

REX MINERALS LTD



DELIVERING AUSTRALIA'S LARGEST UNDEVELOPED COPPER PROJECT

HILLSIDE: SOUTH AUSTRALIA

2013

ANNUAL REPORT





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2013

DELIVERING AUSTRALIA'S LARGEST UNDEVELOPED COPPER PROJECT

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Paul Chapman (Chairperson)
Mark Parry (Managing Director/CEO)
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OPERATION LOCATIONS



TABLE OF CONTENTS >>

REX MINERALS LTD : Annual Report for the year ended 30 June 2013

INTRODUCTION	2
LETTER FROM THE CHAIRMAN AND THE MANAGING DIRECTOR/CEO	3
REVIEW OF OPERATIONS	4
EXPLORATION PROJECTS	5-18
TENEMENTS SCHEDULE	18
DIRECTORS' REPORT	19-37
STATEMENT OF FINANCIAL POSITION	39
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	40
STATEMENT OF CHANGES IN EQUITY	41
STATEMENT OF CASH FLOWS	42
NOTES TO THE FINANCIAL STATEMENTS	43-64
DIRECTORS' DECLARATION	64
LEAD AUDITOR'S INDEPENDENCE DECLARATION	65
INDEPENDENT AUDIT REPORT	66-67
ADDITIONAL SHAREHOLDER INFORMATION	68

REX MINERALS LTD

COMPANY OVERVIEW for the year ended 30 June 2013

Introduction

Rex Minerals Ltd ("Rex" or "the Company") is an Australian minerals exploration and development company with large-scale copper-gold-iron ore projects on the Yorke Peninsula, South Australia.

In 2008, Rex discovered the Hillside project beneath shallow cover rocks approximately 12 kilometres from the port of Ardrossan. After the initial discovery, Rex committed to a Resource drilling program at Hillside at the beginning of 2010. Since then the Company has completed six Resource estimates and in June 2013 announced the most recent Mineral Resource estimate with contained metal of 2Mt copper, 1.5Mozs gold and 54Mt iron ore. Furthermore in 2013, Rex announced a maiden Ore Reserve in February and then in June announced a 50% increase in Ore Reserves with contained metal of 936,000t copper, 752,300oz of gold and 25.7Mt iron ore.

Hillside is the first project in the Company's plans to discover and develop multiple large-scale copper-gold deposits on the Yorke Peninsula.

Highlights

Hillside Pre-feasibility Study – Hillside Pre-feasibility Study ("PFS") revealed Australia's largest undeveloped copper project. The PFS results confirmed the potential for a project with a production profile of 70,000tpa copper for a period of 15 years or greater.

Larger Global Resource – An extensive diamond drilling program has increased the global Resource estimate at Hillside to 337Mt @ 0.6% copper, 0.14g/t gold, 15.7% iron for a total of 2Mt copper, 1.5Mozs gold and 54Mt iron ore and puts Hillside among Australia's largest open pit copper discoveries.

Australia's Largest Open Pit Ore Reserves – On the back of the growth in the Mineral Resource, the Ore Reserve for Hillside stands at 180Mt @ 0.52% copper, 0.13g/t gold and 14.4% iron for contained metal of 936,000 tonnes of copper, 752,300 ounces of gold and 25,700,000 tonnes of iron ore. This has reaffirmed Rex's 100% owned Hillside copper project as Australia's largest open pit copper Ore Reserve and it is the basis for the first 12 years of an open pit mine plan and central to Rex's financial modelling for the A\$800M-A\$850M Hillside development and its >100,000tpa CuEq¹ production profile.

Signing of MOU – Engineering Procurement & Construction and Financing Memorandum of Understanding ("MOU") signed with China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC") for financing, construction and development of the Hillside Project.

Updated Production Plan – On the back of the feasibility work completed by Rex, an updated production plan for the Hillside project was created. The updated mine plan defined an estimated A\$2.5bn² in after-tax cash flows for the first 10 years of production and built on the announced 12 years of Ore Reserves.

Bankable Feasibility Study – The Hillside Bankable Feasibility Study ("BFS") is well advanced and on target for completion in the December 2013 quarter. One key early result from the BFS has been an improvement in copper recoveries from 88% to 91% for the Hillside project on the back of pilot plant test work.

Regional Exploration – The search for new copper deposits within close proximity to Hillside continues. Outstanding geochemical results have highlighted at least 5 high priority targets within a 40km radius of Hillside.

Future Objectives

- > **Funding** – Completion of the BFS, due within the 2013 calendar year, to allow for a range of funding and investment options to be assessed and progressed in order to secure full funding for the development of Hillside.
- > **EPC Contract** – Secure a fixed price turnkey Engineering Procurement and Construction ("EPC") contract with an internationally capable overseas and Australian EPC contracting partnership with the aim of commencing construction during calendar 2014.
- > **Regulatory Approval** – Secure the required State Government regulatory approvals to allow for the commencement of mining and all aspects associated with construction to secure operating licences for the 15 plus year copper mine at Hillside. No additional Federal Government approvals are required.
- > **Infrastructure** – Finalise commercial terms associated with access to and upgrading of infrastructure required to support the development of the Hillside project (water, power and port).
- > **Transformation into a Developer/Producer** – Continue to secure and develop internal capability and capacity to undertake an organisational transformation from explorer to developer/producer.
- > **Exploration** – Maintain a near mine and regional exploration push with the aim of identifying multiple larger scale copper deposits that can complement the Hillside project, on Rex's tenements on the Yorke Peninsula, SA.

The Hillside Difference

The Hillside project is at the centre of a 60km long major geological feature, the Pine Point Copper Belt, on the Yorke Peninsula, SA in a region which has produced some of Australia's richest and historically most significant copper mines such as the Moonta-Wallaroo copper mines.

It is the combination of modern exploration techniques and exploration commitment to this copper fault zone, under-explored for the best part of 100 years, which provides significant opportunities for resource extensions and new discoveries near Hillside.

The world's existing copper mines are seeing decreased grades and reduced outputs. Much of the proposed new supply is either in remote or high-risk locations or at great depth with significant capital costs.

Hillside is different. With its large scale, shallow open pit copper, gold and iron ore, Hillside is in an internationally enviable location with ready access to people, port, and power – **this is the Hillside difference.**

Rex started Resource drilling at Hillside in 2010 and in just 3 years, has delivered one of the best long-life open pit copper discoveries in Australia since Ernest Henry. A Resource of this scale and an Ore Reserve of this quality so close to existing infrastructure provides significant financial flexibility as we look to finalise project funding in the months ahead. We are continuing discussions with copper concentrate, iron ore buyers and potential joint venture partners which can provide significant financial support to Hillside. With relatively low capital intensity, low operating costs, and the simplicity of open pit mining in a first world location, we are confident Hillside has all the right attributes for successful financing and development.

LETTER FROM THE CHAIRMAN AND THE MANAGING DIRECTOR/CEO

For the year ended 30 June 2013

Dear Shareholder,

We would like to take this opportunity to provide our summary of the year that was, the outlook for the year ahead and some of the external and internal challenges that the Company will face. While we would like to cover a number of significant achievements by Rex, it is worthwhile reflecting on some of the external factors first.

There has been considerable media comment about the end of the resources boom, concern about the level of growth within China and what it will mean for commodity prices going forward. There has also been general uncertainty about the outlook for the Australian economy. Quite often these comments can be related to a set of economic data or information that reflects a point in time. This may or may not be a good indicator of what the future holds.

What we have seen is a trend for a lower Australian dollar, particularly against the US dollar. This is positive for anyone who plans to be selling commodities that are generally priced in US dollars, such as copper. We are seeing a number of Australian mining companies looking to reset their cost base. This includes lowering overheads, ensuring that contractors either reduce costs or increase efficiencies and reducing discretionary expenditure in areas such as exploration. The benefits of this will flow on to Rex, given we anticipate securing full funding and to commence construction within the 2014 calendar year. This will have us carrying out construction at a time when there is less activity and lower demand for goods and services, higher availability of skilled labour, increased competitive tension within the mining and engineering space and a continued interest in long life, low cost resource projects within Australia.

Despite short term volatility, we continue to believe that the longer term supply and demand outlook for commodities such as copper remain strong. On the supply side, whilst we can expect to see a number of new projects get developed, average grade of current and new mines has been falling and some projects are being deferred or delayed. It is worth remembering that Hillside has a potential 15 year plus mine life. Factors such as declining grades and increasing costs at existing producers, a trend towards lower grades and higher capital intensity of new discoveries, signs of recovery within the US and a move towards higher standards of living and consumption within China all bode well for future copper demand and prices.

In short, we believe that this is the right time to develop Hillside and we continue to feel confident about the level of interest from a range of parties seeking to assist in funding and/or be involved in the project. The project can and will provide significant economic and financial benefits for our local community, the State of South Australia and our shareholders.

We would also like to congratulate and acknowledge all our employees and external consultants who have contributed to a number of significant achievements and milestones for Rex this year. These include the finalisation and release of a PFS, an increase in the Mineral Resources and Ore Reserves, progressing and finalising an MOU to deliver a fixed price EPC contract by NFC in conjunction with construction finance up to US\$550m, announcement of a maiden Measured Mineral Resource contributing to Rex delivering Australia's largest open pit Ore Reserve and the release of indicative production and cash flow estimates for the first 10 years of mine life. Many of these met or exceeded our commitments to the market either in terms of timing and/or quantum. This continues to demonstrate that Rex is capable and reliable as we seek to transform the Company from exploration to development and production.

In terms of the year ahead, we will continue to focus on securing full funding to allow us to develop and move Hillside into production. This will include ensuring that we partner with the most appropriate short and long term parties. People who are aligned with both our views on development and project milestones, and who are confident about the outlook for copper.

We will continue to work with the State Government and our local community to seek approval for the development of a mine and processing facilities at Hillside and ensure that we continue to build a strong reputation through demonstrating that we understand and manage exploration, mining and construction activities in a way that meets our licence to operate and the expectations of the broader community.

On behalf of the Board we would like to thank our employees for their contribution and efforts, our suppliers for their support, our community and local stakeholders for their confidence, involvement and engagement and our shareholders for continuing to support us as we look to transform the Company and organisation.

Yours sincerely,



Paul Chapman
Chairman



Mark Parry
Managing Director/CEO

REX MINERALS LTD

REVIEW OF OPERATIONS for the year ended 30 June 2013

Rex Minerals Ltd ("Rex") has completed the following important milestones over the year.

September 2012	Rex announced the appointment of a new Managing Director. Mr Mark Parry was appointed to the role of Managing Director and Chief Executive Officer and commenced with Rex on 15 October 2012. Mr Parry has a strong background of project delivery and operation in South Australia.
October 2012	Agreement reached with SA Water for the development of water infrastructure to meet the needs of both the Company's 100% owned Hillside project on the Yorke Peninsula, South Australia and to provide for additional water capacity for regional development.
October 2012	Hillside PFS announced revealing Australia's largest undeveloped copper project. The PFS results confirmed the potential for a project with a production profile of 70,000tpa copper for a period of 15 years or greater.
February 2013	Announced Australia's largest open pit copper Ore Reserve. The maiden open pit Ore Reserve for the Hillside project was 120Mt @ 0.53% copper, 0.14g/t gold and 12.8% iron for contained metal of 636,000t of copper, 540,000oz of gold and 14,500,000t of iron ore.
March 2013	Announced lower capital costs and increased production for the Hillside project. Higher production profile of more than 115,000tpa CuEq (80,000t copper plus by-products) in years 3 to 10 due to higher grades and improved recoveries.
April 2013	Mining Lease documents submitted to SA Government for development, regulatory and environmental approvals for the Hillside project. No additional Federal Government approvals are required.
June 2013	Engineering, Procurement & Construction and Financing MOU signed with China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC") for financing, construction and development of the Hillside project, with objectives and outcomes due for delivery in the December quarter 2013.
July 2012 – June 2013	Completion of on ground activities (with up to 4 drill rigs) for the purpose of completing an updated Mineral Resource and Ore Reserve estimate by June 2013 as part of the Hillside BFS. The results confirmed that the modelling of the Hillside orebody continued to be robust and well understood, with detailed drilling of the 12 year open pit design further confirming the modelled interpretation.
June 2013	Rex announced the sixth Mineral Resource upgrade in three years. The first 12 years of production were detailed as Ore Reserves providing further confidence in the detailed mine plan and further support for the completion of project finance negotiations. A 50% increase in the Ore Reserve to 180Mt @ 0.52% Cu, 0.13g/t Au and 14.4% Fe (180Mt @ 0.8% CuEq), reaffirmed Rex's 100% owned Hillside project as Australia's largest open pit copper Ore Reserve. Additionally, the Mineral Resource update contained for the first time a Measured Mineral Resource. These estimates were independently audited by AMC Consultants Pty Ltd.
July 2013	Announced an updated production plan for the Hillside project. The updated mine plan defined an estimated A\$2.5bn in after-tax cash flows ² for the first 10 years of production and built on the recently announced 12 years of Ore Reserves (announced 28 June 2013).
July 2013	Hillside copper recoveries increase in pilot plant test. Copper recoveries increased from 88% to 91% in pilot plant test work.

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EXPLORATION PROJECTS for the year ended 30 June 2013

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA



Figure 1: Location diagram of the Hillside Project and Rex's exploration licences on the Yorke Peninsula, South Australia.

Rex continued to advance the BFS for the Hillside project, and drilling activity was focussed on the conversion of Mineral Resources into Ore Reserves. The drilling and results for this program contributed to an updated, audited Mineral Resource including an updated 12 year Ore Reserve and Production Plan.

> UPDATED MINERAL RESOURCE AND ORE RESERVE

The updated Mineral Resource reconfirmed Hillside as Australia's largest open pit copper project. Additionally, the first 12 years of production were announced as Ore Reserves providing further confidence in the detailed mine plan and support for the completion of debt funding negotiations.

The Ore Reserve, reported in accordance with the 2012 JORC Code, stands at 180Mt @ 0.52% copper, 0.13g/t gold and 14.4% iron for contained metal of 936,000 tonnes of copper, 752,300 ounces of gold and 25,700,000 tonnes of iron ore. This equates to a copper equivalent (CuEq)¹ grade of 0.8%. The Mineral Resource estimate, reported in accordance with the 2012 JORC Code, consists of 337Mt @ 0.6% copper, 0.14g/t gold and 15.7% iron, for a copper equivalent (CuEq)¹ grade of 0.9%. This equates to a total of 2Mt of copper, 1.5Mozs of gold and 54Mt of iron ore¹. These estimates were independently audited by AMC Consultants Pty Ltd.

Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Iron (%)	Contained Copper (t)	Contained Gold (oz)	Contained Iron ore (t)
Proved	65	0.47	0.15	15.4	304,560	312,505	10,180,342
Probable	115	0.55	0.12	13.9	632,500	443,680	15,637,388
Total*	180	0.52	0.13	14.4	936,000	752,327	25,743,517

Table 1: Hillside Ore Reserve – June 2013.

* Subject to rounding.

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EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> UPDATED MINERAL RESOURCE AND ORE RESERVE (CONTINUED)

This marks the second Ore Reserve update in 2013 for Rex, and importantly, this new Ore Reserve for the first time includes a Proved Ore Reserve. A Proved Ore Reserve represents the highest confidence category of Reserve estimates and implies a high degree of confidence in geological and grade continuity and the modifying factors. At Hillside, the Proved Ore Reserve of 65Mt represents the economically mineable part of the Measured Mineral Resource.

The Measured Mineral Resource of 73Mt at Hillside represents the culmination of a significant infill drilling program. This result highlights the quality of the geological interpretation and modelling at Hillside and places Rex in a strong position to progress towards becoming a copper developer and producer.

Further optimisation work based on the updated Mineral Resource has shown potential for the planned open pit mine to expand beyond its current 12 year life. In addition, earlier work completed and announced previously as part of the Hillside Pre-Feasibility Study (announced 31 October 2012) has shown potential for underground mining methods to supplement the supply of ore from the open pit in the later years of production at Hillside. Consequently, there remains significant potential for further extensions and enhancements to the Ore Reserve at Hillside beyond the announced 12 year open pit Ore Reserve.

