexminerals.com.au/company-profile).

This Corporate Governance Statement is dated 30 June 2020 and was approved by the Board on 21 September 2020.

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## REX MINERALS LTD

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### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

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#### PRINCIPAL ACTIVITIES

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The principal activity of the Group during the year was minerals exploration, evaluation and development. The Group acquired the Hog Ranch Gold Property located in Nevada, USA diversifying the Company's asset base. This is the only change to the Group's principal activities during the year.

The Group's principal objective is to create value through the discovery and development of mineral resources.

Our strategy to deliver on this objective is to:

- Following receipt of approval of our PEPR we are now well placed to pursue all available financing options for the development of the Hillside Project;
- Embark on and further develop the exploration and development options at Hog Ranch, including:
  - > Grow the shallow disseminated gold Mineral Resource
  - > Explore for the high-grade boiling zone targets
  - > Commence regional work program and drill target generation
  - > Continue baseline environmental studies for permitting of the Bells Project.
- Explore options to continue to explore our highly prospective Iron Oxide Copper Gold (IOCG) tenements in South Australia; and
- Evolve the pool of corporate and financing options available.

#### OPERATING AND FINANCIAL REVIEW

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The income statement shows a loss after tax of \$5.2 million (2019: \$5.1 million) for the year. The Group has a private loan facility liability of \$4.4 million (2019: nil) and no bank debt. As at 30 June 2020, the Group had a cash position of \$3.0 million (2019: \$2.7 million). Operating activities resulted in a net cash outflow for the year of \$4.8 million (2019: outflow \$4.6 million).

#### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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There were no significant changes in the state of affairs of the Group during the financial year.

#### DIVIDENDS PAID OR RECOMMENDED

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The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

#### EVENTS SINCE THE END OF THE FINANCIAL YEAR

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On 29 July 2020, the Company issued 666,666 shares to Directors following the exercise of vested options at a price of 8.4 cents, expiring 31 January 2023.

On 3 September 2020, the Company announced that it had successfully completed a Placement to professional and sophisticated investors, raising \$10M and has offered existing eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP). The Company also announced the extension of the repayment date on its loan facility by a period of twelve months to February 2022, all other loan terms remain the same.

Other than mentioned above, no matters or circumstances have arisen since 30 June 2020 that have significantly affected the Group's operations, results or state of affairs.

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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The Group is working towards the development of the Hillside copper and Bells gold projects and continued minerals exploration on the tenements and mineral claims owned or controlled by the Group.

Other than that which is disclosed throughout the Annual Report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### ENVIRONMENTAL REGULATION

The Group's operations are subject to environmental regulation in respect of mineral tenements relating to exploration activities on those tenements. No breaches of any environmental requirements were recorded during the financial year.

#### INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company provides insurance to cover legal liability and expenses for the Directors and Executive Officers of the Company. The Directors and Officers Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the Officers in their capacity as Officers. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with Directors and Executive Officers to indemnify these individuals against any claims and related expenses, which arise as a result of their work in their respective capacities.

The Company has not provided any insurance or indemnity for the auditor of the Company.

#### NON-AUDIT SERVICES

During the year, KPMG Australia (KPMG), the Group's auditor, did not perform any services other than the audit and review of the financial statements.

Details of amounts paid to the auditor of the Group, KPMG and its related practices for audit services during the year, are set out below.

	2020 \$	2019 \$
Audit and review of financial statements	47,500	46,500

#### REMUNERATION REPORT – AUDITED

The Directors present the Remuneration Report for the year ended 30 June 2020, outlining key aspects of the remuneration policy and framework and the remuneration awarded during the year.

##### Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key Management Personnel (KMP) comprise the Directors of the Company and Senior Executives for the Group. KMP have authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Compensation packages may include a mix of fixed and variable compensation, and short-term and long-term performance-based incentives.

##### Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles), as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually through a process that considers individual, segment and overall performance of the Group. Market research provides analysis and guidance for compensation.

##### Performance linked compensation

Performance linked compensation may include both short-term and long-term incentives, and is designed to reward senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive is an 'at risk' bonus provided in the form of cash, while the long-term incentive is provided as options over ordinary shares of the Company pursuant to the terms and conditions of the options. Non-Executive Directors are not eligible for performance linked compensation.

## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### REMUNERATION REPORT – AUDITED (CONTINUED)

##### Short-term incentive

The short-term incentive (STI) is a discretionary bonus provided in the form of cash. At the end of the financial year, the Board assesses the performance of the Group and individuals.

The Board determines and approves the cash incentive to be paid to individuals. During the year, no STI cash bonuses were paid or payable.

##### Long-term incentive

The long-term incentive (LTI) is provided as options over ordinary shares of the Group and are issued at the discretion of the Board with conditions that the Board determines as appropriate at the time of issue. The Board believes the LTI is an important component of a comprehensive remuneration strategy. It aligns participants' interests with those of shareholders by linking their overall total rewards to the long-term success of the Company and helps retain cash funds within the Company.

The Board received shareholder approval for an Option Incentive Plan at the Annual General Meeting on 22 November 2018. The plan is administered by the Board which has the discretion to determine eligibility to participate in the plan.

##### Consequences of performance on shareholder wealth

The variable components of the Group's Executives' remuneration (the STI and LTI) seek to encourage alignment of management performance and shareholders' interests by linking remuneration to the performance of the Group. Whilst the Remuneration Committee takes into consideration the indices detailed below, the Board acknowledges that as an exploration and development company, the use of such indices does not fully reflect the Group's performance.

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Net loss attributable to equity holders of the parent (million)	5.1	5.1	5.2	0.8	5.1
Closing share price at financial year's end (\$)	0.070	0.053	0.105	0.056	0.051

##### Service agreements

In line with Group policy, the Group has entered into contracts with each of its Executive Officers, and they are capable of termination on up to two months' notice. The Group retains the right to terminate a contract immediately by making payment in lieu of notice. Executive Officers are also entitled to receive (on termination of employment) their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. The employment contract provides for no additional entitlement in the event of immediate termination due to misconduct or gross negligence.

The employment or consultancy contract outlines the components of compensation paid to the Executive Officers, and may be either based on an annual amount or daily rate. They do not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to meet the principles of the compensation policy. Any STI is at the discretion of the Board. The Company has established an Option Incentive Plan, and the Board may invite Executive Officers to participate under the terms and conditions of the plan as an LTI.

##### Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 AGM, is not to exceed \$500,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies.

The Chairman and Non-Executive Directors do not receive performance related remuneration, but subject to shareholder approval may receive options as part of their remuneration. Directors' fees cover all main Board activities and membership of Board committees.

# REX MINERALS LTD

## DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

### REMUNERATION REPORT – AUDITED (CONTINUED)

#### Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2020 are as follows:

	Fixed remuneration				Variable remuneration		Total \$	Remuneration mix		Bonus proportion of remuneration performance related %
	Short-term		Post employment	Long-term	Share based payments	Fair value options (d) \$		Fixed	Variable at risk LTI	
	Salary & fees (a) \$	STI cash bonus (b) \$	Super-annuation \$	Long service leave (c) \$						
<b>Non-Executive Directors</b>										
Dr David Carland, Chairman	100,000	–	9,500	–	–	–	109,500	100%	–	–
Mr Alistair Maitland	60,000	–	5,700	–	–	–	65,700	100%	–	–
Mr Mitchell Hooke	60,000	–	5,700	–	–	–	65,700	100%	–	–
Mr Ian Smith	60,000	–	5,700	–	9,742	–	75,442	87%	13%	–
Mr Ronald Douglas	60,000	–	5,700	–	9,742	–	75,442	87%	13%	–
<b>Managing Director</b>										
Mr Richard Laufmann, CEO	254,808	–	23,750	22,292	–	–	300,850	100%	–	–
<b>Executives</b>										
Ms Amber Rivamonte, CFO <sup>1</sup>	273,000	–	–	–	6,919	–	279,919	98%	2%	–
Mr Greg Hall, Project Director <sup>2</sup>	96,612	–	–	–	–	–	96,612	100%	–	–
Ms Cherie Leeden, Director – Hog Ranch <sup>3</sup>	86,010	–	–	–	13,837	–	99,847	86%	14%	–
<b>Total compensation KMP:</b>	<b>1,050,430</b>	<b>–</b>	<b>56,050</b>	<b>22,292</b>	<b>40,240</b>	<b>–</b>	<b>1,169,012</b>			

#### Notes in relation to the table of Directors' and Executive Officers' remuneration

- (a) Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers, it includes cash salary and accrued annual leave entitlements (where applicable).
- (b) No STI cash bonuses were accrued or payable in relation to the 2020 financial year.
- (c) Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation. The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.
- (d) Ms Rivamonte is engaged through a consultancy agreement and the above represents the retainer paid to the KMP related company.
- Mr Hall is engaged through a consultancy agreement, on a daily rate, and the above represents the amount paid to the KMP related company.
- Ms Leeden is engaged through a consultancy agreement, commencing 1 December 2019 and the above represents the retainer paid to the KMP related company.

