



Rex Minerals Limited
and its controlled entities

31 December 2008
Interim financial report

Corporate Directory

DIRECTORS

Paul Chapman (Chairperson)
Steven Olsen (Managing Director)
Richard Laufmann

COMPANY SECRETARY

Janet Mason

PRINCIPAL & REGISTERED OFFICE

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Melbourne Victoria 3000

BANKERS

ANZ Banking Group Limited
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BALLARAT VIC 3350

LEGAL ADVISORS

Baker McKenzie
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Melbourne Victoria 3000

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Directors' report

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2008 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Non-executive	
Paul Chapman <i>Chairperson</i>	Appointed 18 April 2007
Richard Laufmann Non-Executive Director	Appointed 16 May 2007
Executive	
Steven Olsen <i>Managing Director</i>	Appointed 13 May 2007

Principal activities

The principal activity of the Group is minerals exploration. There were no significant changes in the nature of the Group's principal activities during the financial period.

Operating results

The Income Statement shows a loss after tax of \$1,337,859 for the half-year ended 31 December 2008 (2007: \$464,833).

Review of operations

The Group's exploration activities are focused on copper-gold exploration in South Australia and gold-silver exploration in New South Wales. The Group sold its Victorian Gold Projects during the period for a total of \$1.48 million cash consideration.

In South Australia, Rex has focussed its attention on the Hillside Project which is situated on the east coast of the Yorke Peninsula. Drilling results over the past year have significantly improved the understanding of the copper mineralisation at Hillside with the assay results improving at each stage. From this information, the geological evidence suggests that the largest concentration of copper is yet to be identified, which is interpreted by Rex to exist at depth and is associated with the cause of a local gravity anomaly. Recent drilling down the Zanoni structure identified a series of very high grade copper lenses, which dip steeply in the opposite direction to the main structure.

The combination of these high grade intervals and surrounding lower grade rocks produced drilling results which are of an exceptional quality over large scale mining lengths, including: 75m (estimated true width of 31.7m) @ 3.3% copper and 0.8 g/t gold and 26m (estimated true width of 11m) @ 4.4% copper and 0.9g/t gold. The total down hole interval for drill hole HDD018W1 was 259m @ 1.7% copper and 0.4g/t gold. Although the latest results are of an exceptionally high quality, Rex intends to keep drilling for the discovery of the largest possible copper deposit on the Yorke Peninsula before narrowing the focus to one location for the purpose of defining a copper-gold-uranium Resource.

Rex also completed some gravity survey work at the Parara Project, which is situated approximately 12km north of Hillside. A number of important features were identified in the area that have given Rex the confidence to plan drilling in the area, and increase the priority of this drilling.

An important observation in the regional magnetic data on the Yorke Peninsula is the presence of a large linear feature, known as the Pine Point Fault Zone. Rex's licence holding extends for over 50km along the Pine Point Fault Zone, which Rex believes to be a crucial controlling fault for copper mineralisation in this part of the Gawler Craton. The exploration effort in South Australia is aimed at finding multiple copper-gold-uranium deposits on the Yorke Peninsula, followed by more detailed definition of the larger high grade deposits that have been discovered.