Zone	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Iron (%)	Contained Copper (t)	Contained Gold (oz)	Contained Iron ore (t)
Oxide Copper	Measured	16	0.55	0.23	16.69	88,000	118,315	2,804,369
	Indicated	4	0.49	0.13	14.30	19,600	16,718	566,444
	Inferred	0.2	0.6	0.2	14.6	1,200	1,286	29,167
Secondary Sulphide	Measured	9	0.60	0.20	18.13	54,000	57,871	1,759,993
	Indicated	3	0.58	0.13	14.90	17,400	12,539	450,185
	Inferred	0.1	0.6	0.1	7.9	600	322	5,147
Primary Sulphide	Measured	48	0.53	0.17	16.95	254,400	262,350	8,588,882
	Indicated	144	0.60	0.13	15.25	864,000	601,862	22,318,757
	Inferred	113	0.6	0.1	15.6	678,000	363,303	18,071,067
Total*		337	0.6	0.14	15.7	2,022,000	1,516,872	54,368,007

Table 2: Hillside Measured, Indicated and Inferred Mineral Resource Summary Table – June 2013.

Copper Resources reported above 0.2% cut-off grade.

Measured and Indicated Resources are rounded to two significant figures and Inferred Resources are rounded to one significant figure.

**Subject to rounding.*

> TECHNICAL AUDIT OF HILLSIDE MINERAL RESOURCE BY AMC CONSULTANTS PTY LTD ("AMC")

A technical audit of the Hillside Mineral Resource and its suitability for use in a feasibility study was completed by Peter Stoker of AMC. Mr Stoker is the current Chairman of JORC and has over 40 years' experience in mine geology, mineral resource and ore reserve estimation, feasibility studies, project evaluation and mineral exploration. The audit was conducted during a site visit (27 and 28 May 2013) and a modelling review in Rex's head office (29 and 30 May 2013) and subsequent reviews offsite. The audit was based on previous progressive reviews of the data collection and the estimation process and included the following areas:

- > Input data including drilling, survey, assay, geology, sample recovery, bulk density and quality assurance/quality control (QA/QC) data.
- > Geological/domain interpretation and modelling.
- > Statistical and variogram analysis.
- > Mineral Resource estimation methodology, including estimation parameters.

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EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

- > **TECHNICAL AUDIT OF HILLSIDE MINERAL RESOURCE BY AMC CONSULTANTS PTY LTD ("AMC") (CONTINUED)**
 - > Review by AMC of the model against the input data and domain and geological wireframes.
 - > Mineral Resource classification.
 - > Review of the results of internal comparative models and reports of internal reviews or audits of the current and previous Mineral Resource estimates.
 - > The completed Mineral Resource reported on 6 February 2013, with additional material to support the changes in data, estimation processes and outcomes for the June 2013 Mineral Resource estimate.

The audit by AMC noted that there were no matters that were serious or were likely to impair the validity of the June 2013 Mineral Resource estimate, and as such, the Mineral Resource estimate was deemed suitable for use as an input to a feasibility study.

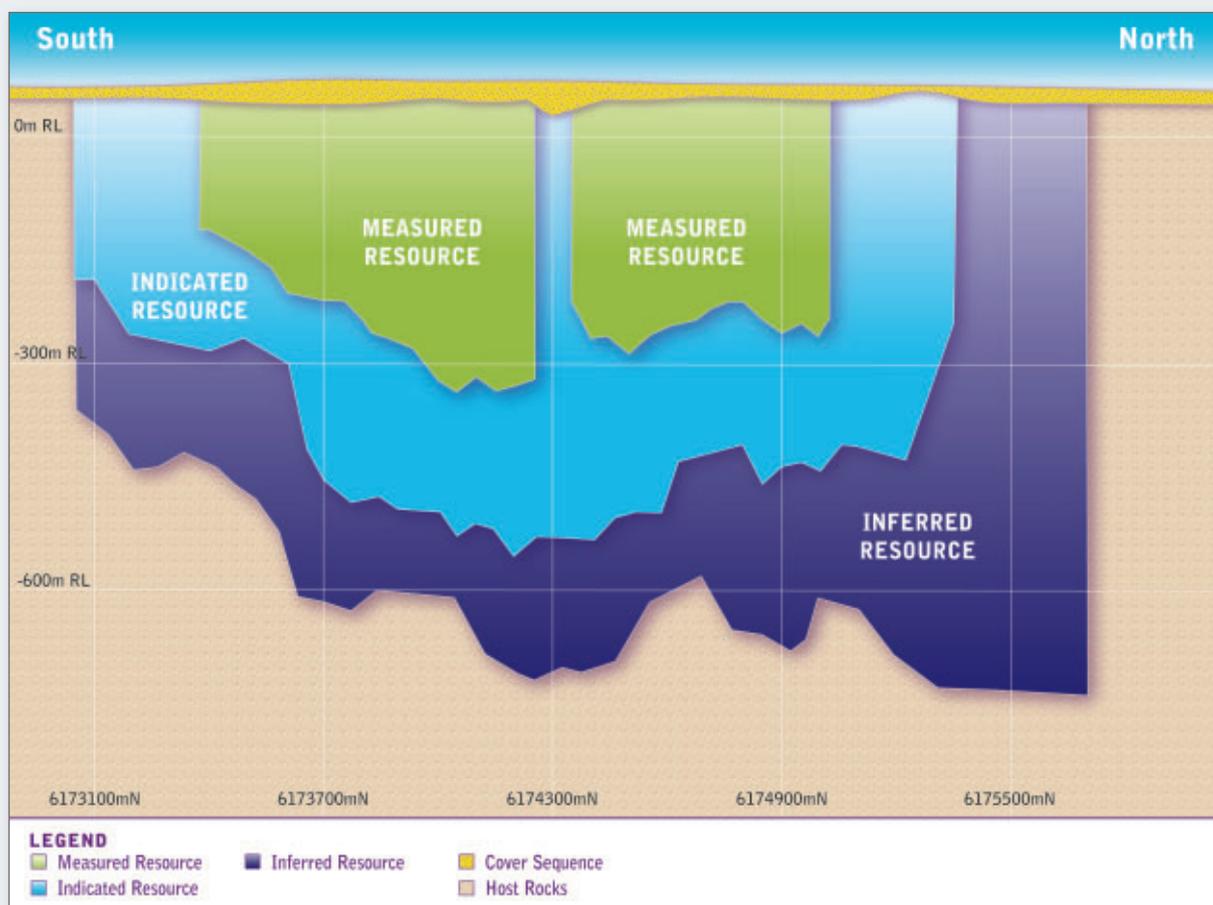


Figure 2: Schematic long section showing the location of the Measured, Indicated and Inferred Resources. View looking to the west.

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EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

HILLSIDE PROJECT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

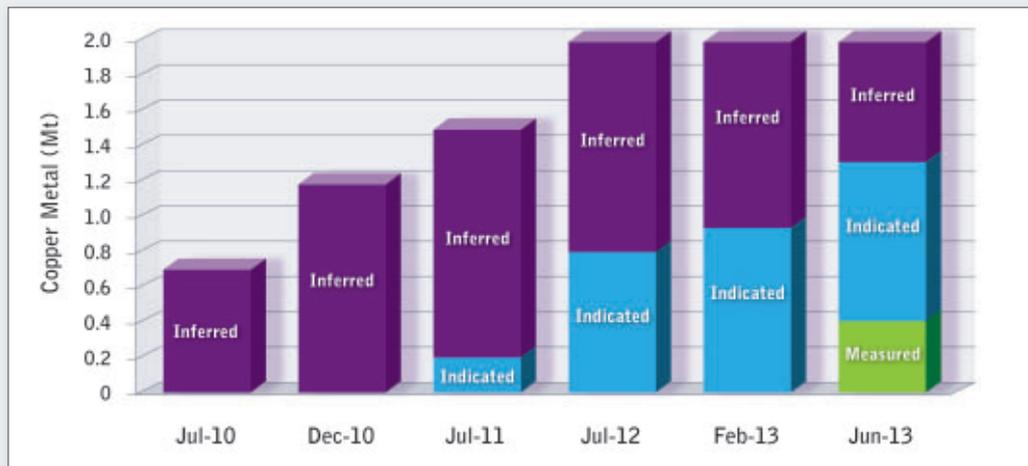
> CONVERSION OF MINERAL RESOURCES TO ORE RESERVES AND FUTURE GROWTH

The Hillside project is one of Australia's largest copper discoveries in the past decade. The Mineral Resource remains open at depth and towards the north and south.

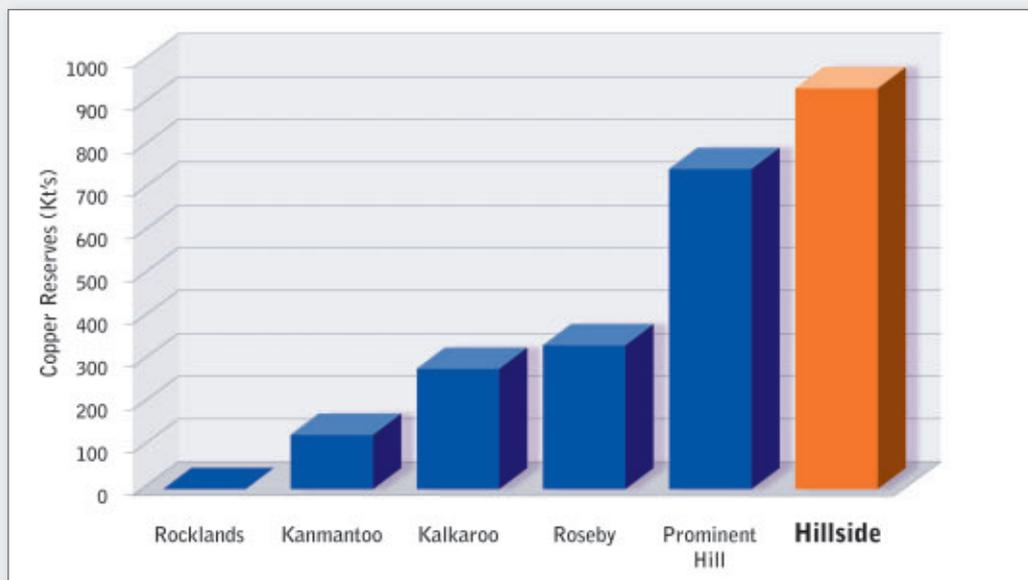
With an Ore Reserve of 180Mt, Rex has converted over 53% of the existing Mineral Resource to an Ore Reserve. At a processing capacity of 15Mtpa, this now gives Hillside a 12 year production profile. Further conversion of Inferred Resources to Indicated Resources is likely to continue over the next 12-24 months as Rex continues to grow and expand on the existing resource base. Graph 1 below shows the growth of the Hillside Mineral Resource between July 2010 and June 2013.

A comparative analysis of the Hillside Ore Reserve to other Australian copper open pit Ore Reserves, highlights Hillside as being Australia's largest open pit copper Ore Reserve (see Graph 2 below). Furthermore, Hillside's Resource size, quality and logistical advantages provide an enviable strategic benefit compared with many other copper projects world-wide.

In terms of the average grade of the Hillside deposit, it is also significant to note that Hillside ranks in the top quartile of undeveloped open pit copper project across the globe.



Graph 1: Hillside Resource Growth by JORC Category in copper metal (Mt).



Graph 2: Hillside Ore Reserve in comparison with other Australian Copper Open Pit Ore Reserves based on publicly available information as at 19 June 2013.

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EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

HILLSIDE PROJECT – BANKABLE FEASIBILITY STUDIES (“BFS”)

An extensive work program has been underway throughout the year for the purpose of completing a BFS which is due for release in the December 2013 quarter. The following work programs are all largely complete and will form the basis for the decisions and results of the Hillside BFS:

- > Tailings Storage Facilities
- > Open Pit Mine Plan and Waste Dump Design
- > Hydrology (Groundwater and Surface Water)
- > Waste Rock Characterisation
- > Metallurgical Test Work
- > Environmental and Community Studies
- > Infrastructure Requirements
- > Power and Water Options

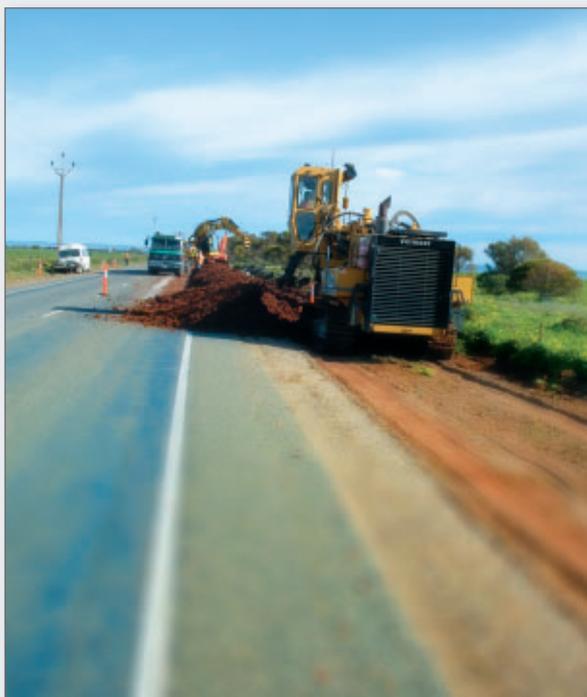
Some of this information has already been detailed by Rex and is noted following:

> UPDATED PRODUCTION PLAN FOR HILLSIDE

On the back of the updated Ore Reserve, Rex revised the production schedule which defined an estimated A\$2.5bn in after-tax cash flows² for the first 10 years of production and built on the updated 12 year Ore Reserve base. The revised plan highlighted an annual production profile of over 70kt copper and 60koz gold in concentrate and over 1.2Mt of iron ore within a separate concentrate for the first 10 years of mine life. Importantly, this delivers >110,000t of CuEq¹ production per annum.

The new schedule contemplated for the development of Hillside will begin commissioning in late 2015 with full production capacity available in 2016. The production grades delivered to the processing plant have also increased for the first 10 years of the mine life.

As a result of the improved production profile, estimated cash flows have also improved². The potential cash flows generated from the updated production profile form the basis for ongoing discussions with a number of potential partners to help deliver the balance of the funding required for the development of Hillside. Additionally, scope exists for further growth beyond the 12 year open pit Ore Reserve.



Commencement of water infrastructure to meet the needs of both Rex’s Hillside Project and the local community.

REX MINERALS LTD

EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

HILLSIDE PROJECT – BANKABLE FEASIBILITY STUDIES (“BFS”) (CONTINUED)

> UPDATED PRODUCTION PLAN FOR HILLSIDE (CONTINUED)

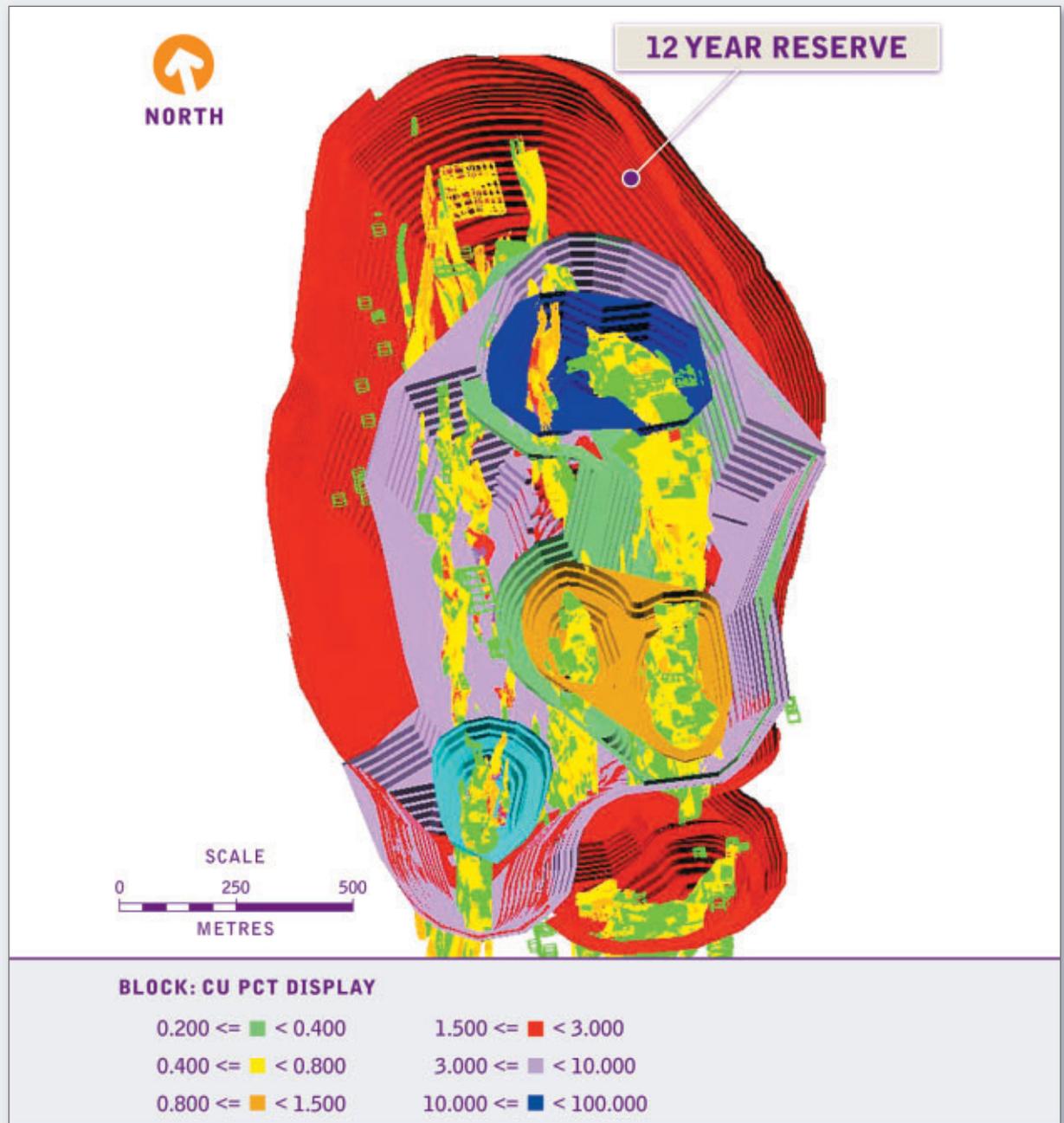


Figure 3: Hillside 12 Year Ore Reserve Pit Design with PFS interim pit shells and June 13 block model showing copper grades > 0.2%.