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# REX MINERALS LTD

## DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

### REMUNERATION REPORT – AUDITED (CONTINUED)

#### Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of Directors and Executive Officers for 2019 are as follows:

	Fixed remuneration				Variable remuneration		Total \$	Remuneration mix		Bonus proportion of remuneration performance related %
	Short-term		Post employment	Long-term	Share based payments	Fair value options (d) \$		Fixed	Variable at risk LTI	
	Salary & fees (a) \$	STI cash bonus (b) \$	Super-annuation \$	Long service leave (c) \$						
<b>Non-Executive Directors</b>										
Dr David Carland, Chairman	100,000	-	9,500	-	1,336	110,836	99%	1%	-	
Mr Alister Maitland	60,000	-	5,700	-	1,336	67,036	98%	2%	-	
Mr Mitchell Hooke	60,000	-	5,700	-	1,336	67,036	98%	2%	-	
Mr Ian Smith <sup>1</sup>	21,615	-	2,053	-	3,620	27,288	87%	13%	-	
Mr Ronald Douglas <sup>2</sup>	21,615	-	2,053	-	3,620	27,288	87%	13%	-	
<b>Managing Director</b>										
Mr Richard Laufmann, CEO	269,230	-	23,750	9,901	4,008	306,889	99%	1%	-	
<b>Executives</b>										
Mr Greg Hall, Project Director <sup>3</sup>	147,905	-	-	-	2,004	149,909	99%	1%	-	
Ms Amber Rivamonte, CFO <sup>4</sup>	273,000	-	-	-	2,004	275,004	99%	1%	-	
<b>Total compensation KMP:</b>	<b>953,365</b>	<b>-</b>	<b>48,756</b>	<b>9,901</b>	<b>19,264</b>	<b>1,031,286</b>				

#### Notes in relation to the table of Directors' and Executive Officers' remuneration

- (a) Salary and fees include amounts received by KMP measured in accordance with Australian Accounting Standards. For Executive Officers, it includes cash salary and accrued annual leave entitlements.
  - (b) No STI cash bonuses were accrued or payable in relation to the 2019 financial year.
  - (c) Represents the net accrual for long service leave which will only be paid in cash if the employee meets the required service conditions in accordance with state-based legislation.
  - (d) The fair value of the options is calculated at the date of grant using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date. The value disclosed is the portion of fair value of the options recognised as an expense in each reporting period.
1. Mr Smith commenced on 18 February 2019.
  2. Mr Douglas commenced on 18 February 2019.
  3. Mr Hall is engaged through a consultancy agreement, on a daily rate, and the above represents the amount paid to the KMP related company.
  4. Ms Rivamonte is engaged through a consultancy agreement and the above represents the retainer paid to the KMP related company.

## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### REMUNERATION REPORT – AUDITED (CONTINUED)

##### Shares under option

All options refer to unquoted options over ordinary shares of Rex Minerals Ltd, which are exercisable on a one-for-one basis under the terms and conditions of the Option Incentive Plan. The options do not entitle the holder to participate in any share issue of the Company. All options expire on the earlier of their expiry date or in the case of termination, as defined in the terms and conditions of the plan.

During the year, the Company issued 12.1 million options and issued 12.4 million ordinary shares as a result of the exercise of options, with 1.4 million options lapsing. At 30 June 2020, there were 14.1 million unquoted options over ordinary shares of the Company, 2.0 million at an exercise price of 8.4 cents, expiring 31 January 2023 and 12.1 million at an exercise price of 7.0 cents expiring 29 February 2024. Since the end of the financial year, the Company has issued 666,666 ordinary shares as a result of the exercise of options. Options on issue at the date of this report are 13,433,334.

##### Reconciliation of options, ordinary shares and consideration rights held by Key Management Personnel (KMP)

###### Options

The table below shows a reconciliation of unquoted options over ordinary shares in the Company held directly, indirectly or beneficially by each KMP including their related parties, during the financial year.

The fair value of the options is calculated at the date of grant, using the Black-Scholes option pricing model and allocated to each reporting period evenly over the period from grant to vesting date.

Name	Held at 1 July 2019	Number of options granted or lapsed	Number of options exercised <sup>1</sup>	Number of options vested and exercisable <sup>2</sup>	% of options vested	Held at 30 June 2020	Fair value of options granted in 2020	Fair value of options expensed in 2020	Maximum fair value of options yet to vest or be expensed
Dr David Carland	-	-	-	-	-	-	-	-	-
Mr Alister Maitland	1,000,000	-	1,000,000	-	-	-	-	-	-
Mr Mitchell Hooke	334,000	-	334,000	-	-	-	-	-	-
Mr Ian Smith	1,000,000	-	-	333,333	33	1,000,000	-	\$9,742	\$15,438
Mr Ronald Douglas	1,000,000	-	-	333,333	33	1,000,000	-	\$9,742	\$15,438
Mr Richard Laufmann	3,000,000	-	3,000,000	-	-	-	-	-	-
Mr Greg Hall	1,400,000	(1,150,000)	250,000	-	-	-	-	-	-
Ms Amber Rivamonte	1,500,000	1,500,000	1,500,000	-	-	1,500,000	\$35,700	\$6,919	\$28,781
Ms Cherie Leeden	-	3,000,000	-	-	-	3,000,000	\$71,400	\$13,837	\$57,563

<sup>1</sup> Options exercised during the period were exercised at 6.3 cents each and the share price on the day of exercise was 8.0 cents.

<sup>2</sup> Since 30 June 2020, Mr Ian Smith and Mr Ron Douglas have both exercised 333,333 options at 8.4 cents each, reducing the number of options they hold at the date of this report to 666,667.



## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### REMUNERATION REPORT – AUDITED (CONTINUED)

##### Reconciliation of options, ordinary shares and consideration rights held by Key Management Personnel (KMP) (Continued)

###### Options (Continued)

The fair value of the unlisted options granted during 2020 has been measured independently at the date of the grant based upon the Black-Scholes option pricing model. The inputs used in the measurement of the fair value at grant date are as follows.

Grant date	6 March 2020
Fair value per option at grant date	2.38 cents
Exercise price per option	7.0 cents
Premium to closing share price prior to grant date	11.1%
Expiry date	29 February 2024

Options vest in three equal tranches.

All options expire on the earlier of their expiry date or in the case of termination, as defined in the Option Incentive Plan. On termination, in the event that a KMP is deemed to be a good leaver, then all unvested options will immediately vest. In the event that a KMP is deemed to be a bad leaver, the options (whether vested or unvested) expire shortly thereafter.

The terms and conditions of each grant of options affecting remuneration in the current and future reporting periods are set out below.

