

**ASX and Media Release: 25 November 2010**

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## **Chairman's Address and Hillside Project update, South Australia**

Following is the Chairman's address for the Rex AGM, 25 November 2010. Of particular note is the following update from Rex's Hillside copper-gold project in South Australia.

- Rex has continued to drill extensions to the copper mineralisation at Hillside over the past four months since the announcement of a Maiden Resource on 28 July 2010. The drilling results have continued to identify copper mineralisation in the locations predicted by the magnetic anomaly leading to the Company undertaking a further Resource update. This Resource update is near completion and will be released in December 2010.
- Drilling results are within the expected range as predicted by the Company on 28 July 2010. Rex has now drilled over 50% of the area defined as the Hillside project and current guidance for the total target size at Hillside remains at between 1.5Mt and 2.8Mt of contained copper<sup>1</sup>.
- Scoping studies have also progressed with the important metallurgical test results (identifying how much copper can be recovered) due for completion in December 2010.
- The Company has also secured the required drilling capacity (8 drill rigs) for its expanded drilling program in 2011. Staffing levels are also increasing, with work underway to ensure that the Company can effectively manage what will be one of Australia's largest exploration and feasibility programs in 2011 and 2012.

At the completion of the current capital raising and by the end of 2010, Rex will emerge with over \$100 million cash on hand, have a new expanded Resource estimate with just over 150 million shares on issue. Therefore, with a pro-forma enterprise value of approximately \$225 million (based on closing price at 24 November 2010), Rex offers investors substantial upside exposure to the copper price, further de-risking of the Hillside Project and to further exploration success.

<sup>1</sup>*The total potential and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource in excess of that currently announced, and while Rex has confidence in this target statement, it is uncertain if further exploration will result in the determination of additional Mineral Resources.*

## Chairman's Address – 2010

Over the last twelve months, Rex Minerals has maintained a clear focus on exploring its substantial ground holding on the South Australia's Yorke Peninsula. As a consequence, Rex has produced one of the largest copper/gold discoveries in Australia in decades.

Importantly, this discovery is so well situated compared to almost any other new copper/gold development opportunity. The combination of:

- Large scale deposits with access to oxide (secondary) copper;
- Low-cost surface mining, utilising economies of scale; and
- Infrastructure advantages, providing access to power, water, port facilities, skilled labour and suppliers;

distinguish Hillside and surrounding projects from the next generation of copper deposits around the world.

Added to this, the fundamentals for both copper and gold remain positive.

For copper:

- Mine production is getting deeper and more expensive. Today, 74% of copper production comes from open pits, in 2025 this is estimated to fall to 60%.
- Average mined grade is decreasing. Since 1960, mined grades have fallen from about 2% to the current level of 1.1% and that is expected to fall to around 1% by 2025.
- Similarly, production capacity in perceived low risk regions is expected to fall by 10% over the next 15 years.

So all things being equal, the copper industry is getting deeper, more costly, grade is falling and extraction risk increasing.

It is a similar story for gold. Mine production for gold peaked in 2001. A number of the world's largest gold mines are approaching the end of their lives and grades across the industry are falling. World discovery trends are down and average discovery costs are nearing US\$80oz. Respected industry experts estimate the total cost of production (ie exploration, development and mining) to be ~US\$900/oz.

On the demand side, for both metals:

- Demand from emerging economies is increasing.
- There is greater participation in the market from financial investors as they see copper and gold as portfolio diversifiers away from property, fixed income, equities and currency volatility.

Therefore, the big picture outlook for copper and gold prices remains strong even though the industry itself faces a number of supply side challenges.

This is a scenario that will benefit Rex as we move towards development. With this environment in mind, Rex has carefully positioned itself for success. This includes a number of milestone achievements over the past year:

- Firstly, we demerged the Mt Carrington project into White Rock Minerals Ltd. which has recently completed a successful IPO. All Rex shareholders became shareholders in White Rock as part of this process. While this

allowed Rex to focus on the Yorke Peninsula, it also established an exciting exploration company built on a number of quality projects with an initial silver/gold Resource of about 300,000 gold equivalent ounces and a first class management team.