HILLSIDE PROJECT – BANKABLE FEASIBILITY STUDIES (“BFS”) (CONTINUED)

> MINERAL PROCESSING – IMPROVED COPPER RECOVERIES

Further to the improved mining metrics at Hillside, Rex also completed test work that improved copper recoveries. The improved copper recoveries were the direct result of pilot plant test work performed as part of the Hillside BFS and highlighted the significant advances made in regard to mineral processing.

Rex completed test work on samples that were taken throughout all the mineralised domains at Hillside and ensured that these samples represented the first 5 years of production. The samples were collected using large diameter drill core sampling, and a total of 8 tonnes were processed using processing methods that were designed to represent the processing plant at Hillside. The test work was carried out at ALS Ammtec in Perth and managed by AMEC Australia and was deemed to be the final work associated with locking in the processing plant scope, design and key input/output parameters for the Hillside processing plant. The test work also produced samples of the copper-gold and iron ore concentrate streams for review and analysis by a range of parties who are currently in discussions with Rex aimed at fully funding the project beyond the indicative debt.

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

Conducting a large scale pilot test program is not currently common practice in mineral processing evaluations, especially in relation to copper sulphide deposits. However, Rex considered that this level of rigor in ensuring that the processing plant can perform as designed was an important step in further de-risking Hillside. Furthermore, this pilot plant test work has now tested all major flowsheet items (including metallurgical variations) at the pilot scale.

The processing of 8 tonnes of mill feed provided Rex with:

- > Large and representative samples of final concentrates for potential off-take partners
- > Samples that will allow vendors to warrant equipment selected for those steps that involve the treatment of concentrates.



Figure 4: Proposed Processing Plant for the Hillside project.

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EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

HILLSIDE PROJECT – BANKABLE FEASIBILITY STUDIES (“BFS”) (CONTINUED)

> **ENGINEERING, PROCUREMENT & CONSTRUCTION (“EPC”) AND FINANCING
MEMORANDUM OF UNDERSTANDING (“MOU”)**

In June this year, Rex signed an EPC and MOU for Hillside with NFC and a subsidiary of the Australian engineering group Allmine for financing, construction and development of Hillside.

Subsequent to the signing of the MOU, Allmine was placed into administration. Rex and NFC, have a number of alternative Australian based sub-contractors and NFC is currently holding discussions with these parties. Importantly, the deadlines and objectives of the MOU announced on 4 June 2013 have not changed. That is, the MOU outlines the framework for cooperation to establish the cost and program for delivery of the Hillside project while the current BFS is being completed. Rex, NFC and NFC’s Australian sub-contractor intend to enter into formal agreements for a full turnkey fixed lump sum EPC contract.

The MOU also details the framework for the financing term sheet which states that NFC will facilitate the debt funding of the project development costs through major Chinese banks, such as China Minsheng Banking Corp. Ltd and others, based on 70% of the EPC contract turnkey cost, with an indicative amount of US\$550m.

With the MOU signed, the indicative project timetable envisages commencement of construction at Hillside in early 2014 following signing of the EPC contract and finalising financing. Rex is targeting December 2013 for these items to be concluded. In addition, Rex has advanced discussions with multiple parties to provide for the balance of the required capital.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA

Regional exploration work on the Yorke Peninsula is designed to follow through with the theory that the underlying rocks could host multiple large scale copper-gold-iron ore deposits. The Hillside project was the first test of the theory that large scale copper deposits exist in the area and the Company considers that there could be many other similar or possibly larger deposits that remain hidden underneath a thin layer of cover rocks.

Despite being focused on financing and developing Hillside, Rex has continued target generation within the Company’s tenure on the Yorke Peninsula beyond the immediate Hillside area. Regional exploration work completed by Rex over the past 12 months included diamond drilling, soil sampling, aerial magnetic data acquisition and a review of historical calcrete sampling. The work that Rex completed continues to highlight the widespread potential for making a significant discovery.

The exploration work completed during the period is summarised as follows:

- > **Historical Calcrete Sampling Review** – A review of historical calcrete sampling was completed.
- > **Soil Sampling** – A detailed soil sampling program was undertaken over high priority target areas on the Yorke Peninsula tenements.
- > **Airborne Geophysics** – Complete tenement coverage with detailed aeromagnetic data and ultra-detailed (25m line spaced) aeromagnetic data over priority prospect areas.
- > **Diamond Drilling** – 2 diamond drill holes completed along strike of the Hillside project to test targets identified by the 2012 aircore drilling.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> **EXPLORATION PROGRAMS COMPLETED**

Review of Historical Calcrete Sampling

A review of historical calcrete sampling data was undertaken with the aim to provide an initial evaluation of several priority target areas, including the historical Yorke Valley copper mine and a series of newly identified targets. Importantly, Rex has recognised that even though the Hillside deposit is underneath less than 20m of cover rocks, the soil and broader geochemical sampling at Hillside has shown that the deposit clearly shows up. Accordingly, Rex believes that a rigorous regional geochemical sampling program, in conjunction with geophysics, could provide a useful vector for potentially undiscovered copper mineralisation. Furthermore, the Yorke Peninsula contains a number of historical copper mines and these are also important vectors for copper mineralisation.

One stand-out in this regard is a target called Westbrook which lies to the north-west of Hillside. Westbrook exhibits a strong calcrete anomaly which when compared to the Hillside soil anomaly is larger in amplitude (Figure 5 below). Rex intends to follow-up the Westbrook target over the coming 6 to 12 months.

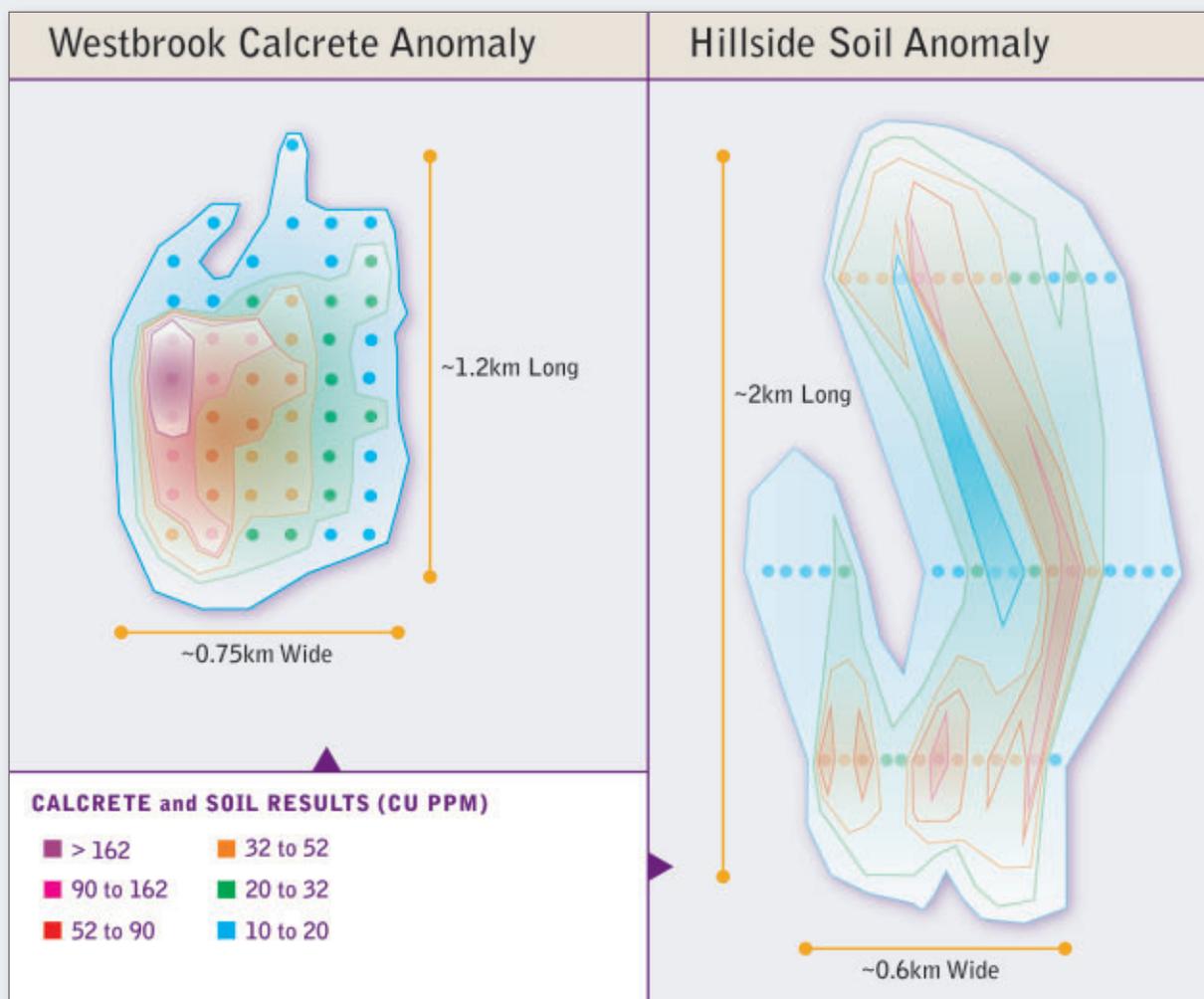


Figure 5: Westbrook Calcrete sampling results compared to Hillside soil results.

REX MINERALS LTD

EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> EXPLORATION PROGRAMS COMPLETED (CONTINUED)

Aerial Magnetic Survey

In late 2012, Rex completed a detailed aeromagnetic survey over the western half of the Yorke Peninsula tenements. Processed data was received soon after and this new dataset has provided Rex with a level of detail that was never previously available over Rex's licences on the Yorke Peninsula (Figure 6 below). Preliminary exploration targets have been identified, and a thorough geological interpretation of the new data set, together with the identification of further drill targets, was completed. This interpretation integrated all available geological information, including completed exploration drilling, with the detailed geophysical data. The interpretation identified several distinct geological domains and significant structural corridors, and highlighted priority areas for future exploration targeting in 2014.

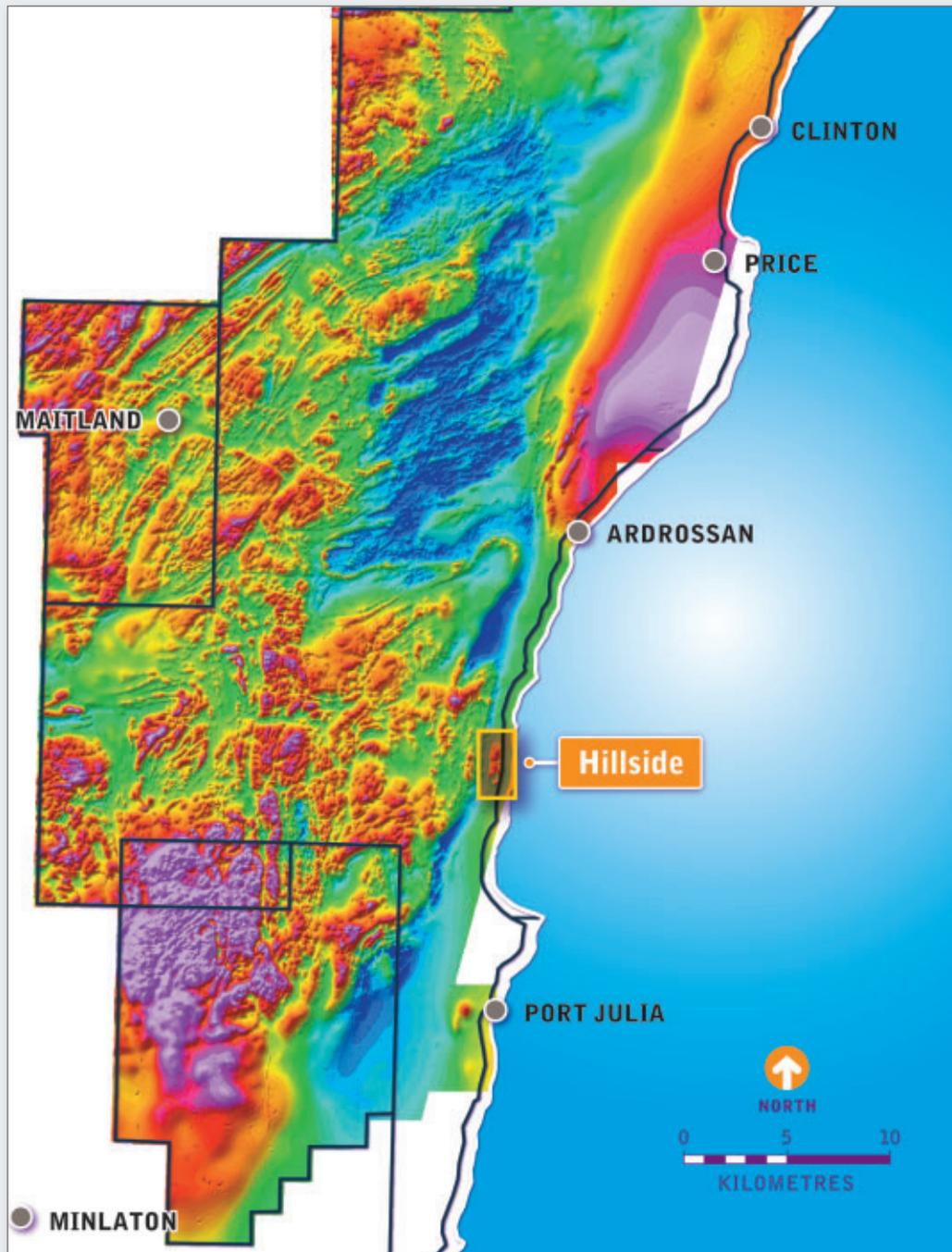


Figure 6: New hi-res aerial magnetic data over Western Yorke Peninsula tenure.

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> EXPLORATION PROGRAMS COMPLETED (CONTINUED)

Diamond Drilling – Hillside Strike Extensions

Diamond drilling was undertaken to provide an initial test of two priority targets identified by the 2012 aircore drilling program (Figure 7 below). A single diamond drillhole tested a target 2km north of Hillside, intersecting an extensively faulted and sheared sequence of Hillside-equivalent host rocks in the upper part of the drill hole. Whilst only minor levels of mineralisation were observed in the drill core, the intersection of Hillside host rocks and extensive faulting is highly encouraging and warrants further drill testing. A second diamond drill hole was completed, testing copper mineralisation identified by aircore drilling approximately 3.5km south of Hillside and within the interpreted position of the Pine Point Fault Zone. This drillhole also intersected a sequence of Hillside-equivalent rock types, and a fault zone which was interpreted to represent an element of the Pine Point Fault, and has potentially acted as a conduit for the mineralisation identified in the aircore drilling. While only low levels of copper mineralisation were visually identified in the drill core, the intersection of the Pine Point Fault is highly encouraging and warrants further drill testing.