Grant date	Vesting dates	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	% vested
14 February 2019	One third 31 January 2020 One third 31 January 2021 One third 31 January 2022	31 January 2023	8.4	2.88	33
6 March 2020	One third 28 February 2021 One third 28 February 2022 One third 28 February 2023	29 February 2024	7.0	2.38	–

###### Shareholdings

The table below shows a reconciliation of ordinary shares in the Company held, directly, indirectly or beneficially by each KMP including their related parties, during the financial year. The table below also includes any movement in ordinary shares since the end of the financial year and the totals held at the date of this report by each KMP including their related parties.

Name	Held at 1 July 2019	Received on exercise of option	Acquired or sold during the year	Held at 30 June 2020	Received on exercise of option	Acquired or sold since the end of year	Held at date of this report
Dr David Carland	2,022,888	–	–	2,022,888	–	–	2,022,888
Mr Alister Maitland	338,364	1,000,000	–	1,338,364	–	–	1,338,364
Mr Mitchell Hooke	1,107,507	334,000	–	1,441,507	–	–	1,441,507
Mr Ian Smith	–	–	–	–	333,333	–	333,333
Mr Ronald Douglas	–	–	–	–	333,333	–	333,333
Mr Richard Laufmann	4,450,666	3,000,000	646,151 <sup>1</sup>	8,096,817	–	–	8,096,817
Mr Greg Hall	100,000	250,000	–	350,000	–	–	350,000
Ms Amber Rivamonte	950,000	1,500,000	2,584,606 <sup>1</sup>	5,034,606	–	–	5,034,606
Ms Cherie Leeden	–	–	–	–	–	–	–

<sup>1</sup> Shares issued for consideration of the Hog Ranch Group were escrowed for 12 months from the date of completion.

## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### REMUNERATION REPORT – AUDITED (CONTINUED)

##### Reconciliation of options, ordinary shares and consideration rights held by Key Management Personnel (KMP) (Continued)

##### Hog Ranch Consideration Rights (HRCR)

The Company has issued 20 million HRCR (including to related parties) as part of the Hog Ranch acquisition. The HRCR convert to Rex shares on the outcome of the following milestones:

- 5 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 on completion of an Inferred Mineral Resource in addition to any Indicated and Measured Mineral Resource in total of 2Moz or higher of contained gold as defined by the 2012 JORC Code with respect to the Hog Ranch Property and has a minimum grade of 0.4 g/t of gold in addition to a minimum tonnage of 100 Mt; and
- 15 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 of the Board approving a decision to mine the Hog Ranch Property.

The acquisition value of the Hog Ranch Property of \$1.640 million was based on the fair value of the equity instruments issued as a consideration. The value was determined using the Black-Scholes model and considering the probability of each milestone being achieved.

During the year, no HRCR were converted or cancelled as the above milestones are yet to be achieved by the Company.

The table below shows a reconciliation of HRCR in the Company held, directly, indirectly or beneficially by KMP including their related parties, during the financial year. The table below also includes any movement in HRCR since the end of the financial year and the totals held at the date of this report by KMP including their related parties.

Name	Held at 1 July 2019	Acquired during the year	Held at 30 June 2020	Acquired since the end of year	Held at date of this report
Mr Richard Laufmann	–	1,292,303	1,292,303	–	1,292,303
Ms Amber Rivamonte	–	5,169,210	5,169,210	–	5,169,210



Above: Core farm at Hillside Project, South Australia.

## REX MINERALS LTD

### DIRECTORS' REPORT (Continued) for the year ended 30 June 2020

#### REMUNERATION REPORT – AUDITED (CONTINUED)

##### Reconciliation of options, ordinary shares and consideration rights held by Key Management Personnel (KMP) (Continued)

##### Loans from Directors

In February 2020, the Company entered into a Loan Facility Agreement for a total amount of \$4.400 million from a group of lenders (including four Directors), with a one off establishment fee of 2%, an interest rate of 10% for a period of 12 months using the Company's freehold land as security. In September 2020, the loan facility was extended for an additional 12 months to February 2022, all other terms remaining the same. Details of loans from Directors, including entities related to them, are set out below.

Name	Balance at 1 July 2019	Loan drawdown	Est. Fee	Interest charged	Payments	Balance at 30 June 2020
Dr David Carland	–	\$500,000	\$10,000	\$17,397	\$10,000	\$517,397
Mr Alister Maitland	–	\$250,000	\$5,000	\$8,699	\$5,000	\$258,699
Mr Ian Smith	–	\$500,000	\$10,000	\$17,397	\$10,000	\$517,397
Mr Richard Laufmann	–	\$1,000,000	\$20,000	\$34,795	\$20,000	\$1,034,795

##### Other transactions with Key Management Personnel (KMP)

KMP hold positions in other companies that result in them having control or significant influence over those companies.

During the year, KMP related companies transacted with the Group. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related companies.

During the year, the Group completed the acquisition of the Hog Ranch Group Pty Ltd (HRG). Two of the vendors of HRG were companies controlled by Mr Richard Laufmann and Ms Amber Rivamonte. Total consideration for the acquisition comprised an issue of 10 million shares and 20 million consideration rights which convert to Rex shares on the outcome of certain milestones being met (as described above), and will lapse if the milestones are not met prior to 31 October 2024.

The issue of the shares and the consideration rights to all HRG vendors were approved by shareholders at the 21 November 2019 AGM.

The fair value of the HRCR issued as a consideration for the asset acquisition was determined using the Black-Scholes model and considered the probability of each milestone being achieved.

Name	Shares <sup>1</sup>	HRCR <sup>2</sup>
Mr Richard Laufmann	\$58,154	\$46,086
Ms Amber Rivamonte	\$232,614	\$184,385
<b>Amount recognised as Exploration</b>	<b>\$290,768</b>	<b>\$230,471</b>

<sup>1</sup> Shares issued as part of the acquisition were under escrow for a period of 12 months.

<sup>2</sup> No HRCR were converted or cancelled as the above milestones are yet to be achieved by the Company.

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**REX MINERALS LTD**

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**DIRECTORS' REPORT** (Continued) for the year ended 30 June 2020

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**Rounding**

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The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and in accordance with that Financial Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated. All currencies are in Australian dollars unless stated otherwise.

**Lead Auditor's Independence Declaration**

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The lead auditor's independence declaration is set out on page 49 and forms part of the Directors' Report for the year ended 30 June 2020.

Dated at Melbourne this 21<sup>st</sup> day of September 2020.

Signed in accordance with a resolution of the Directors:



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**Mr Richard Laufmann**  
Chief Executive Officer

For personal use only

**REX MINERALS LTD****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June

	Note	2020 \$000	2019 \$000
<b>Current assets</b>			
Cash and cash equivalents	7	2,990	2,723
Trade and other receivables		41	38
Prepayments		47	35
<b>Total current assets</b>		<b>3,078</b>	<b>2,796</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	9	3,243	1,645
Property, plant and equipment	10	14,339	14,401
Water infrastructure		4,076	4,076
<b>Total non-current assets</b>		<b>21,658</b>	<b>20,122</b>
<b>Total assets</b>		<b>24,736</b>	<b>22,918</b>
<b>Current liabilities</b>			
Trade and other payables	11	344	257
Employee benefits	12	605	633
Provisions		–	36
Borrowings	22(b)	4,400	–
<b>Total current liabilities</b>		<b>5,349</b>	<b>926</b>
<b>Non-current liabilities</b>			
Employee benefits	12	67	30
Provisions		36	–
<b>Total non-current liabilities</b>		<b>103</b>	<b>30</b>
<b>Total liabilities</b>		<b>5,452</b>	<b>956</b>
<b>Net assets</b>		<b>19,284</b>	<b>21,962</b>
<b>Equity</b>			
Issued capital	13(a)	197,953	196,269
Reserves	13(d)	810	360
Accumulated losses		(179,479)	(174,667)
<b>Total equity</b>		<b>19,284</b>	<b>21,962</b>

The notes on pages 31 to 47 are an integral part of these financial statements.

