

From the Managing Director



Steve Olsen preparing to speak to a group of interested investors.

Over the past months Rex employees have worked hard to deliver a new and substantial Resource update for the Hillside project. In July this work culminated in the release of a new Mineral Resource estimate, which is now 2Mt of contained copper plus significant gold and iron ore credits. The pre-feasibility study is nearing completion and is now assessing a mine with a potential mine life of over 15 years. This increased Resource and mine life means that the development Hillside mine would have a long-term beneficial impact on the Yorke Peninsula economy and its community. This is something we have been striving to achieve.

I have been asked if the decision by BHPBilliton to indefinitely delay the expansion of its Olympic Dam mine has any impact on how the Hillside project will progress. The BHP decision is a clear example of the many hurdles that new large copper projects face. However, in my view this also presents a greater opportunity for Hillside to become a strategically valuable global copper asset.

At this point in time I would like to thank our suppliers and our shareholders for their continued confidence in Rex. As the Hillside project develops it will require Rex to transition from an exploration company through to a mine developer and finally a mineral producer. Integral to this is the recent appointment of Mark Parry as the Managing Director. Based in Adelaide, Mark adds significant capability to Rex. It is an exciting phase for Rex as a junior explorer to grow into a significant copper producer. We look forward to the journey.

Thank you.

Steve Olsen, Managing Director.



EDITION 04
SPRING 2012

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COMMUNITY NEWS

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Latest Updates

■ The Hillside Project

In July 2012 Rex announced the most recent Mineral Resource estimate for the Hillside project with 2 million tonnes of contained copper, 1.7million ounces of contained gold and 44 million tonnes of contained iron ore. This puts Hillside among Australia's largest open pitable copper discoveries in the past decade.

Currently, four diamond drilling rigs are working at Hillside primarily undertaking infill drilling and geotechnical drilling. This work will continue into next year.

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



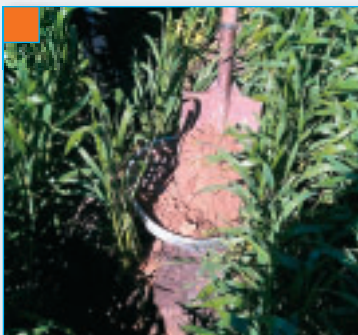
A busy worksite processing core at Hillside.

■ Regional Exploration Program

Rex has continued to test the potential for additional copper deposits on its Yorke Peninsula tenements. Over the past several months diamond drilling, aircore drilling, soils surveys and an aerial magnetic survey have been completed. This data is now being interpreted to assist Rex in further refining its regional targets.

Rex is cooperating with Government to joint fund R&D aimed at identifying new and innovative techniques that can be used to assist in the identification of new mineral resources as part of the South Australian Plan for Accelerating Exploration 2020 program. The governments PACE 2020 program maintains the core principals of innovation, economic stimulation, accessibility to land, development of sustainable exploration and mining, increasing cultural awareness and balancing development with the environment. Rex is proud to be part of this program.

For more on our **Regional Exploration Program** follow this link: www.rexminerals.com.au/projects



Rex field technician soil sampling in a cereal crop.

Mineral Processing

Extracting minerals from ore is the realm of the process metallurgist. There are different processes used to extract minerals depending on the type of mineral and the type of ore. Metallurgists undertake research and determine the best process to use. In the case of Hillside the minerals of primary interest are copper and gold. There is also magnetite (iron) within the ore that can also be extracted. The processing plant will produce a copper/gold concentrate and a magnetite concentrate. The type of mineral processing that will be used at Hillside is termed 'flotation'. This technique is a well-established and a commonly used processing technology in many copper mines in Australia and around the world.

The process starts with the ore being crushed and finely ground. The fine grind liberates the mineral particles (sulphides) from the waste rock. Grinding is normally done in water producing a pulp. This pulp is processed using flotation cells (tanks) where frothing agents and chemical collectors are added and the mixture is aerated. The minerals attach to the froth bubbles, float to the top of the tank and are skimmed off— this forms copper/gold concentrate. The magnetite stays with the waste from the floatation process and is extracted at the end of the process using a magnet. This forms a magnetite concentrate.

