

## From the Managing Director



Steve Olsen delivering a presentation to a group of interested investors.

■ The past few months have delivered a huge amount of behind the scenes work at Rex's Hillside project. There have been many new staff and contractors completing various studies including flora and fauna research to groundwater testing and rock strength test work. I know that many of these studies will not mean a lot to you, but they all form a crucial part of the mine planning process which is designed to deliver the best options for the safe and efficient production of copper from the Hillside deposit. Our ultimate vision of developing a large scale project that could produce copper on the Peninsula again for many decades is in good shape and the next six months will see the completion of a pre-feasibility study which will be the first step in achieving that vision.

On another note, the marketing of the Company to investors, which is essentially all about the development of the Hillside project, is now in full swing. There are various conferences around the globe at this time of year where major investment companies and fund managers (people who manage private investment portfolios and various retirement funds) gather to listen to new investment ideas that may capture their interest. Rex is one of many companies presenting at a number of these conferences which will ultimately aid the Company's ability to capture the funds required to develop the Hillside project.

It is always interesting to hear the views of these international investors in terms of where they believe the world economy is heading as this often impacts on where and when funds for new development projects can be obtained. Late last year investors were very 'shy' of new development stories like Rex Minerals as many fund managers appeared focussed on a literal 'Greek Tragedy'. However, this year has improved and new development stories are of interest again.

As a result, Rex Minerals has received a great deal of interest at many of these international conferences lately, partly due to the fact that it is a unique copper asset in a good location for infrastructure and with security of tenure. Many of the other large new copper projects in the world suffer from higher development costs, logistical difficulties and lack of security of tenure (ownership) for the project.

The completion of the pre-feasibility study should add more weight to the funding options for the Hillside project and further marketing will take place later in the year once this has been completed. Until then, the Hillside project will continue to grow and be introduced to many investors around the world.

Thank you.

A handwritten signature in black ink, appearing to read 'Steve Olsen'.

Steve Olsen, Managing Director.



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# REXPRESS

## COMMUNITY NEWS

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## Latest Updates

### ■ The Hillside Project

Rex currently has five diamond drill rigs on the Hillside project with the drilling primarily focussed on Resource infill drilling, resource extensions, metallurgical drilling and geotechnical drilling. A Hydrogeology (water) drilling rig has also been working at Hillside to gain an understanding of groundwater hydrology in the area.

Recent drilling results continue to confirm the potential for significant additions to the Hillside project open pit resources. These results will play a significant part in Rex optimising Hillside's pre-feasibility production schedule.

To find out more about **The Hillside Project** follow this link: [www.rexminerals.com.au/projects](http://www.rexminerals.com.au/projects)

### ■ Regional Exploration Program

Over the past few months Rex has had two diamond drilling rigs testing regional exploration targets. These two rigs are expected to continue on the regional drill program until mid to late April testing features at Rex's Equis, Port Julia and Ranald targets. In addition to the drilling program, a soil survey program in areas where the cover sequence is relatively shallow will provide information on areas of potential mineralisation.

For more on our **Regional Exploration Program** follow this link: [www.rexminerals.com.au/projects](http://www.rexminerals.com.au/projects)



A Regional exploration site showing drill pad and access track covered with fibre matting to protect soils.

### ■ Pre-Feasibility study

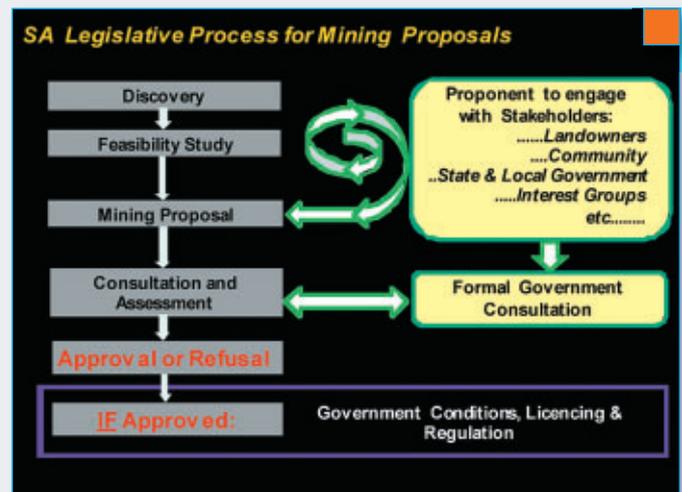
Rex's pre-feasibility study (PFS) is now well underway and is expected to be completed before the end of 2012. The PFS involves a large number of experts bringing together information that will determine the economic, environmental, social and regulatory feasibility of the project to within a 25% costing. Some of the studies currently being undertaken are 'base line studies'. These studies are designed to gather current regional information on various parameters such as dust, flora and fauna, marine environment, background radiation, traffic and noise and land capability. Base line studies are required as part of the PFS and approvals process and describe the pre mine environmental conditions. Other studies underway are more technical in nature and assist in determining the actual mine plan. These studies include hydrogeology, geotechnical, metallurgy, mine design and infrastructure needs. In the next REXPRESS issue we will provide some key findings from some of these studies.