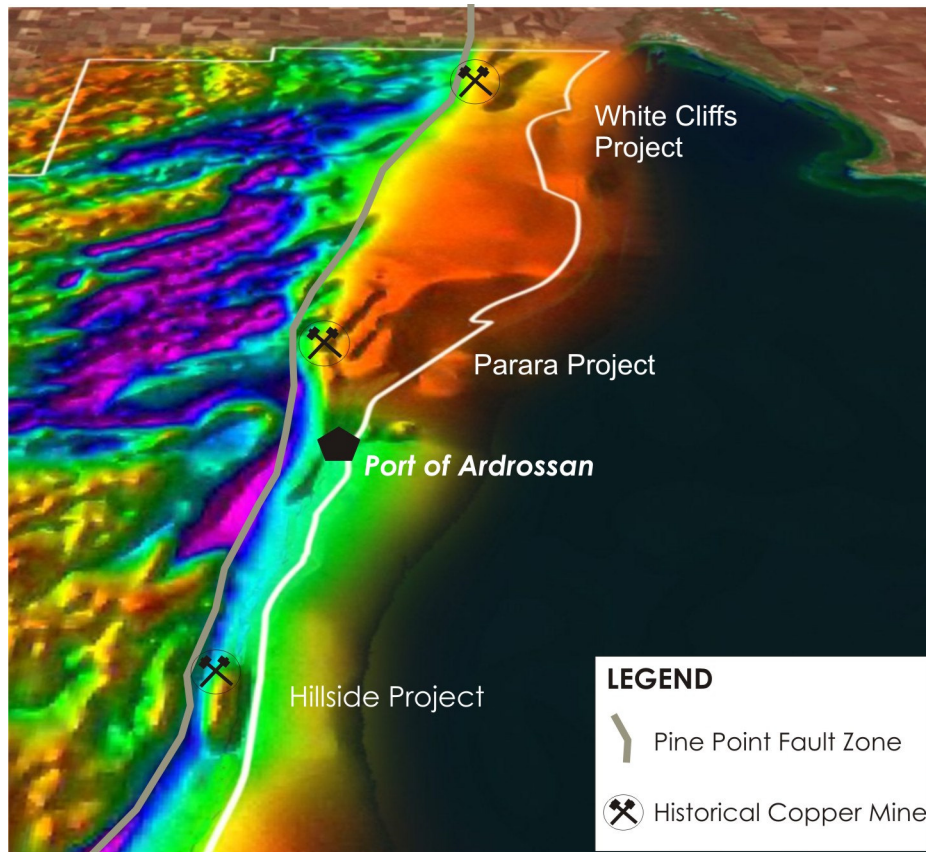


Figure1: Oblique view of Rex's copper projects on the east coast of the Yorke Peninsula, including the location of the nearest port facility at Ardrossan. The magnetic image shown highlights the location of the Pine Point Fault Zone.

The Hillside Project and the other copper projects Rex is exploring along the Pine Point Fault Zone display a number of very significant economic and logistical advantages to most other copper projects throughout Australia. These include:

- The Projects are within 2 hours drive of Adelaide, providing excellent access to skilled people and equipment and are also situated within 20km of the nearest port, at the township of Ardrossan.
- The Projects are situated on freehold agricultural land.
- The host rocks of the copper-gold mineralisation exist underneath thin cover sediments, which range in thickness from 5m to 70m, with the average estimated to be less than 50m.

At the Mt Carrington Project in NSW, Rex completed a comprehensive review of the drilling and geological information leading to an updated Resource estimate. The results from this work are summarised in table 1.

MT CARRINGTON INFERRED RESOURCES					
Gold Resources					
Deposit	Tonnes	Gold grade (g/t)	Gold ounces	Silver grade (g/t)	Silver ounces
Strauss	1,150,000	2.1	78,000	5.0	185,000
Kylo	1,370,000	1.6	71,000	3.2	141,000
Guy Bell	160,000	2.5	13,000	4.9	25,000
Sub-Total	2,680,000	1.9	162,000	4.1	351,000
Silver Resources					
Deposit	Tonnes	Gold grade (g/t)	Gold ounces	Silver grade (g/t)	Silver ounces
Lady Hampden	1,070,000	0.8	28,000	59	2,030,000
White Rock	4,080,000	-	-	62	8,134,000
Sub-Total	5,150,000		28,000	61	10,164,000
Total	7,830,000		190,000		10,515,000

Table 1: Summary of the Mt Carrington Inferred Resource estimate completed by Rex Minerals in December 2008. All gold Resources have been produced using a lower cut-off of 0.5g/t and all silver Resources have been produced using a lower cut-off of 25g/t.

The gold Resources at Mt Carrington predominantly occur within three deposits (Kylo, Strauss and Guy Bell) that are in close proximity to each other and to existing infrastructure. Previous operations at Mt Carrington have established infrastructure which can form part of a new development opportunity. This infrastructure includes access to mains power, a fresh water dam, a tailings dam and a cleared plant site (previous processing plant was removed).