Assay results for the two diamond drill holes highlighted broad zones of copper anomalism with peak assay results of up to 52m @ 284ppm Cu, confirming the prospectivity of the target areas and the requirement for future drilling to effectively test the Hillside strike extensions.

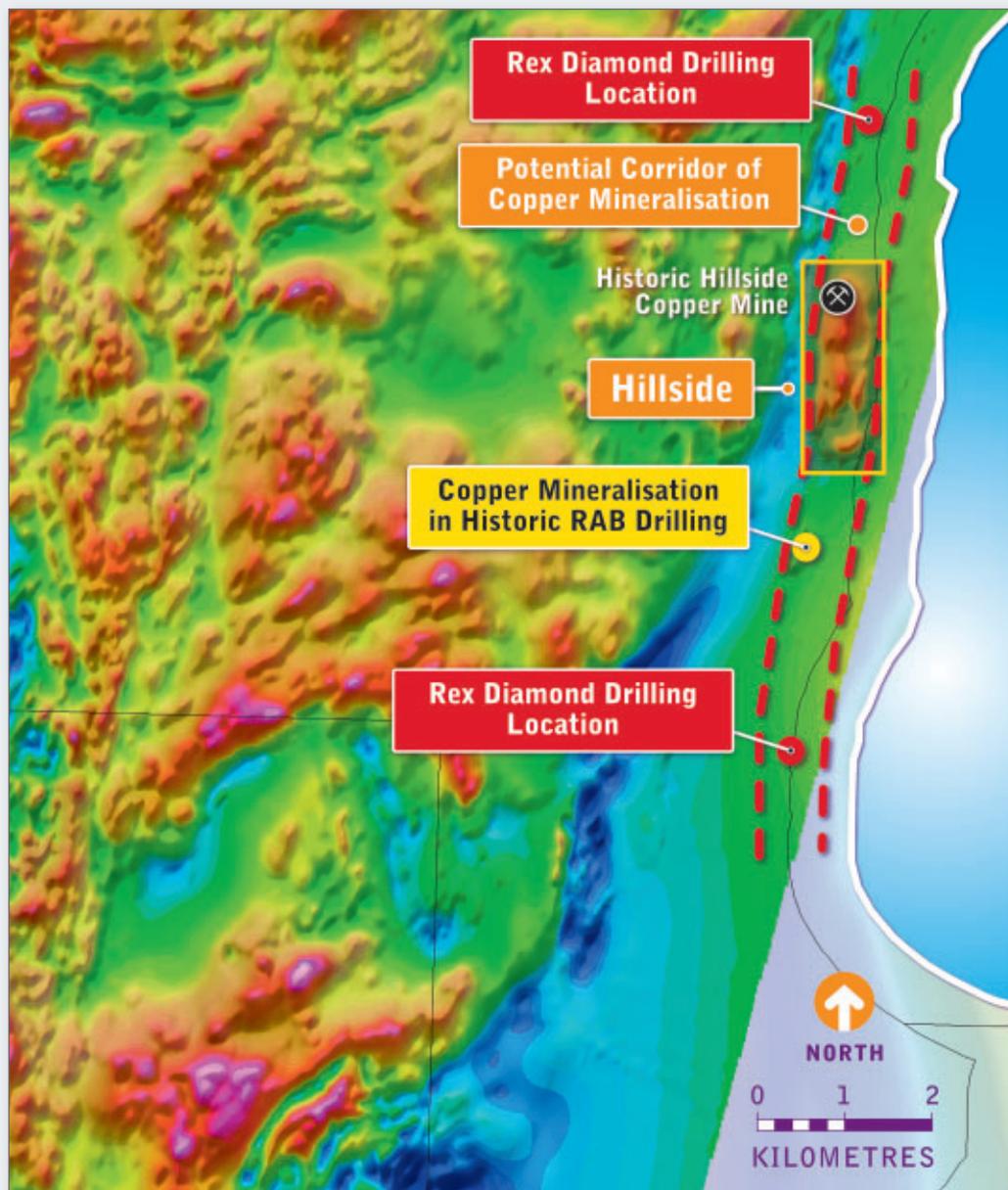


Figure 7: Location of diamond drilling along strike of the Hillside project area.

REX MINERALS LTD

EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

PINE POINT COPPER BELT, YORKE PENINSULA, SOUTH AUSTRALIA (CONTINUED)

> EXPLORATION PROGRAMS COMPLETED (CONTINUED)

Soil Sampling

A program of approximately 2,000 soil samples was undertaken to provide an initial evaluation of several priority target areas, including the historical Yorke Valley copper mine. The results identified several discrete zones of elevated copper mineralisation (including an anomaly around the Yorke Valley copper mine), requiring further investigation and follow-up over the coming 12 months. At present, at least 5 high priority targets exist within a 40km radius of Hillside with a further 45 requiring further reconnaissance work before being elevated to high priority status.

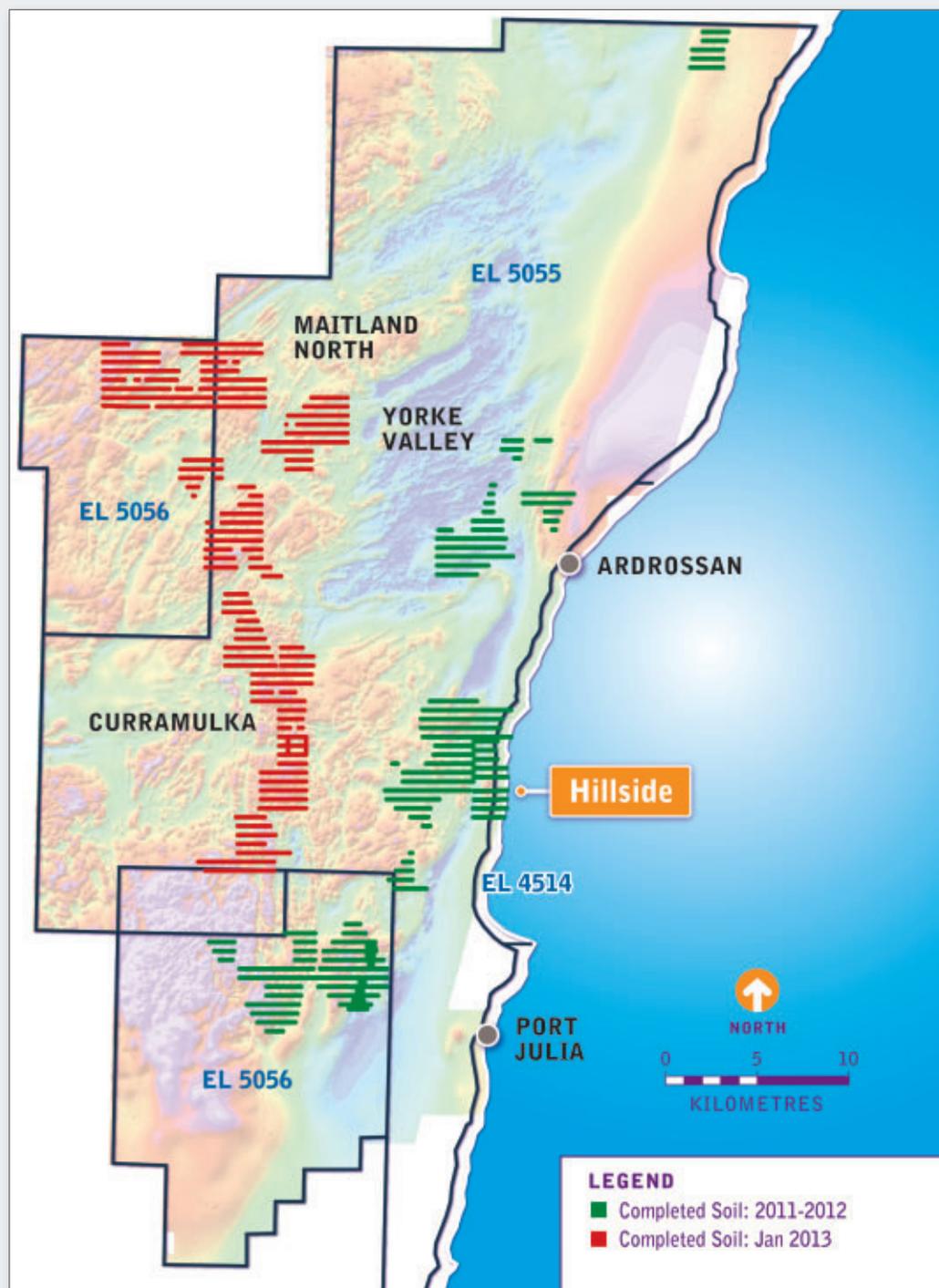


Figure 8: Soil Sampling overview map – January 2013 (TMI background).

REX MINERALS LTD

EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

COWELL EXPLORATION

The Cowell project in South Australia comprises a single Exploration Licence which has the potential to host copper-gold mineralisation. The Cowell project is located adjacent to Cowell on the east coast of South Australia's Eyre Peninsula, approximately mid-way between Whyalla and Port Lincoln. The project is situated within the eastern margin of the Gawler Craton, which hosts other significant copper-gold deposits such as Olympic Dam, Prominent Hill and Hillside. A low level aerial magnetic survey was undertaken at the Cowell project to provide complete coverage of high quality detailed magnetic data. A total of 1,029 line kilometres of data was acquired along lines spaced 100m apart. This data will assist in the identification, modelling and refinement of future drill targets at this project.

NOTES

¹ CuEq Grade – Commodity Prices and Recoveries:

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

² Forward looking statements

The results contained within this announcement from the Hillside PFS contain "forward-looking statements". All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper and other metals price volatility, currency fluctuations, increased 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".

The estimates of production and cash flow as reported here are within the Company's 12 year Ore Reserve and represent the best estimate to date of the production profile of the Hillside project over an initial 10 year period.

Revenues are based on the increased production schedule and commodity price forecasts shown in Table A on Page 18. Rex has also completed further refinements and confirmation of the costs identified in the Hillside PFS which has given Rex further confidence in the potential cash flows reported in this announcement.

Whilst the current estimates of production and cash flows from Hillside represent the best estimate from existing information and work completed to date, Rex will continue to refine and optimise the financial outcomes from the development of the Hillside project. Greater detail in regard to the financial estimates from the Hillside project will be released upon completion of the Hillside BFS. These forecasts are all dependant on the timely and successful completion of the required mining approvals and permits, financing and successful commissioning of the Hillside project.

REX MINERALS LTD

EXPLORATION PROJECTS (Continued) for the year ended 30 June 2013

NOTES (CONTINUED)

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

Table A: Table of Commodity prices used in estimates of cash flow.

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

Competent Persons' Report – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Mr Colin McVie and Mr Ben Brown who are Members of the Australasian Institute of Mining and Metallurgy and are full time employees of Mining Plus Pty Ltd. Mr McVie and Mr Brown have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McVie and Mr Brown consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Persons' Report – Mineral Reserves

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Patrick Say who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Rex Minerals Ltd. Mr Say has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Say consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

TENEMENTS SCHEDULE for the year ended 30 June 2013

Tenement	Locality	Lease Status	Area Type	Current Area	Grant Date
EL5056 (previously EL3875)	Moonta South	Granted	km ²	416	02/08/2012
EL5055 (previously EL3874)	Moonta South	Granted	km ²	1262	02/08/2012
EL4514	Moonta South	Granted	km ²	24	10/06/2010
EL5133 (previously EL3876)	Wandearah	Granted	km ²	127	01/08/2012
EL4779	Wandearah	Granted	km ²	81	13/10/2011
EL5070 (previously EL3418)	Cowell	Granted	km ²	85	24/10/2012
MC4346	Moonta South	Granted	km ²	30.3	16/04/2013

DIRECTORS' REPORT 2013



REX MINERALS LTD

DIRECTORS' REPORT for the year ended 30 June 2013

The Directors present their report together with the financial report of Rex Minerals Ltd ("the Company") and its subsidiaries (the "Group" or "Rex"), for the financial year ended 30 June 2013 and the auditors' report thereon.

1. DIRECTORS

The Board currently has 5 members, of these, 3, including the Chairman, are independent Non-Executive Directors. The Non-Executive Directors are considered by the Board to be independent of management and free from any business relationship or other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement. Further information on the process for assessing independence materiality levels is located in the Board Charter available on Rex's website.

The Board considers that a diversity of skills, backgrounds, knowledge, experience and gender is required in order to effectively govern the business. The Board and its Committees actively work to ensure that the Executive and Non-Executive Directors continue to have the right balance of skills, experience, independence and Company knowledge necessary to discharge their responsibilities in accordance with the highest standards of governance. The Non-Executive Directors contribute international and operational experience; understanding of the sectors in which we operate; knowledge of world capital markets; and an understanding of the health, safety, environmental and community challenges that we face. The Board works together as a whole to oversee strategy for the Group and monitor pursuit of the corporate objectives of the Company. In addition, the Board has extensive access to members of senior management.

The Board believes that orderly succession and renewal is in the best interests of the Company as it transitions from the exploration phase into development and production. To assist with this transition, Mr Mark Parry was appointed as Managing Director and CEO on 15 October 2012. Mr Parry brings with him experience in overseeing the development, commissioning and ramp up of large scale capital projects having managed the successful development of OneSteel's Project Magnet in Whyalla, South Australia. Founding Managing Director, Mr Steven Olsen remains with Rex to allow for a smooth transition as well as continuing to work towards obtaining an optimal financing package for the Company.

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
Mr Paul Chapman Independent Chairperson (B.Comm, ACA, Grad.Dip. Tax, MAICD, MAusIMM)	Mr Paul Chapman is a chartered accountant and has over 25 years resources experience gained in Australia and the US. He has worked in a number of commodity businesses including gold, nickel, manganese, bauxite/alumina and oil/gas. Mr Chapman has held senior management roles in public companies of various sizes and is Chairman of listed explorer Encounter Resources Ltd; listed gold producer Silver Lake Resources Ltd and listed explorer Phillips River Mining Ltd. Mr Chapman has been a Director and Chairman since 2007 and is currently a member of the Audit and Remuneration Committees.
Mr Richard Laufmann Independent Non-Executive Director (B.Eng (Mining), MAusIMM, MAICD)	Mr Richard Laufmann is a mining engineer with a proven track record in the resources sector both in Australia and overseas. He was Managing Director of Ballarat Goldfields NL from 2002 until 2007, at which time Ballarat Goldfields merged with Lihir Gold Ltd. Mr Laufmann also previously led WMC Resources Limited's Gold Business as General Manager – Operations. His extensive operational experience includes three years as General Manager of St Ives Gold in Western Australia. Mr Laufmann is currently the Managing Director of Indophil Resources, an ASX listed company operating in the Philippines. Mr Laufmann has been a Director since 2007, is Chairman of the Remuneration Committee and a member of the Audit Committee.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

1. DIRECTORS (CONTINUED)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
<p>Mr Alister Maitland Independent Non-Executive Director (B.Com, FAICD, FAIM, SF Fin)</p>	<p>Mr Maitland is a former Executive Director of the 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 the countries 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 and director of Lihir Gold Ltd. Mr Maitland was appointed Director in 2011, is Chairman of the Audit Committee and a member of the Remuneration Committee.</p>
<p>Mr Mark Parry Managing Director and CEO (Met Cert, BCom, HBS (AMP), GAICD)</p>	<p>Mr Mark Parry is an experienced senior executive with over 30 years of experience gained within light and heavy manufacturing, mining, project development and contracting within Australia.</p> <p>Mr Parry's career includes over 15 years with BHP, over 11 years with OneSteel (now Arrrium) and 1 year with Leighton Contractors where he held various management and executive roles. His operational and executive experience includes over 7 years as Chief Executive of OneSteel's Whyalla business including full P&L responsibility for iron ore mining (pit to port) and the integrated steelworks. This included oversight and responsibility for Project Magnet and the subsequent iron ore capital development program which saw the transition of the steelworks to magnetite based pellet feed and an increase in external iron ore sales from 1 mtpa to 6mtpa at a total capital cost exceeding \$600m.</p> <p>Mr Parry was appointed Managing Director and CEO on 15 October 2012.</p>
<p>Mr Steven Olsen Executive Director (B.Sc.(Hons), M.Sc.(MinEx), Grad.Dip (F&I), MAusIMM)</p>	<p>Mr Steven Olsen has over 19 years experience in the resources industry with a background of fourteen years working as a mine geologist and exploration geologist, predominantly in Western Australia and Canada, on nickel and gold deposits.</p> <p>Mr Olsen has had continued exploration success for the discovery of nickel, gold and copper mineralisation throughout his career.</p> <p>Mr Olsen's qualifications include a B.Sc(Hons) from the University of Melbourne, Masters in Mineral Exploration from Queens University, Ontario and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia. Mr Olsen is a Non-Executive Director of White Rock Minerals Ltd.</p> <p>Mr Olsen was Founding Managing Director (2007) until 15 October 2012 and continues as Executive Director Business Development.</p>

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

2. COMPANY SECRETARY

Ms Amber Rivamonte CPA, B.Bus (Acc) was appointed to the position of Company Secretary in July 2007. Ms Rivamonte is a CPA and has over 20 years experience in the financial management of publicly listed exploration companies. She has previously held the role of company secretary and chief financial officer for Ballarat Goldfields NL, company secretary for Indophil Resources NL, chief financial officer for Rex Minerals Ltd and company secretary for White Rock Minerals Ltd.

3. DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr Paul Chapman	15	15	2	2	3	3
Mr Richard Laufmann	14	15	2	2	3	3
Mr Alister Maitland	15	15	2	2	3	3
Mr Mark Parry ¹	9	9	1	1	–	–
Mr Steven Olsen ²	14	15	2	2	1	3

A – Number of meetings attended

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

¹ Mr Parry was appointed Director on 15 October 2012. Mr Parry is not a member of the Audit Committee, but is invited and attends meetings as appropriate.

² Mr Olsen is not a member of the Audit or Remuneration Committees, but is invited to and attends meetings as appropriate.

4. CORPORATE GOVERNANCE STATEMENT

Rex has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with Rex's needs. To the extent they are applicable; Rex has adopted the Principles of Good Corporate Governance Recommendations incorporating the 2010 Amendments as published by ASX Corporate Governance Council. As Rex's activities develop in size, nature and scope, the size of the Board and implementation of additional corporate governance structures will be given further consideration.

In addition to this and consistent with ASX Listing Rule requirements, Rex has a policy concerning trading in its shares by Directors and other designated persons. A copy of that Trading Policy is available on Rex's website.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The following table summarises Rex's position in regard to Corporate Governance.

Recommendation	Comment
<p>4.1 Lay solid foundations for management and oversight</p>	
<p>4.1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.</p>	<p>The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The respective roles and responsibilities of the Board and the Managing Director are set out in Rex's Board Charter.</p> <p>The primary responsibility of the Board is to protect and advance the interest of Shareholders. To fulfil this role, the Board has overall responsibility for developing and approving Rex's corporate strategy and monitoring implementation of the strategy, appointing the Managing Director, monitoring senior executives' performance and approving Rex's risk and audit framework. The Board is also responsible for Rex's general corporate governance matters, including matters such as disclosures and the appointment and monitoring of any committees set up by the Board.</p> <p>The Managing Director has primary responsibility to the Board for the affairs of Rex. The Managing Director's responsibilities include implementing and monitoring (together with the Board) the strategic and financial plans for Rex, managing the appointment of senior executive positions, being the primary channel of communication and point of contact between the senior executives and the Board, providing strong leadership to, and effective management of, Rex and otherwise carrying out the day to day management of Rex.</p> <p>This recommendation is also satisfied in as much as should a new Director be appointed, Rex's Board Charter and other corporate governance documentation together with updated financial statements will be given to the new Directors together with a formal letter of appointment which will set out details in respect of, amongst other matters:</p> <ul style="list-style-type: none"> > Rex's financial, strategic, operational and risk management position; > each Director's rights, duties and responsibilities; and > the role of the Board and senior executives.
<p>4.1.2 Companies should disclose the process for evaluating the performance of senior executives.</p>	<p>Rex's goals for the year are set out in the Annual Report and these are used as the basis for evaluating performance of senior executives. Performance evaluations are undertaken annually, in June, by the Managing Director. The Managing Director's performance evaluation is also undertaken annually, in June, by the Board.</p>
<p>4.1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.</p>	<p>It is intended that:</p> <ul style="list-style-type: none"> > an explanation of any departure from Recommendations 4.1.1, 4.1.2 or 4.1.3 will be included in the corporate governance statement in the Annual Report; and > the Annual Report will disclose whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.2 Structure the Board to add value	
4.2.1 A majority of the Board should be independent Directors.	This recommendation is satisfied.
4.2.2 The Chair should be an independent Director.	This recommendation is satisfied.
4.2.3 The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	This recommendation is satisfied.
4.2.4 The Board should establish a nomination committee.	The Board has not adopted a charter relevant to the specific functions of a nomination committee. Given the size of Rex and the Board, the Directors consider that any efficiencies achieved by the establishment of a nomination committee would be minimal, thereby not making its establishment cost effective. Rex has Board processes in place which raise issues that would otherwise be considered by a nomination committee.
4.2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	The Directors consider that due to the size of Rex and its Board, such a formal review procedure is not appropriate at this point in time and has instead adopted a self evaluation process to measure its own performance. This recommendation is satisfied in as much as the details have been included in the Annual Report and the Board Charter.
4.2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	<p>The following material is included in the Annual Report:</p> <ul style="list-style-type: none"> > the skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report; > the names of the Directors considered by the Board to constitute independent Directors and Rex's materiality thresholds; > the existence of any of the relationships listed in Box 2.1 of the Guide (regarding director independence) and an explanation of why the Board considers a Director to be independent, notwithstanding the existence of those relationships; > a statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of Rex; > a statement as to the mix of skills and diversity for which the Board is looking to achieve in membership of the Board; > the period of office held by each Director in office at the date of the Annual Report; > whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and > an explanation of any departures from Recommendations 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5 or 4.2.6. <p>The following material is publicly available on Rex's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> > the Board's policy and procedure for the selection and appointment of directors.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
<p>4.3 Promoting ethical and responsible decision making</p>	
<p>4.3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> > the practices necessary to maintain confidence in the Company's integrity; > the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and > the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>This recommendation is satisfied. Rex's Code of Conduct sets out Rex's expectations for the conduct of Rex's Directors, senior executives and employees, including in relation to business conduct, personal and professional conduct (such as confidentiality, personal behaviour and respect for others).</p>
<p>4.3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>This recommendation is satisfied. Rex's Code of Conduct sets out Rex's policy concerning diversity. In summary, Rex's policy concerning diversity is as follows:</p> <p>Rex recognises that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximise the achievement of corporate goals. The objectives for achieving diversity are included in the corporate governance statement in the Annual Report. In order to promote gender diversity, Rex will engage in reviews and reporting to the Board about the proportion of women at Rex and strategies to address diversity. Rex intends to recruit the most qualified persons for each position and considers persons from a diverse pool of qualified candidates.</p>
<p>4.3.3 Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The objectives for achieving diversity are as follows:</p> <p>Maintain female representation at 20% of the total workforce and senior management as Rex progresses through the next stages of Company development.</p> <p>During each Director selection and appointment process, the professional search firm supporting the Board will provide at least one credible and suitably experienced female candidate.</p>
<p>4.3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.</p>	<p>This recommendation is satisfied.</p> <p>At 30 June 2013, women made up 35% of the total workforce; and 40% of senior management. There are currently no women on the Board of Rex.</p>
<p>4.3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>The following material is publicly available on Rex's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> > any applicable code of conduct which incorporates the diversity policy.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
4.4 Safeguard integrity in financial reporting	
4.4.1 The Board should establish an Audit Committee.	This recommendation is satisfied.
4.4.2 The Audit Committee should be structured so that it: <ul style="list-style-type: none"> > Consists only of non-executive Directors; > Consists of a majority of independent Directors; > Is chaired by an independent Chair who is not chair of the Board; > Has at least 3 members 	The members of the Audit Committee are Alister Maitland, Paul Chapman, and Richard Laufmann, who are all independent Directors. Alister Maitland is an independent Chair of the Audit Committee (and he is not Chair of the Board). The Directors consider that the Audit Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.
4.4.3 The Audit Committee should have a formal charter.	This recommendation is satisfied.
4.4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	The following material is included in the corporate governance statement in the Annual Report: <ul style="list-style-type: none"> > the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out > the number of meetings of the audit committee (contained within the Directors' Report) > explanation of any departures from Recommendations 4.4.1, 4.4.2, 4.4.3 or 4.4.4 The following material is made publicly available on Rex's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> > the audit committee charter, including information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
4.5 Make timely and balanced disclosure	
4.5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	This recommendation is satisfied. Rex has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance. Rex's Continuous Disclose Policy sets out Rex's policies and procedures with regard to the reporting of material price sensitive information to the ASX subject to confidentiality carve-out aspects and Rex's procedures in this regard.
4.5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	An explanation of any departures from Recommendations 4.5.1 or 4.5.2 are included in the corporate governance statement in the Annual Report. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements are publicly available on Rex's website in a clearly marked corporate governance section.

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
<p>4.6 Respect the rights of shareholders</p>	
<p>4.6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p>	<p>Rex places a high priority on communications with its Shareholders. Although Rex does not have a standalone communications policy, Rex considers that its Continuous Disclosure Policy, together with disclosure through the following means, should be sufficient to promote effective communications with shareholders:</p> <ul style="list-style-type: none"> > announcements released through to the ASX company announcements platform; > notices of meetings to shareholders; and > provision of all relevant documentation released on Rex's website.
<p>4.6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.</p>	<p>An explanation of any departure from Recommendations 4.6.1 or 4.6.2 are included in the corporate governance statement in the Annual Report.</p> <p>Rex describes its communications policy with Shareholders in the corporate governance statement in the Annual Report.</p>
<p>4.7 Recognise and manage risk</p>	
<p>4.7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	<p>Although there is no standalone risk management policy, the Board Charter provides that it is the Board's responsibility to approve Rex's risk and audit framework, systems of risk management and internal control, as well as approving compliance with any risk and audit policies and protocols in place at the time.</p> <p>Rex Management has reported to the Board under Recommendation 4.7.2 on risk management.</p>
<p>4.7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.</p>	<p>This recommendation is satisfied.</p>
<p>4.7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>This recommendation is satisfied.</p>

4. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Comment
<p>4.7 Recognise and manage risk (continued)</p>	
<p>4.7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>The following material is included in the corporate governance statement in the Annual Report:</p> <ul style="list-style-type: none"> > explanation of any departures from Recommendations 4.7.1, 4.7.2, 4.7.3 or 4.7.4; > whether management has reported to the Board under Recommendation 4.7.2; and > whether the Board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 4.7.3.
<p>4.8 Remunerate fairly and responsibly</p>	
<p>4.8.1 The Board should establish a Remuneration Committee.</p>	<p>This recommendation is satisfied.</p>
<p>4.8.2 The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members.</p>	<p>The members of the Remuneration Committee are Richard Laufmann, Paul Chapman and Alister Maitland, who are all independent Directors. Richard Laufmann is an independent Chair of the Remuneration Committee (and he is not Chair of the Board). The Directors consider that the Remuneration Committee is of sufficient size, independence and technical expertise to discharge its mandate effectively.</p>
<p>4.8.3 Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives.</p>	<p>This recommendation is satisfied.</p>
<p>4.8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>The following material or a clear cross-reference to the location of the material is included in the corporate governance statement in the Annual Report or elsewhere in the Annual Report (as appropriate):</p> <ul style="list-style-type: none"> > the names of the members of the remuneration committee and their attendance at meetings of the committee, or where the company does not have a remuneration committee, how the functions of a remuneration committee are carried out. > the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and > an explanation of any departures from Recommendations 4.8.1, 4.8.2, 4.8.3 or 4.8.4.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

5. PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was minerals exploration and evaluation in Australia. There were no significant changes in the nature of the Group's principal activities during the year.

Rex remains focussed on the exploration and development of large-scale copper-gold projects on the Yorke Peninsula, SA. Rex's short term objective is to finalise the feasibility studies and progress appropriate funding with the aim of developing the Hillside project. Once funded and developed, Hillside will allow Rex to become a copper producer, providing the resources, funds and infrastructure to continue to explore and discover large-scale copper-gold deposits on the Yorke Peninsula which can lead to increases in Resources to extend the life of Hillside and/or develop standalone projects if the discovery is of scale.

Rex has continued to expand and prove up the Resource at its initial discovery at the Hillside copper-gold deposit and completed a PFS to assess a potential development plan for this deposit. Rex is progressing the Hillside project to the level of BFS as it progresses funding discussions and plans to develop the project in conjunction with maintaining a regional exploration program for further discoveries and enhancement of the future mine development plans on the Yorke Peninsula.

Rex applies its extensive technical experience and existing drilling capacity to progress its projects, laying solid foundations for long term growth, enabling Rex to uncover the substantial deposits of copper that Rex interprets to exist under shallow cover rocks on the Yorke Peninsula.

5.1 Objectives

The Group's principal objective is to create value through the discovery, development and mining of mineral resources. To progress with the Group's primary objective, the following targets have been set for 2014 and later financial years:

- > **Safety** – Develop and adapt safety systems and processes to enable a proactive approach to risk assessment and risk management as the company transitions into construction and mining related production.
- > **Funding** – Completion of the BFS, due for completion within the 2013 calendar year, to allow for a range of funding and investment options to be assessed and progressed in order to secure full funding for the development of Hillside.
- > **EPC Contract** – Secure a fixed price turnkey EPC contract with an internationally capable overseas and Australian EPC contracting partnership with the aim of commencing construction during calendar 2014.
- > **Regulatory Approval** – Secure the required State Government regulatory approvals to allow for the commencement of mining and all aspects associated with construction to secure operating licences for the 15 plus year copper mine at Hillside.
- > **Infrastructure** – Finalise commercial terms associated with access to and upgrading of infrastructure required to support the Hillside Mine (water, power and port).
- > **Transformation into a Developer/Producer** – Continue to secure and develop internal capability and capacity to undertake and organisational transformation from explorer to developer/producer.
- > **Exploration** – Maintain a near mine and regional exploration program with the aim of identifying multiple larger scale copper deposits that can complement the Hillside project.

6. OPERATING AND FINANCIAL REVIEW

The income statement shows a loss after tax of \$1,178,518 (2012: loss \$544,862) for the year. The Group has no bank debt. As at 30 June 2013 the Group had a cash position of \$24,815,556 (2012: \$69,742,604). Operating activities incurred a cash outflow for the year of \$1,784,789 (2012: cash inflow of \$260,344).

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year ended 30 June 2013.

8. DIVIDENDS PAID OR RECOMMENDED

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.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

9. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2013, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual 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.

10. LIKELY DEVELOPMENTS

Likely developments are the continued minerals exploration on the tenements owned or controlled by the Group.

Other than those 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.

11. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Rex Minerals Limited	
	Ordinary shares	Options over ordinary shares
Mr Paul Chapman	3,644,833	–
Mr Richard Laufmann	3,541,666	–
Mr Alister Maitland	202,000	–
Mr Mark Parry	–	3,000,000
Mr Steven Olsen	6,027,000	–

12. SHARE OPTIONS

12.1 Options granted to Directors and Officers of the Company

During the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Directors and Key Management Personnel as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Alister Maitland	–	–	–
Mr Mark Parry	3,000,000	\$0.91	31 August 2017
Mr Steven Olsen	–	–	–
Executives			
Ms Amber Rivamonte	–	–	–
Ms Janet Mason	–	–	–
Mr Patrick Say	–	–	–

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

12. SHARE OPTIONS (CONTINUED)

12.2 Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
30 April 2014	\$3.000	840,000
30 April 2015	\$1.200	1,200,000
31 August 2017	\$0.910	3,000,000
Total		5,040,000

All options expire on the expiry date, unless the options have not been exercised and the employee leaves the Company in which case they will lapse if they are not exercised within 60 days of departure.

12.3 Shares issued on exercise of options

During or since the end of the financial year the Company has not issued any ordinary shares as a result of the exercise of options.

13. 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 the Directors and certain 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.

14. NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed other services which are listed in the table below in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

KPMG Australia	2013 \$	2012 \$
Audit and review of financial statements	44,400	42,200
Other services		
> Review of Research and Development Claim	81,130	—
> Assistance with Customs Matters	8,182	—

15. REMUNERATION REPORT – AUDITED

15.1 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 levels for the KMP of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. Whilst in the exploration phase, there are to date no revenues and the expenditure commitments and key milestones are dedicated towards achieving a transition towards a cash flow positive business as soon as possible with the asset base that has been discovered through the Group’s exploration efforts. Remuneration is based on achieving key milestones towards this ultimate outcome.