**REX MINERALS LTD****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

For the year ended 30 June

	Note	2020 \$000	2019 \$000
Finance income		21	98
Government grants		123	–
Corporate and compliance		(1,017)	(1,247)
Depreciation expense	10	(64)	(101)
Employee benefits expense	14	(2,037)	(1,921)
Marketing expenses		(117)	(86)
Exploration and evaluation		(1,786)	(1,414)
Borrowing costs		(282)	–
Loss on disposal of fixed assets		–	(440)
<b>Loss before tax</b>		<b>(5,159)</b>	<b>(5,111)</b>
Income tax benefit	15	–	–
<b>Total loss for the period after tax</b>		<b>(5,159)</b>	<b>(5,111)</b>
Other comprehensive income		–	–
<b>Total comprehensive loss attributable to members of Rex Minerals Ltd</b>		<b>(5,159)</b>	<b>(5,111)</b>
<b>Loss per share attributable to members of Rex Minerals Ltd</b>			
Basic loss per share (cents)	16	(1.70)	(1.80)
Diluted loss per share (cents)	16	(1.70)	(1.80)

The notes on pages 31 to 47 are an integral part of these financial statements.

**REX MINERALS LTD****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June

	Note	Share capital \$000	Share based payments reserve \$000	Accumulated losses \$000	Total equity \$000
<b>Balance at 1 July 2019</b>		196,269	360	(174,667)	21,962
Issue of ordinary shares	13(a)	1,684	–	–	1,684
Share based payments	13(d)	–	797	–	797
Transfer from share based payments reserve		–	(347)	347	–
Total comprehensive loss for the period		–	–	(5,159)	(5,159)
<b>Balance at 30 June 2020</b>		<b>197,953</b>	<b>810</b>	<b>(179,479)</b>	<b>19,284</b>
<b>Balance at 1 July 2018</b>		192,910	399	(169,631)	23,678
Issue of ordinary shares	13(a)	3,560	–	–	3,560
Transaction costs of share issue		(201)	–	–	(201)
Share based payments	13(d)	–	36	–	36
Transfer from share based payments reserve		–	(75)	75	–
Total comprehensive loss for the period		–	–	(5,111)	(5,111)
<b>Balance at 30 June 2019</b>		<b>196,269</b>	<b>360</b>	<b>(174,667)</b>	<b>21,962</b>

The notes on pages 31 to 47 are an integral part of these financial statements.

**REX MINERALS LTD****CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June

	Note	2020 \$000	2019 \$000
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(3,023)	(3,302)
Exploration and evaluation payments		(1,891)	(1,386)
Interest received		26	94
Government grants		102	–
<b>Net cash used in operating activities</b>	<b>17</b>	<b>(4,786)</b>	<b>(4,594)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	10	(2)	(12)
<b>Net cash used in investing activities</b>		<b>(2)</b>	<b>(12)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	13	784	3,560
Payment of transaction costs		–	(215)
Proceeds from borrowings		4,400	–
Payment of borrowing costs		(129)	–
<b>Net cash from financing activities</b>	<b>17</b>	<b>5,055</b>	<b>3,345</b>
<b>Net decrease in cash and cash equivalents</b>		<b>267</b>	<b>(1,261)</b>
Cash and cash equivalents at beginning of the period		2,723	3,984
<b>Cash and cash equivalents at period end</b>	<b>7</b>	<b>2,990</b>	<b>2,723</b>

The notes on pages 31 to 47 are an integral part of these financial statements.



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## REX MINERALS LTD

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. REPORTING ENTITY

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Rex Minerals Ltd (the Company) is a company domiciled in Australia. The address of the Company's registered office is Level 6, 1 Collins Street, Melbourne, Victoria 3000. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group). The Group is a for profit entity primarily involved in minerals exploration and evaluation in Australia and USA.

#### 2. BASIS OF PREPARATION

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##### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

These consolidated financial statements were approved by the Board of Directors on 21 September 2020.

##### (b) Basis of measurement

The Group financial statements have been prepared on the historical cost basis.

The Group financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

The Group recorded a loss of \$5.159 million and net cash outflows from operating and investing activities of \$4.788 million for the year ended 30 June 2020. As at 30 June 2020, the Group has an excess of current liabilities over current assets of \$2.271 million due to classification of the Group's borrowings of \$4.400 million as a current liability. Following year end, the repayment date of these borrowings was extended to February 2022.

At 30 June 2020, the Group holds current assets of \$3.078 million, which includes cash and cash equivalents of \$2.990 million. In addition, the Group has also completed and received funds for an oversubscribed Placement offer of \$10 million on 9 September 2020 and this is being followed by a Share Purchase Plan offer to eligible shareholders. Directors are therefore of the opinion that the Group is able to meet its obligations as they fall due for at least twelve months from the date of signing this financial report and that the going concern basis of preparation is appropriate in the circumstances.

##### (c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the functional currency of all entities domiciled in Australia, while the entity domiciled in the USA uses US dollars.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Rounding Instrument, all financial information is presented in Australian dollars and has been rounded to the nearest thousand, unless otherwise stated.

##### (d) Use of estimates and judgements

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes and their related accounting policies:

- note 9 Exploration – determining the fair value of the equity instruments issued on acquisition
- note 10 Recoverable value of non-current assets – assessment of impairment indicators
- note 18 Share based payments – key assumptions used in the valuation model

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements, and have been applied consistently by Group entities. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases.

**(ii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Group financial statements.

**(b) Financial instruments**

All financial assets and liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

**(ii) Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

**(iii) Borrowings**

Borrowings are recognised for amounts to be paid in the future for funds advanced to the Group. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

**(c) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment (PP&E) are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

**(ii) Subsequent costs**

The cost of replacing part of an item of PP&E is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of PP&E are recognised in profit or loss as incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Property, plant and equipment (Continued)****(iii) Depreciation**

Depreciation is recognised in the profit or loss for items of PP&E on a straight-line basis over the estimated useful lives of each part of an item of PP&E.

The estimated useful lives for the current and comparative periods are as follows:

- Plant and equipment 3 – 10 years
- Buildings 10 – 20 years

Land is not depreciated.

Water infrastructure will be depreciated over the life of the Hillside Project, upon commencement of production.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(d) Exploration and evaluation expenditure**

Exploration and evaluation expenditure, excluding the costs of acquisition, is expensed within the profit and loss as incurred.

Costs incurred in acquiring rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects are capitalised as incurred and assessed for impairment triggers annually.

The ultimate recoupment of costs capitalised for exploration and evaluation is dependent on successful development and commercial exploitation or sale of the respective area of interest.

**(e) Impairment****(i) Financial assets**

The Group recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost. Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs.

**(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent obligations resulting from employee services provided to the reporting date, and are calculated at undiscounted amounts based on remuneration, wage and salary rates that the Company expects to pay as at reporting date including related on-costs such as workers compensation insurance and payroll tax.

(ii) Long-term benefits

The Group's obligation in respect of long service leave is measured as the present value of the future benefit expected to be paid to employees that has been earned in return for their service in the current and prior periods. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Australian corporate bond rates.

(iii) Share based payments

Equity-based compensation is recognised as an expense in respect of the services received.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the participants become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(g) Tax

(i) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities, will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development benefits are recognised in the year the benefit is received.

(ii) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Rex Minerals Ltd. The tax consolidated group has entered into tax funding and tax sharing agreements.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**(g) Tax (Continued)****(iii) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(h) Finance income**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

**(i) Earnings/loss per share**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(j) Segment reporting**

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the consolidated entity's chief operating decision-maker.

An operating segment is a component of the Group that engages in exploration activities which incurs expenses. An operating segment's expenditures are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance.

Segment expenditure that is reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate and compliance expenditure.

Segment capital expenditure is the total cost incurred during the period to acquire PP&E.

