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Hillside Feasibility Costing Update

Rex Minerals Ltd (Rex or the Company) is pleased to announce updated capital and operating cost estimates for its 100% owned Hillside Copper-Gold Project on the Yorke Peninsula, South Australia, following approval of the Hillside Program for Environment Protection and Rehabilitation (PEPR) by the SA Government.

Key outcomes from the Hillside Study include:

Financial

- **C1** cash cost of **US\$1.38/lb** copper and All-In Sustaining Cost (AISC) of US\$1.60/lb
- IRR 16.2% and NPV_{5%} of A\$501M (post tax)
- Pre-production **capital cost of US\$410M** (A\$585M)
- **EBITDA** (annualised) of **A\$152.7M**.

Operational

Over the first 12 years of production:

- Average annual processing rate of 6Mtpa
- Annual average production of **35,000t copper** and **24,000ozs gold**
- At a head grade of 0.66% copper and 0.17g/t gold.

Community

- **Employing** approximately 500-550 during construction and 430 during operations
- **Royalties** to the State of **A\$170M**
- **Payroll** exceeding **A\$500M**.

With the SA Government's approval of the PEPR for the Hillside Project, Rex now has a pathway to development. Rex plans to pursue all available financing options, and has engaged Grant Samuel to head a formal process, seeking expressions of interest.

Rex's Managing Director, Richard Laufmann, said: "Where in the world can you find a near-term copper-gold project with these credentials!

"Hillside remains one of Australia's largest undeveloped open pit copper Mineral Resources and contains 2Mt of copper and 1.4Moz of gold. Located not far from Ardrossan on the Yorke Peninsula – a fantastic address with access to local workforce, township, accommodation, existing infrastructure and less than two hours' drive from Adelaide. South Australia – the Copper State."

Table 1: Hillside Project Sensitivity

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

For more information about the Company and its projects, please visit our website 'www.rexminerals.com.au' or contact:

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Appendix 1 - Study Outcomes

The following tables summarise the key outcomes of the updated Study.

Table 2: Stage 1 Study Outcomes

Life of Mine (LOM) Key Metrics	Outcome
Project Revenue	A\$4,524 million
Operating Costs	A\$2,447 million
Pre-tax Project Operating Cash Flows	A\$1,447 million
C1 Cash Costs (includes by-product credits)	US\$1.38/lb
AISC	US\$1.60/lb
Pre-tax NPV _{5%}	A\$751 million
Post-tax NPV _{5%}	A\$501 million
Post-tax Internal Rate of Return (IRR)	16.2%

Table 3: Pre-Production Summary

Pre-Production Capital	
EPCM – Processing Plant & Associated Infrastructure	A\$198 million
EPCM - Design & Construction	A\$28 million
Mining Fleet	A\$158 million
Non-EPCM Works	A\$68 million
Owner's Cost (Including Land)	A\$22 million
Total Owner Contingency & Growth (EPCM and Non EPCM)	A\$48 million
Total Pre-Production Capital	A\$523 million
Mine Development Operating Costs (inc. pre-strip)	A\$62 million
Total Pre-Production Costs	A\$585 million (US\$410 million)

Table 4: Operating Cost Summary

Operating Cost Summary	
Strip Ratio (after initial pre-strip)	6.7:1 (waste:ore)
Average Mining Cost per tonne (LOM)	A\$2.18/t
Average Mining Cost per ore tonne (LOM) (after initial pre-strip)	A\$14.51/t
Processing Cost per tonne	A\$10.43/t
Other Operating (G&A) Costs per tonne	A\$1.92/t
Average Total Operating Costs per tonne (excl. pre-strip)	A\$26.86/t

Table 5: Base Case Assumptions for the updated Hillside Feasibility Study

Commodity and Exchange Rate	Assumptions
Copper	US\$3.00/lb
Gold	US\$1,550/oz
Exchange Rate (AUD:USD)	\$0.70

Study comparison 2020 versus 2015 assumptions

- Long term gold price has increased from US\$1,250/oz to \$1,550/oz.
- Mine opex has reduced by at least A\$190M, comprising:
 - Reduction in diesel price
 - Reduction of diesel burn rates (haulage trucks) adjusted from 240 to 201 litres/hour
 - Reduction of maintenance opex based on refinement of estimation and rebuild strategies.
- Plant opex has increased by A\$106M, primarily due to increased power and consumable costs.
- Pre-production capital has increased overall by A\$105M:
 - Pre-production capex exchange rate reduced from \$0.75 to \$0.70 (AUD:USD)
 - All mining fleet capex is purchased upfront, previously 50% was lease financed
 - Processing plant capex increased by A\$20M including EPCM of A\$2.4M (cost and exchange rate escalation)
 - This is offset by a reduction in excavator size from 800t to 550t class (truck numbers and sizes remain the same).
- TC/RC market rate assumptions decreased from US\$93 to US\$60 per dry tonne of concentrate.