The Remuneration Committee obtains independent advice of the appropriateness of compensation packages of the Group given trends in comparative companies and the objectives of the Group’s compensation strategy, which includes the need to transition the Group’s salary structure from that of an exploration company to one of a developer and producer.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- > the capability and experience of the KMP; and
- > the Group’s performance against its stated objectives.

Objectives for the 2013 financial year which are focussed on the work required to secure funding and regulatory approvals to allow for the development of the Hillside project, included:

Completion of the prefeasibility study (“PFS”)	PFS report results released to the ASX 31 October 2012.
Increase in Resource and Ore Reserves for Hillside	Maiden Ore Reserve released to the ASX 6 February 2013. 50% increase in Ore Reserve providing basis for 12 year mine life, announced to the ASX 28 June 2013.
Submit regulatory approvals	Mining Lease documents submitted, announced to the ASX 9 April 2013.
Progress financing of the Hillside project	MOU signing announced to ASX 4 June 2013.
Plan for organisational change	Appointment of Mark Parry as Managing Director, announced to the ASX 24 September 2012.

Compensation packages 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 (“FBT”) charges related to employee benefits including motor vehicles), as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the Directors’ and senior executives’ compensation is competitive in the market place. A senior executive’s compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes 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 (STI) is an ‘at risk’ bonus provided in the form of cash, while the long-term incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan.

15. REMUNERATION REPORT – AUDITED (CONTINUED)**15.1 Principles of compensation (Continued)****Short-term incentive bonus**

The short-term incentive (STI) is a discretionary bonus provided in the form of cash, which is determined based on an assessment of performance against Group objectives. STI's are provided for and paid in the year subsequent to the performance year upon the completion of performance reviews and Board approval.

Long-term incentive

The long-term incentive (LTI) is provided as options over ordinary shares of the Group. Options granted to employees currently vest immediately and only lapse in the event of the employee leaving the Group or the expiry date, whichever occurs earlier. Due to the nature of the Company at this time the Board believes this incentive is appropriate having regard to the exercise price of options being set at a premium to the share price at grant date.

Service agreements

It is the Group's policy that employment contracts for KMP, excluding the Chief Executive Officer are unlimited in term but capable of termination on 3 months' notice and that the Group retains the right to terminate the contract immediately, by making payment equal to 3 months' pay in lieu of notice.

The Group has entered into contracts with KMP, excluding the Chief Executive Officer, that are capable of termination on three months' notice. The Group retains the right to terminate a contract immediately by making payment equal to three month's pay in lieu of notice. The KMP 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 outlines the components of compensation paid to KMP but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the Senior Executive and any changes required to meet the principles of the compensation policy.

The following summarises the service agreements with KMP:

> Key Executives**Chief Executive Officer****• Mr Mark Parry**

Mr Parry has a contract of employment dated 24 September 2012 with the Company which terminates on the 15 October 2015. The contract specifies the duties and obligations to be fulfilled by the Chief Executive Officer and provides that the Board and Chief Executive Officer will consult and agree objectives for achievement each year. The terms of his current contract are:

Base remuneration of \$550,000, inclusive of statutory superannuation and STIP of up to \$137,000

A sign-on bonus of \$300,000, in lieu of foregone benefits from his previous employment, payable as follows: \$150,000 paid on commencement of employment; and \$150,000 being held over until the successful securing or substantially advancing of a financing package for the Hillside project.

Either the Company or Mr Parry may terminate the contract by giving 12 months notice. The Company may terminate the contract on the grounds of unsatisfactory conduct or performance by giving three months notice.

The Chief Executive Officer has no entitlement to termination payment in the event of removal for misconduct or gross negligence.

• Mr Steven Olsen – Executive Director for Business Development

Mr Olsen was the Managing Director of the Company until 15 October 2012. Mr Olsen was appointed to Executive Director for Business Development on 15 October 2012 and has a contract of employment, which terminates on 31 July 2013, subject to renewal by agreement. This agreement has been extended to 30 September 2013. Upon commencement he received a sign on retention bonus of \$300,000.

15. REMUNERATION REPORT – AUDITED (CONTINUED)**15.1 Principles of compensation (Continued)****Service agreements (Continued)****> Executives****• Ms Amber Rivamonte – Company Secretary**

Ms Rivamonte was appointed as Company Secretary and Chief Financial Officer on 17 July 2007 and resigned as Chief Financial Officer on 8 January 2010. Ms Rivamonte may resign from the Company by giving four weeks notice and the Group may terminate her employment by providing three months notice.

In the event that Ms Rivamonte's employment is terminated following redundancy, she is entitled to a payment equivalent to 12 months salary.

Ms Rivamonte does not work full time and is paid a percentage of her full time salary, based on the time commitment that the Group requires from her. Over the 2013 financial year, her time commitments have increased over those of the previous year.

• Ms Janet Mason – Acting Chief Financial Officer

Ms Mason was appointed as Chief Financial Officer on 8 January 2010. Ms Mason may resign from the Company by giving four weeks notice and the Group may terminate her employment by providing three months notice.

In the event that Ms Mason's employment is terminated following redundancy, she is entitled to a payment equivalent to three months' salary.

Ms Mason does not work full time and is paid a percentage of her full time salary, based on the time commitment that the Group requires from her. Over the 2013 financial year, her time commitments have increased over those of the previous year.

• Mr Patrick Say – Chief Geologist

Mr Say was appointed as Chief Geologist on 1 July 2011. Mr Say may resign from the Company by giving four weeks notice and the Group may terminate his employment by providing three months notice.

In the event that Mr Say's employment is terminated following redundancy, he is entitled to a payment equivalent to three months salary.

All key executives are entitled to participate in both the short term and long term incentives plans.

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. Non-Executive Directors' base fees are presently \$80,000 per annum, whilst the Chairperson's base fee is \$120,000.

The Chairperson and Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board activities and membership of committees.

Services of remuneration consultants

The Remuneration Committee engaged Swann Global as remuneration consultant to the Board to review the amount and elements of the KMP remuneration and provide recommendations in relation thereto. Recommendations for the 2013 year were provided in the prior financial year, no recommendations for the 2014 year were provided during the period.

Swann Global was also engaged to provide consulting services in relation to the recruitment of key personnel at both Board and executive management levels for the mine development stage.

Fees paid or payable to Swann Global total for recruitment services amounted to \$153,931.

The Board undertook its own inquiries and review of the processes and procedures followed by Swann Global during the course of its assignment. These inquiries involved reviewing the details of Swann's interaction with the Company in relation to the assignment and other services and conducting meetings with Swann Global where KMP were not present to discuss the progress of the engagement. The Board received a declaration from Swann Global stating that the recommendations that they provided were free from undue influence.

The Board is satisfied that the remuneration recommendations made by Swann Global were free from undue influence by members of the KMP about whom the recommendations may relate.

15.2 Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel are as follows in the Table on page 35.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

15. REMUNERATION REPORT – AUDITED (CONTINUED)

15.2 Directors' and Executive Officers' remuneration (Continued)

		Short-term			Post-employment benefits \$	Long term benefits service leave \$ ⁵	Share-based payments		Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees ⁴ \$	Cash bonus \$ ^(A)	Non-monetary benefits \$			Total \$	Fair Value Options \$ ^(B)		
Directors										
Non-Executive Directors										
Mr Paul Chapman: (Chairperson)	2013	120,000	–	–	10,800	–	–	130,800	–	–
	2012	120,000	–	–	10,800	–	–	130,800	–	–
Mr Richard Laufmann	2013	80,000	–	–	7,200	–	–	87,200	–	–
	2012	80,000	–	–	7,200	–	–	87,200	–	–
Mr Alistair Maitland ¹	2013	80,000	–	–	7,200	–	–	87,200	–	–
	2012	63,333	–	–	5,700	–	–	69,033	–	–
Executive Directors										
Mr Mark Parry: Managing Director/CEO ²	2013	385,034	150,000	–	17,844	11,125	711,000	1,275,003	–	55.8
	2012	–	–	–	–	–	–	–	–	–
Mr Steven Olsen: Executive Director – Business Development ³	2013	439,821	375,000	–	44,550	(39,995)	–	819,376	9.2	–
	2012	416,705	50,000	–	36,000	39,995	–	542,700	9.2	–
Executives										
Ms Amber Rivamonte: Company Secretary	2013	150,226	5,000	–	13,039	19,079	–	187,344	2.7	–
	2012	114,827	20,000	–	11,250	23,780	34,240	204,097	9.8	16.8
Ms Janet Mason: Acting Chief Financial Officer	2013	142,062	5,000	–	12,460	18,767	–	178,289	2.8	–
	2012	122,750	20,000	–	11,682	10,775	17,120	182,327	11.0	9.4
Mr Patrick Say: Geology Manager	2013	270,009	20,000	–	25,191	15,740	–	330,940	6.0	–
	2012	226,151	10,000	–	20,700	15,897	34,240	306,988	3.3	11.2
Total compensation	2013	1,667,152	555,000	–	138,284	24,716	711,000	3,096,152		
KMP:	2012	1,143,766	100,000	–	103,332	90,447	85,600	1,523,145		

¹ Mr Alistair Maitland was appointed to the Board 16 September 2011. ² Mr Mark Parry commenced with the Company on 15 October 2012.

³ Mr Steven Olsen was Managing Director until 15 October 2012.

⁴ Salary & fees includes amounts earned by KMP measured in accordance with Australian Accounting Standards, which includes cash salary as well as accrued annual leave entitlements.

⁵ Represents the net accrual for long service leave which will only be paid in cash if KMP meet the required service conditions in accordance with relevant state based legislation. Long service leave is measured in accordance with Australian Accounting Standards and has not been paid in cash.

REX MINERALS LTD

DIRECTORS' REPORT (Continued) for the year ended 30 June 2013

15. REMUNERATION REPORT – AUDITED (CONTINUED)

15.2 Directors' and Executive Officers' remuneration (Continued)

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

- A. The short-term incentive bonus for 2013 for Executives is for performance during the 2012 financial year using the criteria set out in the Remuneration Report. The amount was finally determined after performance reviews were completed and approved by the Board. Cash bonus payments to the Executive Directors have also been made in the form of sign-on and retention bonuses.
- B. The fair value of the unlisted options granted has been calculated at the date of grant based upon the Black Scholes option pricing model. As the options vested immediately the fair value of the grant is allocated to the reporting period in which the grant occurs.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option life	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate
24 September 2012	4.43 years	\$0.24	\$0.91	\$0.68	50%	2.56%

15.3 Equity Instruments

All options refer to options over ordinary shares of Rex Minerals Ltd, which are exercisable on a one-for-one basis.

15.3.1 Options and rights over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted and vested as compensation to each KMP during the reporting period are as follows:

	Number of options granted during 2013	Grant and vesting date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2013
Directors						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Alister Maitland	–	–	–	–	–	–
Mr Mark Parry	3,000,000	24 Sept 2012	\$0.24	\$0.91	31 Aug 2017	3,000,000
Mr Steven Olsen	–	–	–	–	–	–
Executives						
Ms Amber Rivamonte	–	–	–	–	–	–
Ms Janet Mason	–	–	–	–	–	–
Mr Patrick Say	–	–	–	–	–	–

	Number of options granted during 2012	Grant and vesting date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2012
Directors						
Mr Paul Chapman	–	–	–	–	–	–
Mr Richard Laufmann	–	–	–	–	–	–
Mr Alister Maitland	–	–	–	–	–	–
Mr Steven Olsen	–	–	–	–	–	–
Executives						
Ms Amber Rivamonte	160,000	24 May 2012	\$0.21	\$1.20	30 April 2015	160,000
Ms Janet Mason	80,000	24 May 2012	\$0.21	\$1.20	30 April 2015	80,000
Mr Patrick Say	160,000	24 May 2012	\$0.21	\$1.20	30 April 2015	160,000

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

15. REMUNERATION REPORT – AUDITED (CONTINUED)**15.3.2 Modification of terms of equity-settled share-based payment transactions**

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to KMP) have been altered or modified by the issuing entity during the current period.

15.3.3 Exercise of options granted as compensation

During the reporting period, there were no shares issued to KMP on the exercise of options previously granted as compensation.

15.3.4 Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by KMP, is detailed below.

	Granted in year \$ (A)	Value of Options Exercised in year \$	Lapsed in year \$
Directors			
Mr Paul Chapman	–	–	–
Mr Richard Laufmann	–	–	–
Mr Alister Maitland	–	–	–
Mr Mark Parry	711,000	–	–
Mr Steven Olsen	–	–	–
Executives			
Ms Amber Rivamonte	–	–	20,664
Ms Janet Mason	–	–	20,664
Mr Patrick Say	–	–	20,664
Total	711,000	–	61,992

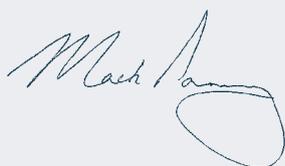
- (A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option pricing model as described in note 22 to the financial statements. The total value of the options granted is included in the table above. This amount is allocated to remuneration in full on the grant date as the options are immediately vested and exercisable.

16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 65 and forms part of the Directors' report for the year ended 30 June 2013.

Dated at Melbourne this 19th day of September 2013

Signed in accordance with a resolution of the Directors:



Mark Parry
Managing Director/CEO



FINANCIAL STATEMENTS 2013



REX MINERALS LTD**STATEMENT OF FINANCIAL POSITION as at 30 June 2013**

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7	24,815,556	69,742,604
Trade and other receivables	8	3,310,442	693,585
Prepayments	9	44,166	42,688
Total current assets		28,170,164	70,478,877
Non-current assets			
Exploration and evaluation expenditure	10	135,799,154	98,103,894
Property, plant and equipment	12	15,667,925	15,620,273
Deposit for water infrastructure		3,630,500	–
Total non-current assets		155,097,579	113,724,167
Total assets		183,267,743	184,203,044
Current liabilities			
Trade and other payables	13	3,505,390	4,287,992
Employee benefits	14	403,569	309,823
Provisions	15	320,000	–
Total current liabilities		4,228,959	4,597,815
Non-current liabilities			
Employee benefits	14	69,321	168,248
Total non-current liabilities		69,321	168,248
Total liabilities		4,298,280	4,766,063
Net assets		178,969,463	179,436,981
Equity			
Issued capital	16(i)	177,685,263	177,685,263
Reserves	16(iii)	1,421,400	1,311,000
Retained earnings		(137,200)	440,718
Total equity		178,969,463	179,436,981

The notes on pages 43 to 64 are an integral part of these financial statements.

REX MINERALS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Finance income	17	1,807,692	3,082,412
Other income		–	639
Administrative expenses		(1,753,006)	(1,192,010)
Depreciation expense	12	(142,443)	(35,946)
Employee benefits expense	18	(3,304,433)	(1,955,280)
Marketing expenses		(867,238)	(435,926)
Loss on disposal of fixed assets		(673)	(8,751)
Profit/(loss) before tax		(4,260,101)	(544,862)
Income tax (expense)/benefit	19	3,081,583	–
Total profit/(loss) for the period after tax		(1,178,518)	(544,862)
Other comprehensive income		–	–
Total comprehensive income/(loss) attributable to members of Rex Minerals Ltd		(1,178,518)	(544,862)
Earnings/(loss) per share attributable to members of Rex Minerals Ltd			
Basic earnings per share (cents)	20	(0.62)	(0.34)
Diluted earnings per share (cents)	20	(0.62)	(0.34)

The notes on pages 43 to 64 are an integral part of these financial statements.

REX MINERALS LTD**STATEMENT OF CHANGES IN EQUITY** for the year ended 30 June 2013**Attributable to equity holders of the Group**

	Share Capital \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011	137,665,189	1,137,690	799,370	139,602,249
Issue of ordinary shares	42,364,320	–	–	42,364,320
Transaction costs on share issue	(2,344,246)	–	–	(2,344,246)
Share based payments compensation	–	359,520	–	359,520
Transfer from share based payments reserve	–	(186,210)	186,210	–
Total comprehensive income/(loss) for the period	–	–	(544,862)	(544,862)
Balance at 30 June 2012	177,685,263	1,311,000	440,718	179,436,981
Balance at 1 July 2012	177,685,263	1,311,000	440,718	179,436,981
Issue of ordinary shares	–	–	–	–
Transaction costs on share issue	–	–	–	–
Share based payments compensation	–	711,000	–	711,000
Transfer from share based payments reserve	–	(600,600)	600,600	–
Total comprehensive income/(loss) for the period	–	–	(1,178,518)	(1,178,518)
Balance at 30 June 2013	177,685,263	1,421,400	(137,200)	178,969,463

The notes on pages 43 to 64 are an integral part of these financial statements.