**(k) Restoration and rehabilitation provision**

Obligations to restore and rehabilitate certain areas of property may arise from time to time as a result of the Group's activities. A provision for rehabilitation and restoration is recognised in respect of the estimated cost of rehabilitation, decommissioning and restoration of areas of disturbance existing at reporting date, but not yet rehabilitated. Rehabilitation activities include dismantling infrastructure, removal and treatment of waste material, and land rehabilitation, including recontouring, top-soiling and revegetation of the disturbed area. Provisions for the cost of the rehabilitation program are recognised at the time that environmental disturbance occurs (or is acquired).

A corresponding asset is recognised in PP&E or exploration and evaluation assets only to the extent that it is probable that future economic benefits associated with the rehabilitation, will flow to the entity. Determining the cost of rehabilitation and restoration of the area of disturbance requires the use of significant estimates and assumptions, including: the timing of the cash flows and expected life of the relevant area of interest, the application of relevant environmental legislation, and the future expected costs of rehabilitation, decommissioning and restoration. Changes in the estimates and assumptions used to determine the cost of rehabilitation, decommissioning and restoration could have a material impact on the carrying value of the site restoration provision and related asset. The provision is updated based on the facts and circumstances at the reporting date.

**(l) Government grants**

The Company recognises unconditional government grants in profit or loss when the grants become receivable.

Grants that compensate the Company for expenses incurred are recognised in the profit or loss in the periods in which the expenses are recognised.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) New standards and interpretations not yet adopted**

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements and they are not expected to have a material effect on the Group's financial statements.

**4. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(a) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**(b) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**(c) Share based payments**

The fair value of options granted to participants as compensation is independently measured using a Black-Scholes option pricing model. Measurement inputs include the exercise price of the options, the term of the options, the vesting and performance criteria, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share (based on an evaluation of the Company's historical volatility), expected term of the instruments (based on historical experience and general option holder behaviour), the expected dividend yield and the risk-free interest rate (based on government bonds) for the term of the option.

**5. FINANCIAL RISK MANAGEMENT****(a) Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain an adequate capital base sufficient to maintain future exploration and progress of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities and repayment of borrowings when they fall due.

The Group encourages employees and contractors to be shareholders through the Option Incentive Plan.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash balances.

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. To this end, actual cash flows and forecast future cash flows are reported to and monitored by the Board on a periodic basis.

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (d) Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates), interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### 6. SEGMENT REPORTING

With the acquisition of the Hog Ranch Gold Property (Hog Ranch) during the period the Group has two reportable segments for the year ended 30 June 2020, which are the Group's areas of exploration focus. The areas offer different exploration potential and are managed separately due to their physical locations. In South Australia, the Group has the Hillside Copper-Gold Project and also its highly prospective exploration portfolio; whilst in Nevada, USA the Group has the Hog Ranch Property, where the focus is on gold exploration in four key project areas. For each reportable segment, the CEO reviews internal management reports on at least a quarterly basis.

	South Australia \$000	Nevada, USA \$000	Unallocated \$000	Total \$000
<b>2020</b>				
Finance income	–	–	21	21
Government grants	–	–	123	123
Losses before tax (including depreciation and interest expense)	930	1,869	2,360	5,159
Depreciation	57	–	7	64
Interest expense	–	–	153	153

	South Australia \$000	Nevada, USA \$000	Unallocated \$000	Total \$000
<b>2019</b>				
Finance income	–	–	98	98
Losses before tax (including depreciation)	2,428	–	2,683	5,111
Depreciation	67	–	34	101

#### 7. CASH AND CASH EQUIVALENTS

	2020 \$000	2019 \$000
Bank balances and short-term deposits	2,990	2,723
Cash and cash equivalents	2,990	2,723

The Group's total cash and funds on deposit of \$2.990 million (2019: \$2.723 million) is exposed to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 19.

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. DEFERRED TAX ASSETS (DTA) AND DEFERRED TAX LIABILITIES (DTL)

	2020 \$000	2019 \$000
Exploration and evaluation assets	(494)	(494)
Property, plant and equipment	(67)	(83)
Provisions	193	208
Equity costs	71	101
<b>Net DTA/(DTL)</b>	<b>(297)</b>	<b>(268)</b>
Tax losses recognised to the extent of the DTL	297	268
	–	–

Tax losses do not expire under current tax legislation. A DTA has not been recognised in respect of these items because it is not probable within the immediate future, that taxable profits will be available, against which the Company can utilise the benefits. The DTA not recognised is \$56.143 million (2019: \$54.715 million).

#### 9. EXPLORATION

	2020 \$000	2019 \$000
Balance at 1 July	1,645	1,645
Additions	1,598	–
<b>Balance at 30 June</b>	<b>3,243</b>	<b>1,645</b>

The total acquisition value of Hog Ranch of \$1.640 million was based on the fair value of the equity instruments issued as a consideration (comprising \$0.900 million (10 million shares) and \$0.740 million (20 million HRCR)). The value of the HRCR was determined using the Black-Scholes model (based on a share price of 8.2 cents on the issue date) and considering the probability of each milestone being achieved. The amount capitalised is the portion of that valuable attributed to exploration.

#### 10. PROPERTY, PLANT AND EQUIPMENT

2020	Land and buildings \$000	Plant and equipment \$000	Total \$000
<b>Cost</b>			
Balance at 1 July 2019	14,309	1,958	16,267
Additions	–	2	2
<b>Balance at 30 June 2020</b>	<b>14,309</b>	<b>1,960</b>	<b>16,269</b>
<b>Depreciation and impairment losses</b>			
Balance at 1 July 2019	72	1,794	1,866
Depreciation	9	55	64
<b>Balance at 30 June 2020</b>	<b>81</b>	<b>1,849</b>	<b>1,930</b>
<b>Carrying amounts</b>			
At 1 July 2019	14,237	164	14,401
<b>At 30 June 2020</b>	<b>14,228</b>	<b>111</b>	<b>14,339</b>

As at 30 June 2020, land and buildings with a carrying value of \$14.110 million were held as security for the loan facility (2019: nil). Refer to Note 22(b).



**REX MINERALS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>2019</b>	<b>Land and buildings \$000</b>	<b>Plant and equipment \$000</b>	<b>Total \$000</b>
<b>Cost</b>			
Balance at 1 July 2018	15,074	2,127	17,201
Additions	–	12	12
Disposals	(765)	(181)	(946)
<b>Balance at 30 June 2019</b>	<b>14,309</b>	<b>1,958</b>	<b>16,267</b>
<b>Depreciation and impairment losses</b>			
Balance at 1 July 2018	404	1,867	2,271
Depreciation	36	65	101
Disposals	(368)	(138)	(506)
<b>Balance at 30 June 2019</b>	<b>72</b>	<b>1,794</b>	<b>1,866</b>
<b>Carrying amounts</b>			
At 1 July 2018	14,670	260	14,930
<b>At 30 June 2019</b>	<b>14,237</b>	<b>164</b>	<b>14,401</b>

**11. TRADE AND OTHER PAYABLES**

	<b>2020 \$000</b>	<b>2019 \$000</b>
<b>Current</b>		
Trade payables	13	9
Accrued expenses	331	248
<b>Total current trade and other payables</b>	<b>344</b>	<b>257</b>
<b>Total trade and other payables</b>	<b>344</b>	<b>257</b>

**12. EMPLOYEE BENEFITS PROVISIONS**

	<b>2020 \$000</b>	<b>2019 \$000</b>
<b>Current</b>		
Annual leave	417	462
Long service leave	188	171
<b>Total current employee benefits provisions</b>	<b>605</b>	<b>633</b>
<b>Non-current</b>		
Long service leave	67	30
<b>Total non-current employee benefits provisions</b>	<b>67</b>	<b>30</b>
<b>Total employee benefits provisions</b>	<b>672</b>	<b>663</b>