The deposits display considerable potential for further extensions to each of the existing gold Resources at depth and along strike. A number of areas have yet to be tested in between the existing deposits, providing opportunities to increase the shallow Resources that are amenable to open pit mining within the existing mine site area.

The silver Resources and additional exploration potential provide a unique opportunity and exposure to the silver price. The largest silver Resource at Mt Carrington is at White Rock which contains 8.5Mozs of silver with additional drilling outside the resource indicating that the silver mineralisation extends well beyond the existing Resource.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 17 and forms part of the directors' report for the half-year ended 31 December 2008.

Dated at Ballarat this 25th day of February 2009.

Signed in accordance with a resolution of the directors:



Steven Olsen
Managing Director

Consolidated interim income statement

For the six months ended 31 December 2008

	Note	31 Dec 2008	31 Dec 2007
		\$	\$
Revenue		113,214	2,728
Administrative expenses		(165,884)	(121,749)
Depreciation expense		(19,085)	(6,656)
Employee benefits expense		(336,189)	(320,450)
Marketing expenses		(42,098)	(18,706)
Loss on sale of subsidiary	5	(887,817)	-
Loss before income tax		(1,337,859)	(464,833)
Income tax expense		-	-
Net loss		(1,337,859)	(464,833)
Net loss attributable to members of Rex Minerals Limited		(1,337,859)	(464,833)
Loss per share			
Basic loss per share (cents)		(2.51)	(1.82)
Diluted loss per share (cents)		(2.51)	(1.82)

The income statement is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 12 to 13.

Consolidated interim statement of changes in equity

For the six months ended 31 December 2008

	Attributable to equity holders of the Company			
	Share Capital	Reserves	Retained	Total Equity
	Reserves		Earnings	
	\$	\$	\$	\$
Balance at 1 July 2007	776,950	-	(10,548)	766,402
Issue of ordinary shares	8,168,445	-	-	8,168,445
Issue of share options	-	278,037	-	278,037
Loss for the period	-	-	(464,833)	(464,833)
Balance at 31 December 2007	8,945,395	278,037	(475,381)	8,748,051
Balance at 1 July 2008	9,195,395	362,781	(868,535)	8,689,641
Issue of ordinary shares	1,472,435	-	-	1,472,435
Issue of share options	20,499	28,770	-	49,269
Loss for the period	-	-	(1,337,859)	(1,337,859)
Balance at 31 December 2008	10,688,329	391,551	(2,206,394)	8,873,486

The amounts recognised in equity are disclosed net of tax.

The statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 12 to 13.

Consolidated interim balance sheet

As at 31 December 2008

		Half-year 31 Dec 2008	Full-year 30 June 2008
	Note	\$	\$
Current assets			
Cash assets		3,711,286	3,876,807
Receivables		13,260	133,719
Other assets		219,613	304,576
Total current assets		3,944,159	4,315,102
Non-current assets			
Exploration and evaluation expenditure	6	5,664,829	5,207,774
Property, plant and equipment		137,154	336,128
Total non-current assets		5,801,983	5,543,902
Total assets		9,746,142	9,859,004
Current liabilities			
Trade and other payables		164,256	312,176
Non cash drilling accruals		660,945	827,713
Provisions		47,455	29,474
Total current liabilities		872,656	1,169,363
Total liabilities		872,656	1,169,363
Net assets		8,873,486	8,689,641
Equity			
Issued capital	7	10,688,329	9,195,395
Reserves		391,551	362,781
Accumulated losses		(2,206,394)	(868,535)
Total equity		8,873,486	8,689,641

The balance sheet is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 12 to 13.

Consolidated interim statement of cash flows

For the six months ended 31 December 2008

	Note	Half-year 31 Dec 2008 \$	Half-year 31 Dec 2007 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(553,325)	(371,182)
Net cash (used in) from operating activities		(553,325)	(371,182)
Cash flows from investing activities			
Exploration and evaluation payments		(1,137,380)	(130,444)
Interest received		113,214	2,728
Payments for environmental bonds		-	-
Acquisition of property, plant and equipment		-	(330,932)
Proceeds from sale of subsidiary		1,411,970	-
Net cash used in investing activities		387,804	(458,648)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	7,155,000
Payment of transaction costs		-	(486,555)
Net cash from (used in) financing activities		-	6,668,445
Net increase in cash and cash equivalents		(165,521)	5,838,615
Cash and cash equivalents at beginning of the period		3,876,807	432,396
Cash and cash equivalents at period end		3,711,286	6,271,011

The statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 12 to 13.

