

**ASX and Media Release: 13 March 2013**  
**ASX code: RXM**

## Lower Capital Costs and Increased Production for Hillside

- **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**
- **BFS on track with potential for material savings to capital expenditure estimate**
- **Drilling program reduced due to completion of work associated with the Hillside BFS**

Rex Minerals Ltd (“Rex”) has completed a review of its 100% owned Hillside Copper Project in South Australia with significant project enhancements to form part of a Bankable Feasibility Study (BFS) later in 2013.

The work completed over recent months has focussed on optimising the production profile and start-up capital costs identified last year in the Hillside Pre-Feasibility Study (PFS). The optimised mine plan and capital profile for Hillside are now part of the dataset that will be used in discussion with potential financial partners for the development of the Hillside project.

Managing Director Mr Mark Parry said “The recent work has created substantial value to the Hillside project economics. The Hillside PFS created a solid base for the team at Rex to work from, and now we are starting to see important improvements to the mine plan as we progress the BFS.”

“The extra revenue from higher grades and recoveries has substantially enhanced our ability to lock in funding for Hillside, allowing us to progress meaningful discussions with a number of parties actively engaged in funding proposals for the project. There are few projects, across the globe that can establish a large scale and long life open pit copper operation like Hillside for less than \$1 billion. This is why Hillside is such a compelling investment option.” Mr Parry said.

### *Optimised Mine Plan*

The work completed as part of the mining schedule has focussed on accessing some of the larger and higher grade sections at an earlier stage within the mine plan. The combination of a new interim open pit design and multiple ore stockpiles will allow for higher grade material to be delivered to the processing plant over a considerable period compared to the model used in the PFS. Based on the results of this work, the average grade delivered to the processing plant from years 3 to 10 is approximately 0.6% plus gold and iron by-product credits, (0.87% CuEq) after allowing for mine dilution. Over this time period the average annual copper production is approximately 80,000t, with recovered gold of over 60,000ozs and over 1.2Mt of iron ore concentrate. This equates to an average copper equivalent production (“CuEq”) of over 115,000t for this period.

### *Metallurgy*

Rex has completed additional metallurgical test work with average copper recoveries improving to 88% (up from 85% in the PFS). In addition, gold recoveries have improved to 84% (up from 82%). Additional test work on the recovery of iron ore has remained consistent with the results from the PFS. The Hillside PFS identified annual iron ore production to be approximately 1.2Mt of iron ore concentrate containing approximately 67% iron and low in impurities.

Large scale drill core has been collected for the purpose of bulk sampling test work. The bulk sample, of approximately 10 tonnes (from various sections of the orebody that will be mined within the first 5 years) will be processed within a small scale version of the planned processing plant at Hillside. This work is the final stage to be completed as part of the metallurgical testing for the Hillside BFS and will provide concentrate samples for potential customers to assess. This work is scheduled for completion by the end of May 2013.

#### *Capital Costs*

Rex has reviewed the start-up capital expenditure to achieve sustainable production at Hillside at a rate of 15Mt per annum. Potential savings have been identified from a number of sources compared to the PFS results which include modularisation, reduced pre-strip and engineering procurement construction (EPC) contractor options. The combined capital savings associated with the BFS is anticipated to be significant and will reduce the amount of capital required for Rex to commence production at Hillside. Rex will further update the market in regard to the extent of the capital savings as firm contracts are finalised as part of the BFS.

#### *Reduced activities and expenditure*

A significant portion of the work associated with the BFS is now nearing completion. As a result, Rex will be reducing its expenditure during the June 2013 quarter, including the reduction of its drilling capacity from four to two drill rigs. This will reduce the level of expenditure incurred by Rex and will be maintained at this lower level until the next phase of anticipated growth leading into the construction of the Hillside project.

Based on achieving a complete finance package and all of the required approvals in 2013, Rex remains on track to commence Hillside's construction in 2014 with production start-up in 2015.

**END**

#### **Notes for Copper Equivalent (CuEq) Estimation**

CuEq Grade - Commodity Prices and Recoveries	<ul style="list-style-type: none"><li>• Copper price used = 2.80 US\$/lb</li><li>• Gold price used = 1200 US\$/ounce</li><li>• Iron ore price used = 100 US\$/tonne:<ul style="list-style-type: none"><li>○ \$100 equates to the industry benchmark at 62% iron</li><li>○ Plus \$25 premium for a concentrate grade of 67% at Hillside</li></ul></li><li>• Testing has confirmed conventional processing options</li><li>• Total Cu grade is used in the CuEq calculation</li><li>• Gold recoveries estimated at 84%</li><li>• Iron recoveries estimated at 43% recovered from Fe (from metallurgical test work)</li><li>• Iron ore concentrate grade = 67%</li></ul>
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#### ***Competent Persons Report – Mineral Resources***

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Patrick Say who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Rex Minerals Ltd. Mr Say has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 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.*

### About Rex Minerals and the Hillside project:



Rex Minerals is an exploration company focussed on the development of its 100% owned flagship project at Hillside. The Hillside project is situated 12km south of the township of Ardrossan on the Yorke Peninsula, South Australia. The Hillside deposit is a recent discovery hidden by a rock sequence which is approximately 20m thick, covering the copper, gold, and iron ore mineralisation beneath.

The Hillside project is one of many potential large-scale copper-gold projects on the Yorke Peninsula within Rex's 100% owned exploration licences on the Yorke Peninsula. The copper-gold targets in the area are typically defined using detailed gravity and magnetic surveys.

The Hillside project and the other copper targets on the Yorke Peninsula have a number of key advantages compared to many other new copper development opportunities around the world. These include:

- ✓ **Infrastructure** - The Hillside project is connected by a major highway (within a 2 hour drive) to the city of Adelaide (population 1.2 million).
- ✓ **People and Equipment** - The Hillside project has the potential to draw most of the required skilled labour and equipment from Adelaide and the surrounding country towns close to the project.
- ✓ **Power** - The area is connected to the State's main power grid.
- ✓ **Port and Town** - The Hillside project is 12 kms from the Port and Town of Ardrossan. Ardrossan is a community familiar with mining given that an open cut dolomite mine is nearby and this mine ships its product through the Port.
- ✓ **Freehold Land** - Rex has purchased freehold land which covers in excess of 70% of the known and potential copper mineralisation at the Hillside.

Rex's vision is to establish a new large-scale and long life copper mine in South Australia. The combined attributes of a large Resource base and key logistical advantages position Hillside in a unique and financially attractive position compared with other new copper developments across the globe.