Construction Period and Workforce

The development allows for a 20-month construction period, including a 12-month pre-strip. During construction, a workforce of approximately 500-550 will be required. This will reduce to approximately 430 during the operational phase.

Life of Mine (LOM) – Stage 1

An initial life of 13+ years, based on the production of a copper-gold concentrate and processing ore at a rate of 6Mtpa.

Mining

The open pit is value optimised and is designed in five phases. Rock movement is scheduled to ensure adequate operating area and access to ore. The phase summary footprint is displayed in **Figure 1**.

After an initial pre-strip of 54Mt, the strip ratio for the operating life is 6.7:1 (waste:ore).

Peak total rock haulage is 60Mtpa. Almost 90% of all material (ore and waste) will be mined with 550t hydraulic backhoe excavators, coupled with a fleet of ultra-class (296t) trucks, using the double-benching method. Narrower ore zones will be mined with 250t backhoe excavators to minimise dilution and improve ore recovery. Peak material movement is achieved with a manageable maximum of 16 trucks.

The Project has a typical support fleet which includes drills, mid-sized graders, tracked and wheel dozers, front-end loaders and water and service trucks.

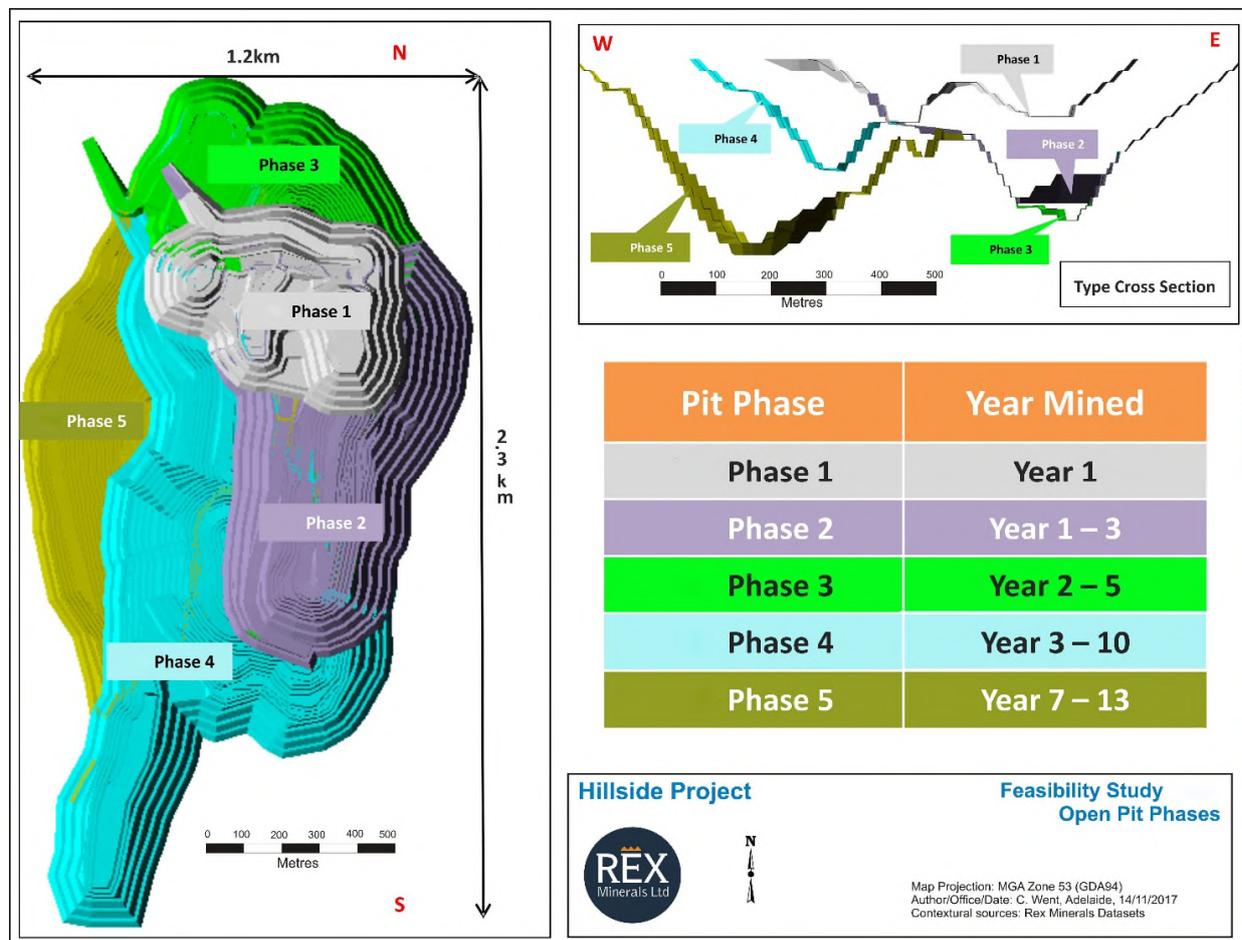


Figure 1: Hillside Feasibility Study – Open Pit Phases

Processing

The processing plant has a designed throughput capacity of 6Mtpa per the design flowsheet in **Figure 2** below.

It includes initial crushing and grinding before a first stage (rougher) flotation. This is followed by a fine grind and second stage (cleaner) flotation, before preparation for transport as a copper-gold concentrate.

The average copper grade of the copper concentrate is over 27% and the average annual copper concentrate produced over the first 12 years of operations is approximately 129,000t.

The layout for the processing plant allows for natural expansion capacity to a nominal 12Mtpa and the inclusion of an iron ore recovery circuit (if warranted), as per the conditions of the Mineral Lease.