REX MINERALS LTD

STATEMENT OF CASH FLOWS for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,570,349)	(3,347,676)
Interest received		1,785,560	3,608,020
Net cash from/(used in) operating activities	21	(1,784,789)	260,344
Cash flows from investing activities			
Exploration and evaluation payments		(39,106,557)	(44,811,133)
Acquisition of property, plant and equipment		(411,747)	(4,519,580)
Deposit for water infrastructure		(3,630,500)	-
Proceeds from sale of property, plant and equipment		6,545	39,832
(Investments in)/proceeds from term deposits	7(ii)	-	34,000,000
Net cash from/(used in) investing activities		(43,142,259)	(15,290,881)
Cash flows from financing activities			
Proceeds from issue of share capital		-	42,033,120
Payment of transaction costs		-	(2,344,246)
Net cash from/(used in) financing activities		-	39,688,874
Net increase/(decrease) in cash and cash equivalents		(44,927,048)	24,658,337
Cash and cash equivalents at beginning of the period		69,742,604	45,084,267
Cash and cash equivalents at period end	7(i)	24,815,556	69,742,604

The notes on pages 43 to 64 are an integral part of these financial statements.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Rex Minerals Ltd (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is 209 Dana Street, Ballarat, Victoria, 3350. The Group financial statements as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily is involved in minerals exploration in Australia.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 19 September 2013.

(b) Basis of measurement

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

(c) Functional and presentation currency

These Group financial statements are presented in Australian dollars, which is the functional currency of all entities in the Group.

(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 10 Exploration and evaluation expenditure
- > note 22 Share-based payments
- > notes 24-26 Commitments and contingencies

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.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial instruments****(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(A) Receivables – other debtors

Other debtors are measured at amortised cost using the effective interest method, less impairment losses. Other debtors are reviewed on an ongoing basis for any indicators of impairment.

An impairment loss is recognised for debts which are known to be uncollectible. An impairment allowance is raised for any doubtful accounts.

(B) Cash and cash equivalents

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

(C) Term Deposits

Term Deposits comprise cash balances and call deposits with an original maturity of more than three months.

(D) 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.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Share capital**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

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

Items of property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment 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 profit or loss or as capitalised exploration expenditure for items of PP&E used directly in exploration and evaluation activities on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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

- > plant and equipment 5 – 10 years
- > buildings 10 – 20 years

Land is not depreciated.

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

(d) Exploration and evaluation

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'.

An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- > the expenditures are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and
- > activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- > the term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- > substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- > exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- > sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Impairment****(i) Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(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 generates 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.

(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 twelve months of the reporting date represent obligations resulting from employee's services provided to reporting date, 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 market yields at reporting date on national government bonds with terms of maturity that closely match the estimated future cash flows.

(ii) Share-based payments

Equity-based compensation is recognised as an expense in respect of the services received, or as capitalised exploration expenditure as appropriate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Employee benefits (Continued)****(ii) Share-based payments (Continued)**

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-tradable 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) Revenue Recognition

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

(h) 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 claim is lodged.

(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.

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (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 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.

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

(j) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS 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 EPS 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 which comprise share options granted to employees.

(k) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, 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 Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment expenditure that is reported to the Managing Director includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period on exploration and to acquire property, plant and equipment.

(l) Restoration and rehabilitation provision

Obligations to restore and rehabilitate certain areas of property may arise from time to time as a result of the groups 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, topsoiling 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 Property, Plant and Equipment 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 reviewed at each reporting date and updated based on the facts and circumstances available at the time.

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements:

- > AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures. The new standards which become mandatory for the Group's 2016 financial statements could change the classification and measurement of financial assets and financial liabilities. The new standards are not expected to have significant impact on the financial statements.
- > AASB 119 Employee Benefits (September 2011) – is amended focussing on the accounting for defined benefit plans. In addition, it changes the definition of short-term and other long term employee benefits and some disclosure requirements. The amendments, which become mandatory for the Group's 30 June 2014 financial statements, are not expected to have a significant impact on the financial statements.
- > AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. The Company will still need to provide these disclosures in the Remuneration Report under s.300A of the Corporations Act 2001. The amendments, which will become mandatory for the Group's 30 June 2014 financial statements, are not expected to have any impact on the financial statements, other than removal of duplicated disclosures.

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

- > AASB 10 Consolidated Financial Statements – introduces a new approach in determining which investees should be consolidated and whether an investor is exposed, or had the rights to, variable returns from its involvement with the investee. Application of this new standard which becomes mandatory for the 30 June 2014 financial statements is not expected to have any impact on the financial statements however any future investments will need to be evaluated in light of these new requirements.
- > AASB 11 Joint Arrangements – changes the consolidation requirements for joint operations and joint ventures depending on whether or not parties have rights to and obligations for underlying assets and liabilities. Application of this new standard which becomes mandatory for the 30 June 2014 financial statements is not expected to have any impact on the financial statements however any future investments will need to be evaluated in light of these new requirements.
- > AASB 12 Disclosure of Interests in Other Entities – sets out disclosure requirements arising from AASB 10 and AASB 11 and replaces the disclosures currently required by AASB 127 and AASB 128. AASB 12 will not affect the amounts recognised in the financial statements however may impact the type of information disclosed in the notes to the financial statements. The standard is effective for the financial year ended 30 June 2014.
- > AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 – establishes a single source of guidance for all fair value measurements and aims to enhance fair value disclosures. The impact of application of the new standard has yet to be determined however application of the new standard will impact the type of information disclosed in the notes to the financial statements. The standard is effective for the financial year ended 30 June 2014.
- > AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting standards arising from AASB Interpretation 20 has been issued to provide guidance on account for waste stripping costs for surface mining activities and clarifies certain criteria that need to be met in order to enable capitalisation of stripping costs. Application of this standard which becomes mandatory for the 30 June 2014 financial statements will not have any impact unless the Group commences mining operations in the future.

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.

(i) 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.

(ii) 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.

(iii) Share-based payments

The fair value of options granted to employees 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-tradable 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, particularly over the historic period commensurate with the expected term), 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**(i) 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 a strong capital base sufficient to maintain future exploration and development 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 currently has no external borrowings.

The Group encourages employees to be shareholders through the Employee Share Option 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.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk

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

(iii) 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.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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

The consolidated entity operates in one geographical segment, being South Australia and one industry, mineral mining and exploration.

7. CASH ASSETS

(i) Cash and cash equivalents

	2013 \$	2012 \$
Bank balances and short term deposits	24,815,556	69,742,604
Cash and cash equivalents in the statement of cash flows	24,815,556	69,742,604

(ii) Term deposits

	2013 \$	2012 \$
Term deposits*	–	–
Total term deposits	–	–

*Term Deposits comprise cash balances with an original maturity of more than three months.

The Group's total cash and funds on deposit \$24,815,556 (2012:\$69,742,604) is exposed to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23.

8. TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
Other receivables and accrued interest	157,439	626,135
Research and development tax receivable	3,081,583	–
Security Deposits and Rehabilitation Bonds	71,420	67,450
Total trade and other receivables	3,310,442	693,585

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PREPAYMENTS

	2013 \$	2012 \$
Prepayments	44,166	42,688
Total prepayments	44,166	42,688

10. EXPLORATION AND EVALUATION EXPENDITURE

	2013 \$	2012 \$
Cost		
Balance at 1 July	98,103,894	51,958,831
Additions	37,695,260	46,145,063
Balance at 30 June	135,799,154	98,103,894
Carrying amounts		
At 1 July	98,103,894	51,958,831
At 30 June	135,799,154	98,103,894

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

11. DEFERRED TAX ASSETS (LIABILITIES)

	2013 \$	2012 \$
Exploration and evaluation assets	(40,739,746)	(28,719,292)
Property, plant and equipment	(245,639)	(366,413)
Provisions	316,217	201,981
Equity loss	1,120,948	1,694,463
Tax losses recognised	39,548,220	27,189,261
	–	–
Total losses unrecognised	5,098,529	6,781,772

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

REX MINERALS LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12. PROPERTY, PLANT AND EQUIPMENT**

	Land and Buildings	Plant and Equipment	Total
	\$	\$	\$
2013			
Cost			
Balance at 1 July 2012	14,162,323	2,056,100	16,218,423
Additions	146,932	264,814	411,746
Disposals	–	(34,368)	(34,368)
Balance at 30 June 2013	14,309,255	2,286,546	16,595,801
Depreciation and impairment losses			
Balance at 1 July 2012	1,510	596,640	598,150
Depreciation charged to the income statement	228	142,215	142,443
Depreciation charged to exploration projects	7,477	206,956	214,433
Disposals	–	(27,150)	(27,150)
Balance at 30 June 2013	9,215	918,661	927,876
Carrying amounts			
At 1 July 2012	14,160,813	1,459,460	15,620,273
At 30 June 2013	14,300,040	1,367,885	15,667,925
	Land and Buildings	Plant and Equipment	Total
	\$	\$	\$
2012			
Cost			
Balance at 1 July 2011	9,978,282	1,420,202	11,398,484
Additions	4,184,041	716,116	4,900,157
Disposals	–	(80,218)	(80,218)
Balance at 30 June 2012	14,162,323	2,056,100	16,218,423
Depreciation and impairment losses			
Balance at 1 July 2011	822	294,999	295,821
Depreciation charged to the income statement	228	35,718	35,946
Depreciation charged to exploration projects	460	297,641	298,101
Disposals	–	(31,718)	(31,718)
Balance at 30 June 2012	1,510	596,640	598,150
Carrying amounts			
At 1 July 2011	9,977,460	1,125,203	11,102,663
At 30 June 2012	14,160,813	1,459,460	15,620,273

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Other trade payables and accrued expenses	3,505,390	4,287,992
Total trade and other payables	3,505,390	4,287,992

14. EMPLOYEE BENEFITS

	2013 \$	2012 \$
Current		
Liability for annual leave	403,569	309,823
Non-current		
Liability for long service leave	69,321	168,248
Total employee benefits	472,890	478,071

Assumptions made with respect to the measurement of the liability for long service leave are in accordance with accounting policy note 3f(ii).

15. PROVISIONS

	2013 \$	2012 \$
Provision for office relocation	320,000	–
Total provisions	320,000	–

16. EQUITY

(i) Movements in shares on issue:

	Number of Shares	\$
Opening balance at 1 July 2012	188,907,284	177,685,263
Closing balance at 30 June 2013	188,907,284	177,685,263

	Date of Issue	Number of Shares	Issue Price \$	\$
Opening balance at 1 July 2011		153,635,519		137,665,189
Issue of Ordinary Shares – Property purchase	22/02/2012	211,765	1.564	331,200
Capital Raising – Placement	11/04/2012	22,600,000	1.200	27,120,000
Less costs of Placement				(1,491,600)
Exercise of Employee Options – funds received	24/05/2012	60,000	0.552	33,120
Capital Raising – Placement	24/05/2012	12,400,000	1.200	14,880,000
Less costs of Placement				(852,646)
Closing balance at 30 June 2012		188,907,284		177,685,263

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. EQUITY (CONTINUED)

(ii) Movements in options on issue:

	Date	Number of Options	Exercise Price \$	Expiry Date
Opening balance as at 1 July 2012		3,761,000		
Lapse of Options – employees	24/09/2012	(33,000)	1.222	24/05/2013
Lapse of Options – employees	24/09/2012	(160,000)	3.000	30/04/2014
Lapse of Options – employees	24/09/2012	(160,000)	1.200	30/04/2015
Issue of Options – employees	24/09/2012	3,000,000	0.910	31/08/2017
Lapse of Options – employees	21/12/2012	(240,000)	2.052	31/10/2012
Lapse of Options – employees	21/12/2012	(40,000)	3.000	30/04/2014
Lapse of Options – employees	21/12/2012	(40,000)	1.200	30/04/2015
Lapse of Options – employees	27/06/2013	(528,000)	1.222	24/05/2013
Lapse of Options – employees	27/06/2013	(240,000)	3.000	30/04/2014
Lapse of Options – employees	27/06/2013	(280,000)	1.200	30/04/2015
Closing balance as at 30 June 2013		5,040,000		

	Date	Number of Options	Exercise Price \$	Expiry Date
Opening balance as at 1 July 2011		2,461,000		
Lapse of Options – employees	06/05/2011	(40,000)	3.000	30/04/2014
Exercise of Options - employees	19/06/2009	(60,000)	0.552	31/05/2012
Lapse of Options – employees	06/05/2011	(280,000)	3.000	30/04/2014
Issue of Options – employees	24/05/2012	1,680,000	1.200	30/04/2015
Closing balance as at 30 June 2012		3,761,000		

(iii) Movements in share based payment reserve:

	\$
Opening balance at 1 July 2012	1,311,000
Employee share based payments	711,000
Transferred to Retained earnings	(600,600)
Closing balance at 30 June 2013	1,421,400
Opening balance at 1 July 2011	1,137,690
Employee share based payments	359,520
Transferred to Retained earnings	(186,210)
Closing balance at 30 June 2012	1,311,000

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

REX MINERALS LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. FINANCE INCOME AND EXPENSE**

	2013	2012
	\$	\$
Finance income – interest income on bank deposits	1,807,692	3,082,412
Finance expense	–	–
Net finance income and expense	1,807,692	3,082,412

18. EMPLOYEE BENEFITS EXPENSE

	2013	2012
	\$	\$
Wages and salaries	2,598,614	1,735,467
Share based payments expense	711,000	94,160
Increase in liability for annual leave	93,746	31,850
Increase/(decrease) in liability for long service leave	(98,927)	93,803
Total employee benefits expense	3,304,433	1,955,280

In addition, wages and salaries of \$3,214,084 (2012: \$3,793, 859) are capitalised into exploration and evaluation expenditure.

19. INCOME TAX EXPENSE**NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFIT**

	2013	2012
	\$	\$
Profit/(Loss) before tax for the period	(4,260,101)	(544,862)
Income tax using the domestic corporation tax rate of 30% (2012: 30%)	(1,278,030)	(163,459)
Increase in income tax due to:		
Non-deductible expenses	213,691	28,622
Research and Development benefit	(3,081,583)	–
Decrease in income tax expense due to:		
Net effect of tax losses not recognised	1,064,339	134,837
Total income tax expense/(benefit) on pre-tax net profit	(3,081,583)	–

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. EARNINGS PER SHARE

	2013 cents	2012 cents
Earnings Per Share		
Basic EPS	(0.62)	(0.34)
Diluted EPS	(0.62)	(0.34)

(a) **Basic earnings per share**

The calculation of basic earnings/(loss) per share (EPS) at 30 June 2013 was based on the loss attributable to ordinary equity holders of \$1,178,518 (2012: \$544,862) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2013 of 188,907,284 (2012: 159,926,855).

(b) **Diluted earnings per share**

The calculation of diluted earnings/(loss) per share (EPS) at 30 June 2013 is the same as basic diluted earnings/(loss) per share. In accordance with AASB 133 – Earning 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. (2012: \$544,862 profit and a weighted average number of ordinary shares outstanding after adjustment for unexercised options 163,687,855 shares).

21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2013 \$	2012 \$
Cash flows from operating activities		
Profit/(Loss) before tax for the period	(4,260,101)	(544,862)
• Adjustments for non cash items:		
Depreciation	142,443	35,946
Share based payment transactions	711,000	94,160
Other non cash items	–	–
• Adjustments for other items:		
(Profit)/loss on disposal of property plant and equipment	673	8,751
Operating loss before changes in working capital and provisions	(3,405,985)	(406,005)
(Increase)/decrease in trade and other receivables	864,797	463,222
(Decrease)/increase in trade and other payables	418,252	(5,506)
(Decrease)/increase in employee benefits	18,147	208,633
(Decrease)/increase in provisions	320,000	–
Net cash (used in)/from operating activities	(1,784,789)	260,344

During the current and prior years, the Group had the following non-cash investing and financing activities which are not reflected in the statement of cash flows (refer note 16):

- (a) Issue of options to employees.

22. SHARE BASED PAYMENTS

The Company established a share option plan that entitles employees (other than Directors) to options to purchase shares in the Company.