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. EQUITY

#### (a) Movements in shares on issue:

	Date of issue	Number of shares	Issue price \$	\$000
<b>Opening balance at 1 July 2019</b>		<b>287,234,215</b>		<b>196,269</b>
Issue of shares	20/08/2019	9,353,849	0.090	842
Exercise of options	19/09/2019	250,000	0.063	16
Exercise of options	15/10/2019	100,000	0.063	6
Exercise of options	17/10/2019	1,000,000	0.063	63
Exercise of options	08/11/2019	340,000	0.063	22
Issue of shares	25/11/2019	646,151	0.090	58
Exercise of options	29/11/2019	10,750,667	0.063	677
<b>Closing balance at 30 June 2020</b>		<b>309,674,882</b>		<b>197,953</b>
<b>Opening balance at 1 July 2018</b>		<b>253,597,684</b>		<b>192,910</b>
Capital raising – Placement	25/07/2018	30,660,548	0.110	3,373
Less costs of placement				(201)
Exercise of options	22/08/2018	1,975,983	0.063	124
Exercise of options	07/12/2018	1,000,000	0.063	63
<b>Closing balance at 30 June 2019</b>		<b>287,234,215</b>		<b>196,269</b>

#### (b) Movements in HRCR:

	Date of issue	Number of rights	Exercise price \$	Expiry date
<b>Opening balance as at 1 July 2019</b>		<b>–</b>		
Issue of HRCR	25/11/2019	20,000,000	–	31/10/2024
<b>Closing balance as at 30 June 2020</b>		<b>20,000,000</b>		

As announced to the ASX on 25 November 2019, the Company completed the acquisition of Hog Ranch Group Pty Ltd and issued 20 million HRCR which convert to Rex shares on the outcome of the following milestones:

- 5 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 on completion of an Inferred Mineral Resource in addition to any Indicated and Measured Mineral Resource in total of 2Moz or higher of contained gold as defined by the 2012 JORC Code with respect to the Hog Ranch Property and has a minimum grade of 0.4 g/t of gold in addition to a minimum tonnage of 100 Mt; and
- 15 million HRCR on announcement by Rex to the ASX by no later than 31 October 2024 of the Board approving a decision to mine the Hog Ranch Property.

During the year, no HRCR were converted or cancelled as the above milestones are yet to be achieved by the Company.

#### (c) Movements in in options on issue:

	Date of issue	Number of options	Exercise price \$	Expiry date
<b>Opening balance as at 1 July 2019</b>		<b>15,824,017</b>		
Exercise of options	30/11/2015	(250,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(100,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(1,000,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(340,000)	0.063	30/11/2019
Exercise of options	30/11/2015	(10,750,667)	0.063	30/11/2019
Lapse of options	30/11/2015	(1,383,350)	0.063	30/11/2019
Issue of options	06/03/2020	12,100,000	0.070	29/02/2024
<b>Closing balance as at 30 June 2020</b>		<b>14,100,000</b>		

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. EQUITY (CONTINUED)

(c) Movements in in options on issue (Continued):

	Date of issue	Number of options	Exercise price \$	Expiry date
Opening balance as at 1 July 2018		16,800,000		
Exercise of options	22/12/2015	(1,975,983)	0.063	30/11/2019
Exercise of options	22/12/2015	(1,000,000)	0.063	30/11/2019
Issue of options	14/02/2019	2,000,000	0.084	31/01/2023
Closing balance as at 30 June 2019		15,824,017		

(d) Movements in share based payment reserve:

	\$000
Opening balance at 1 July 2019	360
Share based payments – options	84
Share based payments – HRCR	713
Transfer from share based payments	(347)
Closing balance at 30 June 2020	810
Opening balance at 1 July 2018	399
Share based payments	36
Transfer from share based payments	(75)
Closing balance at 30 June 2019	360

This share based payment reserve is used to recognise the fair value of options issued to participants for options granted which have not been exercised and also the fair value of the HRCR.

### 14. EMPLOYEE BENEFITS EXPENSE

	2020 \$000	2019 \$000
Wages and salaries	1,972	1,770
Share based payments	56	29
Increase/(decrease) in liability for annual leave	(45)	93
Increase/(decrease) in liability for long service leave	54	29
Total employee benefits expense	2,037	1,921

### 15. INCOME TAX BENEFIT

#### NUMERICAL RECONCILIATION BETWEEN TAX BENEFIT AND PRE-TAX ACCOUNTING LOSS

	2020 \$000	2019 \$000
Loss before tax for the period	(5,159)	(5,111)
Income tax benefit using the corporation tax rate of 30% (2019: 30%)	(1,548)	(1,533)
Non-deductible expenses	104	(6)
Other non-temporary differences	(13)	44
Effect of jurisdictional tax variances	168	–
Net effect of tax losses not recognised	1,289	1,495
Total income tax expense/(benefit) on pre-tax net loss	–	–

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. LOSS PER SHARE

	2020 cents	2019 cents
Loss per share		
Basic loss per share	(1.70)	(1.80)
Diluted loss per share	(1.70)	(1.80)

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2020 was based on the loss attributable to ordinary equity holders of \$5.159 million (2019: \$5.111 million) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2020 of 304,017,870 (2019: 284,493,544).

(b) Diluted loss per share

The calculation of diluted loss per share at 30 June 2020 is the same as basic loss per share. In accordance with AASB 133 Earnings per share, as potential ordinary shares may result in a situation where their conversion results in a decrease in the loss per share, no dilutive effect has been taken into account. Potential ordinary shares relating to the Option Incentive Plan totalled 14,100,000 at 30 June 2020.

### 17. RECONCILIATION OF CASH FLOWS

(a) Reconciliation of net profit to cash used in operating activities

	Note	2020 \$000	2019 \$000
Cash flows from operating activities			
Loss before tax for the period		(5,159)	(5,111)
Adjustments for non-cash items:			
Depreciation	10	64	101
Share based payments	13(d)	84	36
Adjustments for other items:			
Borrowing costs		282	–
Other funds received		15	–
Loss on disposal of property plant and equipment		–	440
<b>Operating loss before changes in working capital and provisions</b>		<b>(4,714)</b>	<b>(4,534)</b>
(Increase)/decrease in receivables and prepayments		(15)	208
(Decrease)/increase in trade and other payables		(66)	(390)
(Decrease)/increase in employee benefits		9	122
<b>Net cash used in operating activities</b>		<b>(4,786)</b>	<b>(4,594)</b>

(b) Reconciliation of liabilities arising from financing activities to financing cash flows

	2020 \$000	2019 \$000
Opening balance at 1 July	–	–
Proceeds from borrowings	4,400	–
<b>Closing balance at 30 June</b>	<b>4,400</b>	<b>–</b>

**18. SHARE BASED PAYMENTS**

(a) **Description of share based payment arrangements**

During the financial year ending 30 June 2020, 12.1 million options were granted to employees on 6 March 2020, expiring 29 February 2024. Options are exercisable at a price of 7.0 cents each and options will vest in three equal tranches as follows:

- Tranche 1 – one third vest on 28 February 2021
- Tranche 2 – one third vest on 28 February 2022
- Tranche 3 – one third vest on 28 February 2023

During the financial year ending 30 June 2019, two million options were granted to Directors on 14 February 2019, expiring 31 January 2023. Options are exercisable at a price of 8.4 cents each and options will vest in three equal tranches as follows:

- Tranche 1 – one third vest on 31 January 2020
- Tranche 2 – one third vest on 31 January 2021
- Tranche 3 – one third vest on 31 January 2022

All options refer to unquoted options over ordinary shares of Rex Minerals Ltd, which are exercisable on a one-for-one basis under the terms and conditions of the Option Incentive Plan. The options do not entitle the holder to participate in any share issue of the Company. All options expire on the earlier of their expiry date or in the case of termination, as defined in the Option Incentive Plan.

(b) **Option expense**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Option expense	84	36
<b>Total recognised as share based payments</b>	<b>84</b>	<b>36</b>

(c) **Outstanding options**

At 30 June 2020, there were 14,100,000 unlisted options outstanding, 2,000,000 at an exercise price of 8.4 cents, expiring 31 January 2023 and 12,100,000 at an exercise price of 7.0 cents, expiring 29 February 2024.