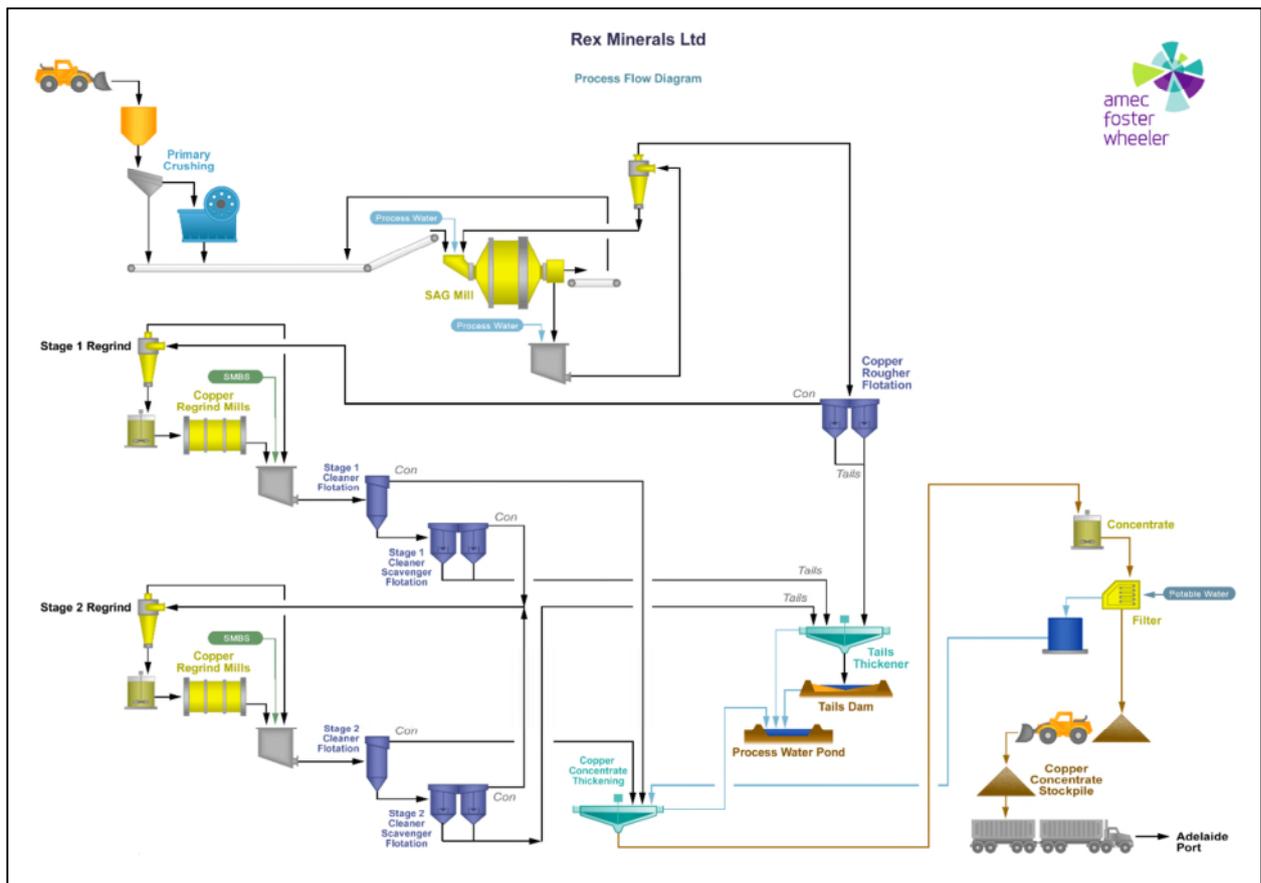


Figure 2: Schematic diagram of the proposed process plant flowsheet

Appendix 2 - Background Information

Project History

In 2007, Rex acquired its large package of exploration licences on the Yorke Peninsula, South Australia. Following a drill campaign in 2008, numerous large-scale copper-gold intersections were identified at Hillside, leading to its discovery and recognition as an Iron-Oxide-Copper-Gold (IOCG) style deposit, of the same generation as the giant Olympic Dam polymetallic deposit and Prominent Hill copper-gold deposit. The Hillside discovery not only highlighted the potential of the Hillside deposit, but also the prospectivity of the larger exploration licences held by Rex on the Yorke Peninsula.



Figure 3: Location diagram of the Hillside Project, Yorke Peninsula, South Australia

In 2011, after extensive drill definition work, Rex completed a conceptual study which identified the potential for a 7.5Mt operation increasing up to 15Mt which could produce both a copper-gold and iron ore concentrate. The Hillside Project was advanced further into a Pre-Feasibility Study, which was announced by Rex in late 2012, focusing on the larger scale 15Mt operation producing both a copper-gold and iron ore concentrate.

The Hillside Mineral Lease (ML6438), Miscellaneous Purposes Licence (MPL146) and Extractive Minerals Lease (EML6439) were granted on 16 September 2014 following the submission of a Mining Lease Proposal (MLP) document in 2013.

The MLP covered a larger project (equivalent of Stage 1 and 2) with a larger disturbance footprint, a longer mine life and inclusive of iron ore production.

The subsequent work around the larger Project continued until August 2014, when there was a dramatic drop in commodity prices, particularly for iron ore. This prompted the Company to change its focus towards an initial copper-gold only project with lower capital investment and higher copper head grades. This work resulted in the Extended Feasibility Study (EFS), and in May 2015, Rex announced a

scaled approach to implementation of the Project, with the smaller Stage 1 (EFS) project being the project presented in the PEPR.

Additional approvals would be required for Stage 2 and the Company would develop and submit an amendment PEPR.

Mineral Resource