The following options were granted during the financial year ending 30 June 2013:

Employees Entitled	Grant Date	Number of Options	Expiry Date
Key management personnel (A)	24/09/2012	3,000,000	31/08/2017
Total		3,000,000	

The following options were granted during the financial year ending 30 June 2012:

Employees Entitled	Grant Date	Number of Options	Expiry Date
Key management personnel (B)	24/05/2012	400,000	30/04/2015
Other employees (B)	24/05/2012	1,280,000	30/04/2015
Total		1,680,000	

Key management personnel ("KMP") options (A) are exercisable at a price of \$0.91 each, have no vesting period and expire on 31 August 2017. KMP and employee options (B) are exercisable at a price of \$1.20 each, have no vesting period and expire on 30 April 2015. Each option entitles the holder to subscribe for 1 ordinary share in the Company.

All options vest on the grant date. Options expire on the expiry date, unless the options have not been exercised and the employee leaves the Company in which case the options will lapse if they are not exercised within 60 days of departure. These options do not entitle the holder to participate in any share issue of the Company or any other related entity.

(a) Fair value of share options and assumptions

The fair value of the unlisted options granted was calculated at the date of the grant based upon the Black Scholes option pricing model. As the options vest on grant, the fair value of the options is allocated to the reporting period in which they are granted.

Employees entitled	(A)	(B)
Fair value at grant date	\$0.24	\$0.21
Share price at date of grant	\$0.68	\$0.91
Exercise price	\$0.91	\$1.20
Expected volatility	50%	50%
Option life (years)	4.43	2.54
Risk free interest rate	2.56%	2.33%

The common method for valuing options is the Black Scholes option pricing model. The Black Scholes option pricing model looks at the past share price as an indicator of the future share price. The Black Scholes option pricing model assumes that high volatility in the share prices is an indicator for a higher valuation as there is a greater chance of the share price moving significantly (upwards or downwards). The model also assumes that the options are exercised at or near the expiry date of the options.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. SHARE BASED PAYMENTS (CONTINUED)

(b) Employee expenses

	2013 \$	2012 \$
Share options granted in 2012 – recognised in income statement	–	94,160
Share options granted in 2012 – capitalised to exploration projects	–	265,360
Share options granted in 2013 – recognised in income statement	711,000	–
Share options granted in 2013 – capitalised to exploration projects	–	–
Total recognised as share based payments	711,000	359,520

23. 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.

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

Financial liabilities Group	Carrying amount	Contractual cash flows	1 year or less	1–2 years
	\$	\$	\$	\$
2013				
Trade and other payables	3,505,390	(3,505,390)	(3,505,390)	–
	3,505,390	(3,505,390)	(3,505,390)	–
2012				
Trade and other payables	4,287,992	(4,287,992)	(4,287,992)	–
	4,287,992	(4,287,992)	(4,287,992)	–

(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:

	2013 \$	2012 \$
Cash and cash equivalents	24,815,556	69,742,604
Term deposits	–	–
Total Cash and Term Deposits	24,815,556	69,742,604

At balance date, the Group has no financial liabilities exposed to variable interest rate risks.

23. FINANCIAL INSTRUMENTS (CONTINUED)
(d) Interest rate risk (Continued)

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables constant, profit and or loss and equity would have been affected as follows:

	Profit or Loss higher/(lower)		Equity higher/(lower)	
	2013 \$	2012 \$	2013 \$	2012 \$
Group				
+1% (100 basis points)	459,991	733,391	–	–
- 1% (100 basis points)	(459,991)	(733,391)	–	–

The movements in profit or loss are due to higher/lower interest earnings on cash balances and term deposits. The movements in equity are directly linked to movements in the Income Statement.

(e) Impairment losses

None of the Group's receivables are past due (2012: nil).

24. 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 various State governments have the authority to defer, waive or amend the minimum expenditure requirements.

	2013 \$	2012 \$
Not later than one year	1,152,319	1,397,000
Later than one year but not later than five years	5,070,507	5,708,000

25. CAPITAL EXPENDITURE COMMITMENTS

During the year ended 30 June 2013, the Group has entered into certain capital expenditure commitments totalling \$3,630,500 as at 30 June 2013. The commitment is likely to be settled by 30 June 2014.

	2013 \$	2012 \$
Not later than one year	3,630,500	–
Later than one year but not later than five years	–	–

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. 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 \$30,000 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 \$30,000 as at 30 June 2013 (2012: \$20,000).

The Group's bankers have also provided a guarantee amounting to \$3,630,500 to certain Government bodies as security over the Group's obligation in terms of capital expenditure commitments. Under the agreement, the Group has indemnified the bank in relation to these guarantees. The guarantees are backed by mortgages over the Group's landholdings.

27. KEY MANAGEMENT PERSONNEL ("KMP") DISCLOSURES

The following were KMP of the Group at any time during the reporting period and unless otherwise indicated were KMP for the entire period.

Name	Position held	Appointment detail
Non-Executive Directors		
Mr Paul Chapman	Chairperson	Appointed 18 April 2007
Mr Richard Laufmann	Chairperson – Remuneration Committee	Appointed 16 May 2007
Mr Alister Maitland	Chairperson – Audit Committee	Appointed 16 September 2011
Executive Directors		
Mr Mark Parry	Managing Director/CEO	Appointed 15 October 2012
Mr Steven Olsen	Executive Director – Business Development	Appointed 13 May 2007
Executives		
Ms Amber Rivamonte	Company Secretary	Appointed 16 July 2007
Ms Janet Mason	Acting CFO	Appointed 19 December 2008
Mr Patrick Say	Geology Manager	Appointed 1 July 2010

Ms Rachel Rees commenced as Chief Financial Officer on 9 September 2013.

There have been no other changes to KMP between 1 July 2013 and the date of this report.

KMP compensation included in "Employee Benefits Expenses" (see note 18) and "Exploration and Evaluation" (see note 10) are as follows:

	2013 \$	2012 \$
Short term employee benefits	2,222,152	1,243,766
Post employment benefits	138,284	103,332
Share based payments	711,000	85,600
Other long term benefits	24,716	90,447
	3,096,152	1,523,145

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. KEY MANAGEMENT PERSONNEL ("KMP") DISCLOSURES (CONTINUED)

(a) KMP compensation disclosures

Information regarding individual Directors and Executives compensation and some equity instrument disclosures as permitted by Corporation Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report on pages 19 to 37.

No member of the KMP has entered into a material contract or related party transactions with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

(b) Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Rex Minerals Ltd held, directly, indirectly or beneficially, by KMP, including their related parties, is as follows:

2013	Note	Held at 1 July 2012	Exercised during year	Granted as compensation	Vested during year	Lapsed during year	Held at 30 June 2013	Vested and Exercisable at 30 June 2013
Directors								
Mr Paul Chapman		–	–	–	–	–	–	–
Mr Richard Laufmann		–	–	–	–	–	–	–
Mr Alister Maitland		–	–	–	–	–	–	–
Mr Mark Parry		–	–	3,000,000	3,000,000	–	3,000,000	3,000,000
Mr Steven Olsen		–	–	–	–	–	–	–
Executives								
Ms Amber Rivamonte		313,800	–	–	–	73,800	–	240,000
Ms Janet Mason		233,800	–	–	–	73,800	–	160,000
Mr Patrick Say		313,800	–	–	–	73,800	–	240,000

2012	Note	Held at 1 July 2011	Exercised during year	Granted as compensation	Vested during year	Lapsed during year	Held at 30 June 2012	Vested and Exercisable at 30 June 2012
Directors								
Mr Paul Chapman		–	–	–	–	–	–	–
Mr Richard Laufmann		–	–	–	–	–	–	–
Mr Alister Maitland		–	–	–	–	–	–	–
Mr Steven Olsen		–	–	–	–	–	–	–
Executives								
Ms Amber Rivamonte		153,800	–	160,000	160,000	–	313,800	313,800
Ms Janet Mason		153,800	–	80,000	80,000	–	233,800	233,800
Mr Patrick Say		153,800	–	160,000	160,000	–	313,800	313,800

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. KEY MANAGEMENT PERSONNEL ("KMP") DISCLOSURES (CONTINUED)

(c) Movements in shares

The movement during the reporting period in the number of ordinary shares in Rex Minerals Ltd held, directly, indirectly or beneficially, by KMP, including their related parties, is as follows:

2013	Note	Held at 1 July 2012 or date appointed as a director	Purchases	Received on Exercise of options	Sales	Held at 30 June 2013
Directors						
Mr Paul Chapman	(i)	3,644,833	–	–	–	3,644,833
Mr Richard Laufmann	(ii)	3,541,666	–	–	–	3,541,666
Mr Alister Maitland	(iii)	202,000	–	–	–	202,000
Mr Mark Parry		–	–	–	–	–
Mr Steven Olsen	(iv)	6,027,000	–	–	–	6,027,000
Executives						
Ms Amber Rivamonte		850,000	–	–	–	850,000
Ms Janet Mason		130,000	–	–	–	130,000
Mr Patrick Say	(v)	138,667	–	–	–	138,667

2012	Note	Held at 1 July 2011 or date appointed as a director	Purchases	Received on Exercise of options	Sales	Held at 30 June 2012
Directors						
Mr Paul Chapman	(i)	3,524,000	120,833	–	–	3,644,833
Mr Richard Laufmann	(ii)	3,500,000	41,666	–	–	3,541,666
Mr Alister Maitland	(iii)	202,000	–	–	–	202,000
Mr Steven Olsen	(iv)	6,002,000	25,000	–	–	6,027,000
Executives						
Ms Amber Rivamonte		850,000	–	–	–	850,000
Ms Janet Mason		130,000	–	–	–	130,000
Mr Patrick Say	(v)	120,000	18,667	–	–	138,667

Shares that were held by related parties of KMP are disclosed below.

- (i) 1,876,166 held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Superannuation Fund. 1,768,667 held indirectly through Stone Poneys Nominees Pty Ltd as trustee for the Chapman Investment Fund.
- (ii) 3,500,000 held indirectly through Natalie Laufmann. 41,666 held by Laufman Long term investments Pty Ltd.
- (iii) Held indirectly through the Alister Maitland Superannuation Fund.
- (iv) 6,002,000 held indirectly through S&S Olsen Pty Ltd as trustee for the Olsen Family Trust. 25,000 held through SSO Super Pty Ltd as Trustee for the SSO Super fund.
- (v) 16,667 held indirectly through the Say Family Super Fund.

(d) Director related entities

There were no other transactions with Director related entities.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTIES

(a) Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 29), and with its key management personnel (see note 27).

(b) Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment but are repayable at call, and are non-interest bearing. As at 30 June 2013, such loans totalled \$152,380,291 (2012: \$110,455,579).

29. GROUP ENTITIES

	Country of Incorporation	Ownership Interest	
		2013	2012
Parent entity			
Rex Minerals Ltd	Australia		
Subsidiaries			
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%

30. PARENT ENTITY DISCLOSURES

As at, and throughout, the period ending 30 June 2013 the parent company of the Group was Rex Minerals Ltd.

	2013 \$	2012 \$
Result of the parent entity		
Profit/(loss) for the period	(1,178,518)	(544,862)
Other comprehensive income	–	–
Total comprehensive income/(loss) for the period	(1,178,518)	(544,862)
Financial position of the parent entity at year end		
Current assets	180,550,455	180,935,769
Total assets	180,817,121	181,333,528
Current liabilities	1,777,937	1,896,148
Total liabilities	1,847,258	1,896,148
Total equity of the parent entity comprising of:		
Share capital	177,685,263	177,685,263
Reserves	1,421,400	1,311,000
Retained earnings	(136,800)	441,118
Total equity	178,969,863	179,437,381

Parent entity 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 Company's bankers have provided guarantees amounting to \$30,000 to certain Government bodies as security over the Company's performance of rehabilitation obligations on certain tenements. Under the agreement, the Company has indemnified the bank in relation to these guarantees. The guarantees are backed by deposits amounting to \$30,000 as at 30 June 2013 (2012: \$20,000).

The Company's bankers have also provided a guarantee amounting to \$3,630,500 to certain Government bodies as security over the Company's obligation in terms of capital expenditure commitments. Under the agreement, the Company has indemnified the bank in relation to these guarantees. The guarantees are backed by mortgages over the Company's landholdings.

REX MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SUBSEQUENT EVENTS

Subsequent to 30 June 2013 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.

32. AUDITORS' REMUNERATION

	2013 \$	2012 \$
KPMG Australia		
Audit services	44,400	42,200
Other services	89,312	–

During the current year KPMG, the Company's auditor, provided non-audit services to the Group in the form of review of the Group's research and development claim and assistance with customs matters.

The review of the research and development claim assisted the Company with the submission of a \$3.1m claim which was accrued at 30 June 2013 and received subsequent to balance date.

REX MINERALS LTD

DIRECTORS' DECLARATION

- In the opinion of the directors of Rex Minerals Ltd (the Company):
 - the consolidated financial statements and notes and the Remuneration report, identified within the Directors' report, are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 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 2013.
- The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Melbourne this 19th day of September 2013

Signed in accordance with a resolution of the Directors:



Mark Parry
Managing Director/CEO

REX MINERALS LTD

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**



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

To: the directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 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.

A handwritten signature in black ink, appearing to be 'KPMG' or similar, written in a cursive style.

KPMG

A handwritten signature in black ink, appearing to be 'S. Fleming', written in a cursive style.

Scott Fleming
Partner

Adelaide

19 September 2013

**Independent Auditor's Report to the Members of Rex Minerals Limited****Report on the financial report**

We have audited the accompanying financial report of Rex Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, and 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 ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REX MINERALS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REX MINERALS LTD



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is 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 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report, included as Section 15 of the directors' report for the year ended 30 June 2013. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Rex Minerals Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'S. G. Fleming'.

Scott Fleming
Partner

Adelaide

19 September 2013

REX MINERALS LTD

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

a) Substantial shareholders lodged with the Company as at 31 August 2013

Name of Ordinary Shareholder	Number of Shares	% of Shares Held
Acorn Capital Ltd	15,792,353	8.36%
Grand South Development Ltd	11,785,777	6.24%

b) Listing of 20 largest shareholders as at 31 August 2013

Rank	Name	Designation	Number of Shares Held	% of Issued Capital
1	J P Morgan Nominees Australia Ltd		26,513,820	14.04%
2	Grand South Development Limited		11,785,777	6.24%
3	HSBC Custody Nominees	Australia	9,079,347	4.81%
4	National Nominees Ltd		7,627,998	4.04%
5	S & S Olsen Pty Ltd		6,002,000	3.18%
6	Greenstone Property Pty Ltd	Titeline Property A/C	5,344,531	2.83%
7	Natalie Laufmann		3,500,000	1.85%
8	Greenstone Property Pty Ltd		2,825,000	1.50%
9	UBS Wealth Management Australia Nominees Pty Ltd		2,225,302	1.18%
10	HSBC Custody Nominees	Australia	2,165,876	1.15%
11	Citicorp Nominees Pty Ltd		1,931,222	1.02%
12	Stone Poneys Nominees Pty Ltd	Chapman S/F A/C	1,876,166	0.99%
13	HSBC Custody Nominees (Australia) Ltd	NT-Commonwealth Super Corp A/C	1,785,433	0.95%
14	Stone Poneys Nominees Pty Ltd	Chapman Inv Fund A/C	1,768,667	0.94%
15	Ram Shanker Kangatharan		1,620,000	0.86%
16	Citicorp Nominees Pty Ltd	Colonial First State Inv A/C	1,482,910	0.78%
17	James Gardiner		1,300,000	0.69%
18	Mladen Marusic		1,115,000	0.59%
19	Philip Michael Crowley + Nicole Lee Hoepner	Philip Crowley S/F A/C	1,030,000	0.55%
20	Avoca Resources Ltd		1,000,000	0.53%
	Total		91,979,049	48.69%

c) Distribution of shareholders as at 31 August 2013

Range	Total Holders	Units	% of Issued Capital
1-1,000	844	451,715	0.24%
1,001-5,000	1,823	5,353,684	2.83%
5,001-10,000	958	7,736,547	4.10%
10,001-100,000	1,480	45,308,548	23.98%
100,001 - over	175	130,056,790	68.85%
Total	5,280	188,907,284	100.00%

d) Number of shareholders holding less than a marketable parcel as at 31 August 2013

499

e) 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.

f) Stock exchange listing

Rex Minerals Ltd is listed on the Australian Stock Exchange. The Company's ASX code is RXM.



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2013

ANNUAL REPORT