Examples of some species identified in the Pine Point region during our base line flora and fauna studies. *Caladenia macroclavia* (spider orchid), *Nicotiana maritima* (beach tobacco), and sleepy lizard.

## Mining Proposal Approvals Process

All mining operations in South Australia are regulated under the Mining Act (SA) 1971. This Act is regulated by the Minerals Division of the Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE). The legislative process is summarised in the following diagram.



Source: DMITRE presentation to Rex Hillside Community Consultative Group meeting, 6th Feb 2012.

## Mining Proposal Approvals Process (Cont.)

All potential mining projects must go through a two stage approvals process.

**Stage one** is the preparation of a Mining Proposal. This determines if the Mining Lease will be granted.

A Mining Proposal must include:

- > Assessment of environmental impacts including risk assessment
- > Measures to manage impacts
- > Statement of proposed environmental and mine rehabilitation outcomes
- > Draft compliance criteria
- > Results of stakeholder consultations
- > Must cover construction, operation and mine closure

**Stage two** is the operations approval. This requires Rex to prepare a Program of Environmental Protection and Rehabilitation (PEPR).

A PEPR must include:

- > Environmental and mine rehabilitation outcomes specified in the Mining Lease
- > Compliance criteria
- > Leasing indicator criteria
- > Monitoring plan
- > Results of consultation

Guidelines outlining the requirements for these stages are available from DMITRE at the following link:

[www.pir.sa.gov.au/minerals/publications\\_and\\_information/guidelines](http://www.pir.sa.gov.au/minerals/publications_and_information/guidelines)

Community and stakeholder consultation is integral to the development of the Mining Proposal. Before a mining proposal can be approved and a mining lease granted DMITRE makes the proposal publically available for comment. DMITRE also consults with other government departments. Submissions are collated and the applicant is required to address all issues to the satisfaction of DMITRE before the mining lease can be granted. Approval includes conditions in line with risks identified.

If the Mining Lease is granted, no on-ground activities are able to commence until a PEPR is also approved. The PEPR ensures that appropriate environmental standards for operation of the lease are set and that the appropriate strategies and procedures are in place to provide assurance that the lease holder can operate the lease in a way that will meet those standards. Rex aims to begin preparing the mining proposal late in 2012.

Rex's engagement with and input from the community is essential in preparing a mining proposal.

## Community Engagement

### ■ Rex's Approach to Community Engagement

Rex is committed to community engagement. The community includes people living in a particular exploration or mining area or region who are affected by Rex activities; people who may have cultural affinity or claim, or direct ownership of an area in which a company has an interest; and stakeholders who have an interest in a particular decision, either as individuals or representatives of a group including local community members, non-government organisations, governments, shareholders and employees.

To achieve our commitment to open and inclusive engagement with the community, Rex adheres to the following key principles of engagement:

## Community Engagement (Cont.)

**COMMUNICATION:** Open and effective engagement involves two-way communication, the provision of timely clear, accurate and relevant information and discussions.

INFORM

**COLLABORATION:** Working cooperatively to seek mutually beneficial outcomes.

TRANSPARENT

CONSULT

**INTEGRITY:** Conduct engagement in a manner that fosters mutual respect and trust.

INVOLVE

RESPECT

TRUSTWORTHY

EMPOWERMENT

Rex, to the best of its ability, aims to meet these commitments as we move from exploration to mine planning.

### ■ Community Consultative Group

Rex, in consultation with the community and other stakeholders, has recently established the Rex Hillside project Community Consultative Group (CCG). This group had its first formal meeting in February 2012. At this meeting a Terms of Reference was established, David Cowell was elected as the Independent Chair and DMITRE provided an update on the Mining regulations and approvals process.

The CCG is integral in the mining approvals process and will facilitate engagement between the Yorke Peninsula community, particularly the Ardrossan and nearby communities and landholders and Rex Minerals about the proposed development of the Hillside project. It currently has 18 members including those with interests in agriculture, potentially affected landholders, natural resource management and the environment, small businesses, tourism, local government, emergency services, community members in nearby communities including retirees, holiday home owners, sporting and other community groups. Meetings are to be held every second month or more often as required.

The CCG may choose to continue if the project moves from mine planning to construction, operation and final closure phases or for other mining projects that may develop as a result of Rex's continued regional exploration.

If you would like to find out more about the CCG please email: [community@rexminerals.com.au](mailto:community@rexminerals.com.au) or contact Pam McRae-Williams from Rex Minerals on 03 5337 4000.