Condensed notes to the consolidated interim financial report

1. Reporting entity

Rex Minerals Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in controlled entities.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at 24 Skipton Street, Ballarat, Victoria or at www.rexminerals.com.au

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008.

This consolidated interim financial report was approved by the Board of Directors on 25 February 2009.

3. Significant accounting policies

The accounting policies applied by the entity in this interim financial report are the same as those applied by the entity in its financial report as at and for the year ended 30 June 2008.

4. Segment reporting

The Company operated predominately in one geographical segment, being Australia, and in one industry, mineral mining and exploration.

5 Controlled Entity Disposal

The following controlled entity was disposed of:

2008:

On 20 November 2008, Rex Minerals (Victoria) Pty Ltd.

2007:

Nil

	Half-year 31 Dec 2008 \$	Half-year 31 Dec 2007 \$
Consideration		
Cash received	1,480,000	-
Disposal costs	(68,030)	-
Inflow of cash	1,411,970	-
Net consideration	1,411,970	-
Carrying value of net assets of controlled entity disposed of:		
Property, plant and equipment	178,344	-
Exploration and evaluation expenditure	2,121,443	-
	2,299,787	-
Loss on sale of controlled entity	(887,817)	-

6 Exploration and Evaluation Expenditure

Exploration and evaluation costs carried forward in respect of minerals exploration areas of interest:

	Half-year 31 Dec 2008 \$	Half-year 30 Jun 2008 \$
Exploration and evaluation phases	5,664,829	5,207,774
Opening balance	5,207,774	2,430,660
Acquisitions	-	440,071
Additions	2,578,498	2,337,043
Expenditure disposed of	(2,121,443)	-
Closing balance	5,664,829	5,207,774

The recoverability of the carry forward amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

7 Issued capital and reserves

Movements in shares on issue:		No. of Shares	Issue Price \$	\$
Opening balance at 1 January 2008		51,565,000		8,945,395
Issue of ordinary shares	10/04/2008	1,000,000	0.25	250,000
Closing balance at 30 June 2008		52,565,000		9,195,395

Opening balance 1 July 2008		52,565,000		9,195,395
Lapsing of employee options				
Transfer from share based payments reserve	30/08/2008	-	-	10,235
Lapsing of employee options				
Transfer from share based payments reserve	03/09/2008	-	-	10,264
Issue of ordinary shares	21/10/2008	1,810,000	-	1,472,435
Closing balance at 31 December 2008		54,375,000		10,688,329

Movements in options on issue:		No. of Options	Exercise Price \$	Expiry Date
Opening balance at 1 January 2008		7,500,000		
Closing balance at 30 June 2008		7,500,000		
Opening balance 1 July 2008		7,500,000		
Lapsing of employee options	30/08/2008	(60,000)	0.365	30/06/2011
Lapsing of employee options	03/09/2008	(60,000)	0.365	30/06/2011
Closing balance at 31 December 2008		7,380,000		

8 Subsequent events

There have been no subsequent events to 31 December 2008 to disclose at the date of this report.

Directors' declaration

In the opinion of the directors of Rex Minerals Limited ("the Company"):

1. the financial statements and notes set out on pages 8 to 13, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Ballarat this 25th day of February 2009.

Signed in accordance with a resolution of the directors:



Steven Olsen
Managing Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Rex Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG



Alison Kitchen
Partner

Melbourne

25 February 2009



Independent auditor's review report to the members of Rex Minerals Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Rex Minerals Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, condensed income statement, statement of changes in equity and cash flow statement for the interim period ended on that date, a statement or description of accounting policies and other explanatory notes 1 to 8 and the directors' declaration set out on pages 8 to 14 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The Directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Rex Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Rex Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Alison Kitchen
Partner

Melbourne

25 February 2009