The Mineral Resource estimate at Hillside, announced on 25 May 2015, remains one of Australia's largest open pit copper Mineral Resources. The Mineral Resource, noted in **Table 6**, includes information from 608 diamond holes and 245 reverse circulation (RC) holes for a total of 239,000m.

Table 6: Hillside Measured, Indicated and Inferred Mineral Resource Summary Table – May 2015

Zone	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Oxide Copper	Measured	16	0.54	0.23	86,400	118,315
	Indicated	4	0.51	0.13	20,400	16,718
	Inferred	0.2	0.7	0.2	1,400	1,286
Secondary Sulphide	Measured	9	0.61	0.20	54,900	57,871
	Indicated	3	0.55	0.12	16,500	11,574
	Inferred	0.1	0.6	0.1	600	322
Primary Sulphide	Measured	47	0.54	0.16	253,800	241,774
	Indicated	144	0.59	0.13	849,600	601,862
	Inferred	114	0.6	0.1	684,000	366,519
Total		337	0.6	0.14	1,967,600	1,416,240

Copper Mineral Resources reported above 0.2% cut-off grade.

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

Ore Reserve

The Ore Reserve estimate at Hillside, announced on 25 May 2015, was based on the mine design completed during the EFS. The Ore Reserve, noted in **Table 7**, stands at 82Mt @ 0.62% copper and 0.16g/t gold, equating to approximately 0.51Mt (1.12 billion pounds) of copper and 0.43Moz of gold.

Table 7: Hillside Ore Reserve – May 2015

Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Proved	42	0.55	0.19	228,049	250,454
Probable	40	0.70	0.14	281,213	181,051
Total	82	0.62	0.16	509,262	431,504

Notes to the Ore Reserve

The Feasibility Costing Update referred to in this announcement is based on the Ore Reserve (derived from Indicated and Measured Mineral Resources). There exists a small proportion of oxide resource within the pit shell that has the potential to be converted to an Ore Reserve. The expectation is that a proportion of this oxide copper will be converted to an Ore Reserve once further metallurgical test work is complete.

Compliance Statement

With reference to previously reported Mineral Resources and Ore Reserves, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement on 25 May 2015 and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Persons' Statement

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

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

Forward-Looking Statements

This announcement contains "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, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statement.