**19. FINANCIAL INSTRUMENTS**

Exposure to credit risk and interest rate risks arise in the normal course of the Group's business.

(a) **Credit risk**

Management monitors the exposure to credit risk on an ongoing basis through monitoring the Group's counterparties. The Group does not require collateral in respect of financial assets.

At reporting date, cash is held with a number of reputable financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) **Fair value**

The financial assets and financial liabilities included in assets and liabilities approximate their net fair values.

# REX MINERALS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

Financial liabilities Group	Carrying amount \$000	Contractual cash flows \$000	1 year or less \$000	1-2 years \$000
<b>2020</b>				
Trade and other payables	344	(344)	(344)	–
Borrowings	4,400	(4,400)	(4,400)	–
	<b>4,744</b>	<b>(4,744)</b>	<b>(4,744)</b>	<b>–</b>
<b>2019</b>				
Trade and other payables	257	(257)	(257)	–
	<b>257</b>	<b>(257)</b>	<b>(257)</b>	<b>–</b>

(d) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits.

At balance date, the Group had the following financial assets exposed to interest rate risk:

	2020 \$000	2019 \$000
Cash and cash equivalents	2,990	2,723
<b>Total cash and cash equivalents</b>	<b>2,990</b>	<b>2,723</b>

At balance date, the Group has no financial liabilities exposed to variable interest rate risks. The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables constant, profit or loss and equity would have been affected as follows:

	Profit or loss higher/(lower)		Equity higher/(lower)	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Group</b>				
+1% (100 basis points)	30	27	–	–
–1% (100 basis points)	(30)	(27)	–	–

The movements in profit or loss are due to higher/lower interest earnings on cash balances. The movements in equity are directly linked to movements in the Consolidated statement of profit or loss and other comprehensive income.

(e) Impairment losses

None of the Group's receivables are past due (2019: nil).

## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20. EXPLORATION EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements under the various exploration licences which are held. These obligations are expected to be fulfilled in the normal course of operations. Mining interests may be relinquished or joint ventured to reduce this amount. The State Government has the authority to defer, waive or amend the minimum expenditure requirements.

<b>South Australia</b>	<b>2020 \$000</b>	<b>2019 \$000</b>
Not later than one year	600	3,066
Later than one year but not later than five years	–	130

<b>Nevada, USA</b>	<b>2020 \$000</b>	<b>2019 \$000</b>
Not later than one year	72	–
Later than one year but not later than five years	3,950	–
Later than five years	13,405	–

#### 21. CONTINGENCIES

The Directors are of the opinion that there are no matters for which provision is required in relation to any contingencies, as it is not probable that a future sacrifice of economic benefit will be required or the amount is not capable of reliable measurement.

The Group's bankers have provided guarantees amounting to \$0.020 million to certain government bodies as security over the Group's performance of rehabilitation obligations on certain tenements. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$0.020 million as at 30 June 2020 (2019: \$0.020 million).

#### 22. RELATED PARTIES

##### (a) Parent and ultimate controlling party

	<b>Country of Incorporation</b>	<b>Ownership Interest</b>	
		<b>2020</b>	<b>2019</b>
<b>Parent entity</b>			
Rex Minerals Ltd	Australia		
<b>Subsidiaries</b>			
Rex Minerals (SA) Pty Ltd	Australia	100%	100%
Rex Minerals (Iron Ore) Pty Ltd	Australia	100%	100%
Rex Hillside (Property) Pty Ltd	Australia	100%	100%
Hog Ranch Group Pty Ltd	Australia	100%	–
Hog Ranch USA Pty Ltd	Australia	100%	–
CRHK01 Limited <sup>1</sup>	Hong Kong	100%	–
Hog Ranch Minerals Incorporated	USA	100%	–

<sup>1</sup> Ceased business on 30 April 2020.

##### (b) Transactions with Key Management Personnel (KMP)

###### (i) Loans to Directors

There were no loans advanced to Directors for the year ending 30 June 2020.

22. RELATED PARTIES (CONTINUED)

(b) Transactions with Key Management Personnel (KMP) (Continued)

(ii) Loans from Directors

During the year ended 30 June 2020, the Group entered into a Loan Facility Agreement for a total amount of \$4.400 million from a group of lenders (including four Directors), with a one off establishment fee of 2%, an interest rate of 10%, for a period of 12 months using the Group's freehold land as security. In September 2020, the loan was extended for an additional 12 months to February 2022, all other terms remain the same.

The balances in relation to the related parties' portion is as follows:

	2020 \$	2019 \$
Balance at 1 July	–	–
Loan drawdown	2,250,000	–
Establishment fee	45,000	–
Interest charged	78,288	–
Amount paid	(45,000)	–
<b>Balance at 30 June</b>	<b>2,328,288</b>	<b>–</b>

(iii) KMP compensation

KMP compensation comprised the following:

	2020 \$	2019 \$
Short-term benefits	1,050,430	953,365
Post-employment benefits	56,050	48,756
Share based payments	22,292	19,264
Other long-term benefits	40,240	9,901
	<b>1,169,012</b>	<b>1,031,286</b>

Information regarding individual Directors' and Executive Officers' compensation and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report on pages 18 to 25.

There have been no changes to KMP between 1 July 2020 and the date of this report.

(iv) Other KMP transactions

A number of KMP hold positions in other companies that result in them having control or significant influence over those companies.

During the year, KMP related companies transacted with the Group. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related companies on an arm's length basis.

Information regarding individual Directors' and Executive Officers' compensation are provided in the Remuneration Report section of the Directors' Report on pages 18 to 25.

The aggregate value of transactions and outstanding balances related to KMP companies were as follows:

Transaction	Transaction values year ended 30 June		Balance payable as at 30 June	
	2020 \$	2019 \$	2020 \$	2019 \$
IT and geological services <sup>1</sup>	75,727	134,283	9,000	5,550
Acquisition of Hog Ranch Group Pty Ltd	521,239	–	–	–

<sup>1</sup> During the year, IT consulting services (2019: IT and Geological) were independently provided by a company jointly controlled by the Chief Financial Officer. The contract terms are based on normal market rates for this type of service and amounts are payable under normal market terms.



## REX MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 23. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2020, the parent company of the Group was Rex Minerals Ltd.

	2020 \$000	2019 \$000
<b>Result of the parent entity</b>		
Loss for the period	(3,297)	(4,968)
Other comprehensive income	–	–
<b>Total comprehensive loss for the period</b>	<b>(3,297)</b>	<b>(4,968)</b>
<b>Financial position of the parent entity at year end</b>		
Current assets	3,078	2,796
<b>Total assets</b>	<b>20,667</b>	<b>16,922</b>
Current liabilities	5,334	782
<b>Total liabilities</b>	<b>5,437</b>	<b>812</b>
<b>Total equity of the parent entity comprising of</b>		
Share capital	197,953	196,269
Share based payments reserve	810	360
Accumulated losses	(183,533)	(180,519)
<b>Total equity</b>	<b>15,230</b>	<b>16,110</b>

#### Parent entity contingencies

The Parent entity's contingencies are the same as the Group's contingencies as detailed in Note 21.

#### 24. SUBSEQUENT EVENTS

On 29 July 2020, the Company issued 666,666 shares to Directors following the exercise of vested options at a price of 8.4 cents, expiring 31 January 2022.

On 3 September 2020, the Company announced that it had successfully completed a Placement to professional and sophisticated investors, raising \$10M and has offered existing eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP). The Company also announced the extension of the repayment date on its loan facility by a period of twelve months to February 2022, all other loan terms remain the same.

Other than mentioned above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### 25. AUDITORS' REMUNERATION

	2020 \$	2019 \$
<b>KPMG Australia</b>		
Audit services	47,500	46,500

No non-audit services were provided in the current year.