Community Engagement

■ Site Tours

Interested community groups can contact us at community@rexminerals.com.au to register interest in participating in site tours.

■ Curramulka School Site Visit

24 students, teachers and parents visited Hillside in August as part of their environment and education studies. The group enjoyed the morning learning about the rocks and minerals that are found at Hillside. They also went on a site tour to learn about what's happening at Hillside. Students were interested in many of the aspects of the project and asked lots of questions about how mining might impact on their community and the environment.



Curramulka school students listening to Rex Geologists explaining different rock types found deep beneath Hillside.

Community Engagement (Cont.)

Community Consultative Group

The Hillside project community consultative group (CCG) meets monthly and has formed two focus groups: one focusing on infrastructure, accommodation, employment and the other focusing on environmental and land use issues. The group has developed an issues register which brings together community concerns. This register is added to each meeting and will form an integral part in ensuring community concerns are both represented and addressed as part of the mining approvals process. The group is working hard to ensure they are identifying community issues and concerns and adding these to the register. Members of the community can also have input into this process by contacting CCG members, via their local progress associations, through the Council or by contacting Rex directly.

Mines in Other Communities

Over the past several months a number of the community consultative group members have visited mining operations and talked with local communities affected by these mines. Visits included the Angus Zinc Mine at Strathalbyn, the Kanmantoo copper mine in the Adelaide Hills and the Iron Duke iron ore mine near Cowell on the Eyre Peninsula. This latter visit highlighted the scale of operation, how it is managed and the visual impact of a large scale mine. The group met with the council and others in the community to get their views.

Equipped with this information the community consultative group feel they now have a better understanding of mining and its impact on a region and its community. This will assist in identifying both issues and benefits of the proposed Hillside mine.

If you would like to find out more about the CCG please email: community@rexminerals.com.au



Rex staff and CCG members looking over the mineral processing facility at Hillgrove's Kanmantoo project in the Adelaide Hills.



Iron Duke site visit: Wayne Brooks (Rex Minerals) Patrick Maguire (CCG), HWE staff, David Cowell (CCG), Angie Smyhe (HWE), Len Easter (CCG) and HWE staff in front of a waste rock area.

Community Engagement (Cont.)

2012 Community Sponsorship Program

Rex Minerals is proud to have sponsored 17 community groups including: Central Yorke Cougars Netball Club, Yorkes Junior Surf Club, Arthurton Junior Cricket Club, Tiddy Widdy Beach Progress Association, Maitland Cricket Club, Pine Point Tennis Club, Ardrossan RSL Sub-Branch Auxiliary Inc., SA Museum & Ajadhurah People, Stansbury Tennis Club, Stansbury & Port Vincent Wooden & Classic Boats Regatta Association Inc., Meals on Wheels Ardrossan Branch, Ardrossan & District Community Club, Curramulka Bowling Club Inc., Ardrossan Sport & Recreation Centre Inc., Curramulka Community Club, National Trust Moonta Branch, Pine Point Progress Association and Ardrossan Hospital.



President of Ardrossan & Districts Community Club, John Hall, and committee person David Stacey.

Pictured in front of Ardrossan & Districts Community Club (above) are President John Hall and committee person David Stacey. The Ardrossan & Districts Community Club is a not for profit club that returns a percentage of all takings to affiliated sporting clubs and groups. After implementing significant facility improvements over the past few years, increasing costs are hindering the clubs attempts to continue to upgrade and provide Ardrossan and the local district with a quality venue capable of hosting sporting events, charity fundraisers or private shows such as weddings. With the support from Rex Minerals the club has been able to fund the installation of solar panels. It is hoped that this will reduce its electricity costs and enable the club to continue putting money back into the local community.

Aboriginal Heritage and Hillside

Collecting information about aboriginal heritage is important for both increasing knowledge and protecting heritage values. The Narungga Heritage group have recently taken part in innovative trials using a specially trained dog to assist in locating sites of heritage significance. The trial involved using the services of Migaloo (pictured below) and his trainer from Queensland to investigate a heritage site near Pine Point. Migaloo is the world's first Bio Archaeology detection dog and has been fully trained in locating traditional burial sites. Whilst on the Yorke Peninsula, Migaloo also explored some areas in and around Hillside. Rex has been working closely with Narungga Heritage to learn about and protect aboriginal heritage at Hillside.