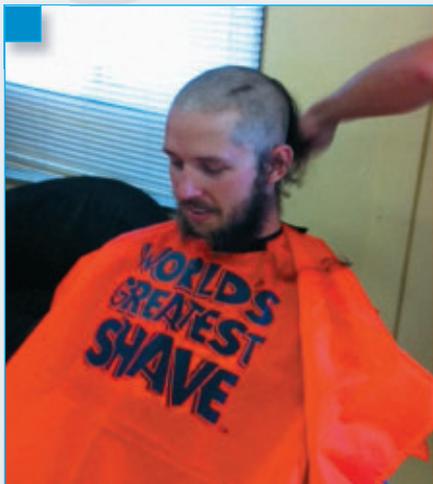
### ■ Site Tours

Over the past several months we have hosted Hillside site visits. These have been advertised in the local media and have attracted considerable interest. The tour involves an overview of the project, the pre-feasibility studies and includes viewing 'core', talking with senior geologists and visiting a drilling rig. We will continue to run these tours throughout the year. Interested community groups can contact us at [community@rexminerals.com.au](mailto:community@rexminerals.com.au) to register an interest in participating in these site tours.

### ■ Community Sponsorship Program

At the beginning of each year Rex invites community groups to apply to our Community Sponsorship Program. In 2012 we received a large number of applications and have supported more than 15 projects ranging from community building upgrades, tourism activities, water harvesting and solar equipment, sporting equipment and cultural heritage research. We continue to support the Ardrossan Community Hospital as its Platinum sponsor as does our Drilling Contractor, Titeline. A recent fundraising activity: Titeline participated in the World's Greatest Shave and raised \$3,000 for the Leukaemia Foundation; a great effort from Titeline and Casey. (See photo on Page 4).

## Community Engagement (Cont.)



The World's Greatest Shave:  
Titeline's Casey Howse under the clippers.

## Working for Rex

Good environmental management requires a good team. At Rex we have an enthusiastic team who undertake environmental monitoring, drill pad construction and rehabilitation work, water management, farm management and land care including weed management. They have also been involved in the base line flora and fauna studies.



Removing drill pad matting to rehabilitate a drill pad at Hillside. Back row: Sam Germein (Farm and Land Care Officer), Leslie Cook (field assistant), Dave McLean (Environmental and Land Management Officer), Dan Whittaker (field assistant), Jake Gibb (field assistant), Dave Westwood (field assistant). Front row: Megan Myers (field assistant), Mathew Barlow (field assistant).

Rex has engaged **People at Work** to manage our work enquires and assist us in communicating with those interested in working with Rex in the future. You can register your interest at the following web site: [www.peopleatwork.com.au](http://www.peopleatwork.com.au)

## Business Opportunities

Rex is committed to supporting local businesses where possible. Local contractors provide Rex with the ability to undertake a range of work associated with our exploration activities, staff accommodation and other service provisions. Providing contract services to the mining, infrastructure and energy sectors requires companies to have strong OH&S processes and procedures. Rex is supporting initiatives in the region to help small companies meet these requirements. RDAYMN provides business support opportunities.

[www.yorkeandmidnorth.com.au](http://www.yorkeandmidnorth.com.au) will link you to the services.



## Frequently Asked Questions

We are asked many and varied questions in our discussions with the community. Some of these are answered here. More Q&A can be found in past REXPRESS editions. These can be viewed at [www.rexminerals.com.au/community-engagement](http://www.rexminerals.com.au/community-engagement)

### ■ How much more drilling will you be doing?

Over the coming months the number of diamond drill rigs at the Hillside project will reduce. This is because drilling has been focused on defining the resource and much of that information has now been collected. There will be one or two water bore drilling rigs operating for the next few months as part of the hydrogeology study. Regional exploration drilling will also reduce while farmers put their land into crop and crops grow. A small aircore drilling program is planned on roadsides and in other areas over the next several months.

### ■ Will Rex be bought out by someone else?

It is the intention of Rex to continue to work towards developing the Hillside project and to continue regional exploration. As the Hillside project progresses a transition from an exploration only company to one that develops a mining operation is required. Rex is, however, a publically listed company on the ASX and therefore it's the shareholders who ultimately determine the future of the Company.

### ■ What environmental controls will be placed on Rex if the mine develops?

Environmental controls will be developed in relation to all identified environmental impacts. As part of the mining proposal,

a risk assessment of all identified environmental impacts is required and measures to manage these risks have to be developed. DMITRE and other regulators such as the EPA assess these risks and management plans. Specific conditions may be required on some aspects of the mine to ensure that the impact remains within any legal limits, or within community expectations. If the risks are too high and cannot be adequately managed the approval for mining will not proceed.

This process applies to all aspects of the project; from the mine itself, processing plant, transport, waste rock, water supply, accommodation and so on.

### ■ Will the mine go ahead?

The purpose of the PFS is to determine the feasibility of the mine to develop. Currently the Hillside project has identified a significant copper/gold Resource of a mineable scale. It has established that the mine would be open cut however the actual costs in terms of infrastructure, mine design, metals recovery and environmental, social and regulatory issues are now being assessed and costed. The future of the mine depends on how these factors influence costs of production.

■ If you would like to find out more about any of the items in this newsletter, provide feedback or have some questions you would like answered please contact us via email: [community@rexminerals.com.au](mailto:community@rexminerals.com.au)

■ This and past editions of REXPRESS, and further information is available in the Community and Environment section of our website: [www.rexminerals.com.au](http://www.rexminerals.com.au)

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