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## REX MINERALS LTD

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### DIRECTORS' DECLARATION

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1. In the opinion of the Directors of Rex Minerals Ltd (the Company):
  - (a) the consolidated financial statements and notes and the Remuneration Report in the Directors' Report, set out on pages 18 to 25, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.
3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



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**Mr Richard Laufmann**  
Chief Executive Officer

Dated this 21<sup>st</sup> day of September 2020.



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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To the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Rex Minerals Limited for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cenko  
Partner

Adelaide  
21 September 2020

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# Independent Auditor's Report

To the shareholders of Rex Minerals Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Rex Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Consolidated statement of financial position* as at 30 June 2020;
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended;
- Notes including a summary of significant accounting policies; and
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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**Assessment of impairment indicators for the Hillside Copper-Gold Project land and buildings and water infrastructure**

Land and buildings \$14.228m – Note 10  
 Water infrastructure \$4.076m

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The assessment of whether impairment indicators exist over the carrying value of the Hillside Copper-Gold Project land and buildings and water infrastructure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balances to the financial statements, being 74% of total assets; and,</li> <li>• The significance of this determination and its effect on the scope and depth of our work. The presence of impairment indicators would necessitate a detailed analysis by the Group of the recoverable value of the Hillside Copper-Gold Project non-current assets.</li> </ul> <p>In assessing the presence of impairment indicators, we focused on the valuation of land and buildings obtained from the Group's external valuation expert.</p> <p>We involved senior audit team members for this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Considering the appropriateness of the Group's assessment of impairment indicators against the requirements of the accounting standards.</li> <li>• Evaluating the Group's assessment of indicators of asset impairment at 30 June 2020 with reference to our knowledge of the Group, our industry experience and current market conditions.</li> <li>• Comparing the Group's carrying value of land and buildings and water infrastructure to the valuation of land and buildings obtained from the Group's external valuation expert.</li> <li>• Assessing the scope, competence and objectivity of the Group's external valuation expert engaged to value the land and buildings. We checked the data used by the Group's external valuation expert to recent sale transactions of comparable land and observable trends in a COVID-19 economic environment.</li> <li>• Assessing the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of Australian Accounting Standards.</li> </ul>

**Other Information**

Other Information is financial and non-financial information in Rex Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Rex Minerals Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 18 to 25 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



Paul Cenko  
Partner

Adelaide

21 September 2020

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2020

ANNUAL REPORT

# ADDITIONAL SHAREHOLDER INFORMATION

For the year ended 30 June 2020



## REX MINERALS LTD

### ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) Listing Rules and not shown elsewhere in this report is set out below and the information was applicable as at 31 July 2020.

#### Distribution of ordinary shares

The number of shareholders, by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	620	257,582	0.08
1,001 – 5,000	1,118	3,196,949	1.03
5,001 – 10,000	662	5,247,086	1.69
10,001 – 100,000	1,417	52,575,565	16.94
100,001 – 999,999,999	455	249,064,366	80.25
<b>Total</b>	<b>4,272</b>	<b>310,341,548</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel:

1,114

#### Twenty largest shareholders

The names of the twenty largest shareholdings of quoted ordinary shares are:

	Name	Number of Shares Held	% of Issued Capital
1.	Grand South Development Limited	14,653,777	4.72
2.	S & S Olsen Pty Ltd	8,336,606	2.69
3.	United Overseas Service Management Ltd	7,856,571	2.53
4.	Greenstone Property Pty Ltd (Titeline Property A/C)	5,345,531	1.72
5.	Panjeta Investment Group Pty Ltd	5,050,000	1.63
6.	Silver Rayne Pty Ltd	4,084,606	1.32
7.	Laufmann Longterm Investments Pty Ltd (Laufmann Super Fund A/C)	3,950,666	1.27
8.	Mrs Vickie Jane Jones	3,798,148	1.22
9.	Mrs Natalie Laufmann	3,500,000	1.13
10.	Dr Steven G Rodwell	3,130,906	1.01
11.	Mr Karl Laufmann & Mrs Philippa Laufmann (K & P Laufmann Super Fund A/C)	3,100,000	1.00
12.	Stone Poneys Nominees Pty Ltd (Chapman Super Fund A/C)	3,018,667	0.97
13.	Crescente Investments Pty Ltd	2,715,378	0.87
14.	Mr Paul Christopher Walker (York Court A/C)	2,656,738	0.86
15.	Mr Paul Carew Flint	2,527,095	0.81
16.	Diemar & Associates Pty Limited (Superannuation Fund A/C)	2,185,848	0.70
17.	Ms Fei Chen	2,106,200	0.68
18.	BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	2,071,328	0.67
19.	Program Images Pty Ltd (The Carland Super Fund A/C)	2,022,888	0.65
20.	Ozga Super Fund Pty Ltd (Ozga Super Fund A/C)	2,000,000	0.64
<b>Total</b>		<b>84,110,953</b>	<b>27.10</b>

#### Substantial shareholders

There are currently no substantial shareholders lodged with the Company.

#### Voting rights

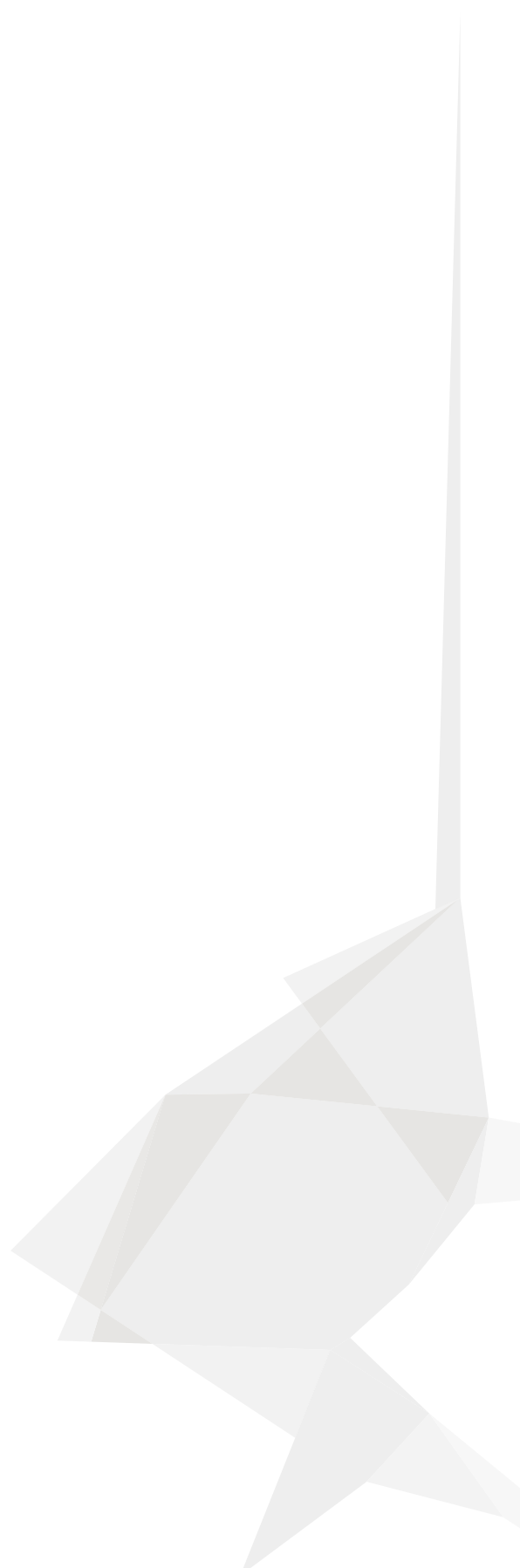
On a show of hands, every shareholder of fully paid ordinary shares present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

#### Stock exchange listing

Rex Minerals Ltd is listed on the ASX. The Company's ASX code is **RXM**.



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**REX MINERALS LTD**

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NOTES for the year ended 30 June 2020

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