- Secondly, we planned and executed a series of complex exploration and drilling programs at Hillside. In the space of just six months, between January and June 2010, Resource definition drilling at the Hillside copper/gold project produced one of the largest copper discoveries in Australia in decades. The reporting of such a large initial Resource (700,000 tonnes of copper and 650,000 ounces of gold) was a significant milestone for Rex and one that all shareholders can take pride in.
- Thirdly, we have raised over \$130 million through the combination of a placement, a rights issue and a share purchase plan. This funding has allowed us to deliver a new large-scale Resource at Hillside and to undertake extensive regional exploration on the Yorke Peninsula. Going forward, this funding will allow us to rapidly define our targeted resource of between 1.5 to 2.8 million tonnes of copper. In addition, it will allow us to advance a prefeasibility study and then to immediately move into a bankable feasibility study in respect of Hillside. Regional exploration will be undertaken through three dedicated drill rigs. The funding will also meet ongoing working capital requirements.
- Finally, we are very proud to have become an important member of the community on the Yorke Peninsula. We look forward to working directly with the community to create a sustainable new mining operation over the coming years.

This all sets the scene for the next twelve months:

- Rex identified a total target size at Hillside of between 1.5 and 2.8 million tonnes of copper<sup>1</sup>. This was based on the broad drilling information gathered across a large magnetic anomaly which defines the Hillside project area. Rex has continued to drill extensions to the copper mineralisation at Hillside over the past four months. Drilling results have continued to identify copper mineralisation in the locations predicted by the magnetic anomaly. Accordingly, a further Resource update is near completion and will be released in December 2010.
- Scoping studies have also progressed with the important metallurgical test results (identifying how much copper can be recovered) also due for completion and release in December 2010.
- We have now secured the required drilling capacity (8 drill rigs) for an expanded drilling program in 2011. Staffing levels are also increasing, with work underway to ensure that we can effectively manage what will be one of Australia's largest exploration and feasibility programs in 2011 and 2012.

With all this before us, Rex continues to offer shareholders substantial upside through: exposure to copper/gold prices; further de-risking of the Hillside Project; and ongoing exploration success.

Over the next twelve months we will continue to apply a disciplined and methodical approach to the exploration for, and the discovery of, mineral deposits in Australia. The discovery of new mineral resources in Australia is essential to maintaining and growing the country's largest export industry. A strong mining industry is crucial to maintaining and improving the standard of living for all Australians. Of concern on this front is the increasingly adverse regulatory environment in Australia. Over the past year, we saw our business and the mining industry come under threat from the Federal Government's ill-considered mining tax proposals. The subsequent uncertainty on this issue continues to undermine investor confidence and to cause ongoing anxiety throughout the industry.

We are also concerned about the impact and uncertainty regarding future carbon taxes, mooted royalty increases and industrial relations changes. Even the ability of the junior mining sector to attract employees has been hampered by flip flops by the Australian Taxation Office on the tax treatment of employee options. Australia's largest export earning industry should be encouraged to explore and to grow so as to provide real flow-on benefits to Australians.

In closing, I would like to thank our committed team for their professionalism and dedication. We have an exceptional exploration team in place, an exciting suite of large scale exploration targets and we are well funded to complete our exploration and development plans. I would also like to acknowledge the support of our contractors, suppliers and our shareholders for their confidence in Rex.

<sup>1</sup>*The total potential and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource in excess of that currently announced, and while Rex has confidence in this target statement, it is uncertain if further exploration will result in the determination of additional Mineral Resources.*

#### **Competent Persons Report**

*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.*

#### **For Comment and Further Details**

For more information about Rex Minerals and its projects please visit our website [www.rexminerals.com.au](http://www.rexminerals.com.au) or contact:

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