Migaloo with his handler.

Working for Rex

- **Dave McLean**
Environmental Co-ordinator.



Hi, my name is David Mclean. I grew up on Yorke Peninsula on the family farm before leaving to finish school in Adelaide. I then worked on drilling operations in Northern Australia for a year before completing a Bachelor of Agriculture at Roseworthy College. I have been working at Rex for 2.5 years, first as a field supervisor and have now moved into the Environmental Coordinator role. Working at Rex means that I can help out at home on the farm and also have a full time job in the area.

- **Wayne Brooks**
Landowner & Community Liaison Officer.



G'day, my name is Wayne Brooks (prefer Brooksy). I have lived on the Copper Coast for the past 4 years with my lovely wife Mandy. Born and bred in Ballarat, we fell in love with the peninsula 8 years ago whilst at a friend's wedding. A sea-change was in order for us and we haven't looked back. I've been with Rex Minerals for 3 months now and am enjoying all the varied facets of my job. I previously worked for nearly 4 years with Gunning's in Kadina and Maitland.

People@Work are proud to be partnered with Rex Minerals to manage and coordinate the recruitment of staff for the Hillside project. Our Recruitment Executive, Michelle Williams, is onsite each month to keep abreast of the staffing needs. If you or someone you know is available for short or long term opportunities from administration to general laboring then please visit our website: www.peopleatwork.com.au and register your interest.



Opportunities in Business and Training

- Rex Minerals has supported TAFE SA at Kadina and RDAYMN in providing training opportunities such as a dual Certificate II program in Resources and Infrastructure Work Preparation and Surface Extraction Operations. Successful participants of this program have gained qualifications that will enable them to take advantage of numerous mining, infrastructure and other employment opportunities within the Yorke and Mid North region, and around the state.

Rex provided work placements for a number of the students as part of the training.

- Using local businesses and expertise forms a key part of Rex's operations; earthmoving, engineering, electrical, cleaning, maintenance, transport, to name a few.

YP Agriservices has been engaged to provide Rex with agronomy advice along with a large range of products from fertilizers and sprays for agricultural needs and water tanks and pipes for drilling purposes.



YP Ag Team: From Left: Andrew Munza, Jamie Fennell and Kim Shearer.

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 REXRESS editions. These can be viewed at www.rexminerals.com.au/community-engagement

- **Do you have recognised experts designing the project and the environmental controls?**

Rex has engaged a range of recognised independent experts to obtain base line environmental information, to assess environmental risk and develop management plans, and to design mining and processing aspects of the project. The regulators require companies to use highly regarded experts.

- **What mine waste is generated and how is it managed?**

There are two main categories of waste generated from mining operations. Waste rock comprises the majority of the waste generated by mining. It is all the rock that does not contain sufficient mineral to be processed. This rock needs to be stored in designated waste rock areas and be rehabilitated into a stable and acceptable land form. The shape of this landform will be discussed in the community consultation process. The second major waste produced is termed tailings and comprise the material left after the minerals have been extracted from the ore. Tailings are stored in a specifically designed Tailings Storage Facility. The construction of these facilities is carefully engineered and regulated to protect the surrounding environment during the operation of the mine and when the mine ceases.

The value of the land for agricultural will influence the design of these facilities. The aim is minimise the area occupied and where practicable returning land to a productive use post mining.

- **What levels of noise will we here when the mine is up and running?**

Baseline noise studies are being undertaken to determine pre mine noise levels. Noise is generated from mining operations – from haulage trucks, processing machinery and blasting. Noise levels are regulated for health and safety by Worksafe South Australia and for excessive noise by the EPA. The following link provides some information about noise levels:

www.epa.sa.gov.au/environmental_info/noise/noise_publications

Earthen bunds are effective noise buffers and combined with noise suppressing technologies, noise levels can be managed. That is not to say that a mine will not generate some noticeable noise and in a quiet environment this is difficult to avoid. Additional measures may be needed to reduce noise reaching those living nearby. Noise modelling will help determine what measures may be needed.

- 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

- If you would like to find out more about Rex go to: www.rexminerals.com.au

- This and past editions of REXRESS, and further information is available in the Community and Environment section of our website.

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