

Rex Resources Corp.

Condensed Interim Financial Statements

**For the Six Months Ended March 31, 2021
(unaudited)**

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REX RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - unaudited)

As at	Note	March 31, 2021	September 30, 2020
ASSETS		\$	\$
Current assets			
Cash		89,108	178,290
Prepaid expense		5,250	-
		94,358	178,290
Exploration and evaluation assets	4	158,699	100,000
Deferred financing cost		20,500	-
TOTAL ASSETS		273,557	278,290
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	31,049	44,150
SHAREHOLDERS' EQUITY			
Share capital	5	318,620	275,570
Share subscriptions receivable	5	-	(14,000)
Accumulated deficit		(76,112)	(27,430)
		242,508	234,140
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		273,557	278,290

The accompanying notes are integral to these condensed interim financial statements.

Approved on Behalf of the Board of Directors on May 25, 2021.

/s/ Craig Taylor
Director

/s/ Anthony Zelen
Director

REX RESOURCES CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars - unaudited)

Share Capital						
	Note	Number of Class A Common Shares	Amount	Share Subscriptions Receivable	Accumulated Deficit	Total
			\$	\$	\$	\$
Founders shares issued on incorporation (July 29, 2020)	5	2,000,000	10,000	-	-	10,000
Private placement	5	4,664,285	267,500	(14,000)	-	253,500
Share issuance costs		-	(1,930)	-	-	(1,930)
Net loss for the period		-	-	-	(27,430)	(27,430)
Balance, September 30, 2020		6,664,285	275,570	(14,000)	(27,430)	234,140
Private placement	5	615,000	43,050	-	-	43,050
Share subscriptions received		-	-	14,000	-	14,000
Net loss for the period		-	-	-	(48,682)	(48,682)
Balance, March 31, 2021		7,279,285	318,620	-	(76,112)	242,508

The accompanying notes are integral to these condensed interim financial statements.

REX RESOURCES CORP.**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars - unaudited)

		For the three months ended March 31, 2021	For the six months ended March 31, 2021	From July 29, 2020 (date of incorporation) to September 30, 2020
	Note	\$	\$	\$
EXPENSES				
Consulting		3,886	3,886	-
Office and administrative		2,291	2,777	210
Professional	6	12,039	12,039	27,220
Regulatory		29,447	29,980	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(47,663)	(48,682)	(27,430)
Weighted Average Number of Shares Outstanding		7,279,285	7,158,241	4,676,644
Basic and Diluted Loss Per Share		(0.00)	(0.00)	(0.01)

The accompanying notes are integral to these condensed interim financial statements.

REX RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars - unaudited)

	For the six months ended March 31, 2021	From July 29, 2020 (date of incorporation) to September 30, 2020
	\$	\$
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
Net loss for the period	(48,682)	(27,430)
Changes in non-cash working capital item:		
Prepaid expense	(5,250)	-
Accounts payable and accrued liabilities	(24,437)	29,150
	(78,369)	1,720
CASH FLOWS USED IN INVESTING ACTIVITIES		
Mineral property acquisition	-	(10,000)
Exploration and evaluation expenditures	(47,363)	(75,000)
	(47,363)	(85,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from option exercises		
Proceeds from private placement	43,050	263,500
Share subscriptions received	14,000	-
Share issuance cost	-	(1,930)
Deferred financing cost	(20,500)	
	36,550	261,570
Net (decrease) increase in cash	(89,182)	178,290
Cash, beginning of the period	178,290	-
Cash, end of the period	89,108	178,290
Supplemental information:		
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	-	15,000
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are integral to these condensed interim financial statements.

1. NATURE OF OPERATIONS

Rex Resources Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 29, 2020. On March 18, 2021 the Company became a reporting issuer. The Company intends to complete an initial public offering and list its common shares on the TSX venture Exchange. The Company is primarily engaged in mineral exploration activities in British Columbia, Canada. The head office and the principal address of the Company are located at 605 – 815 Hornby Street, Vancouver, BC V6Z 2E6, Canada.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the six months ended March 31, 2021, the Company had a net loss of \$48,682 (period from incorporation on July 29, 2020 to September 30, 2020 - \$27,430), and as of that date, an accumulated deficit of \$76,112 (September 30, 2020 - \$27,430), had not advanced its mineral properties to commercial production, and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreement, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These uncertainties may cast a significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with its proceeds from its initial public offering of its shares, loans from directors and companies controlled by directors and/or additional private placement of common shares. These condensed interim financial statements do not include any adjustments that might result from this uncertainty. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak; however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company’s current operations to date. The Company’s current focus is on its project located in British Columbia, Canada and as a result, access to the property is not prohibited. The Company may consider acquisitions of other properties in foreign or domestic jurisdictions in the future.

2. BASIS OF PRESENTATION

Statement of compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2020. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending September 30, 2021 could result in the restatement of these condensed interim financial statements.

2. BASIS OF PRESENTATION (continued)

Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements concerning the future. The Company's management reviews these estimates and judgements on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates and judgements about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates and judgements made, relate to, but are not limited to the following:

Ability to continue as a going-concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Recoverability of the carrying value of exploration and evaluation assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

In respect of the carrying value of exploration and evaluation assets recorded on the statements of financial position, management has determined that it continues to be appropriately recorded, as there has been no obsolescence or physical damage to the assets and there are no indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

Mining exploration tax credits and flow-through expenditures

The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia (the "Province"). Uncertainties exist with respect to the interpretation of tax regulations which could be disallowed by the Province in the calculation of credits. The calculation of the Company's refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the Province. Differences between management's estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

2. BASIS OF PRESENTATION (continued)

The recoverability and measurement of deferred tax assets

The Company operates in British Columbia, Canada and subject to its provincial corporate tax rates and rules of taxation. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its financial statements and their tax bases as deferred tax assets or liabilities, when applicable, as determined under applicable tax legislation.

The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable fair market value, and can either be increased or decreased where, in the view of management, such change is warranted. No deferred tax assets have been deemed probable to date.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluations assets

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes all acquisition costs and direct exploration expenditures on mineral properties in which it has a continuing interest. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of the exploration and evaluation asset is reviewed for indications of impairment at each reporting date. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed as exploration and evaluation costs and the flow-through premium, if any, is amortized to profit or loss. At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through share tax expense is accrued and recorded in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Rehabilitation provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is determined. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mineral property. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks and the change is recorded to profit and loss. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

As at December 31, 2020, management is not aware of any reportable rehabilitation provisions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Instruments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

Financial Instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

There are no financial assets classified as measured as amortized cost.

Fair value through profit or loss ("FVTPL") - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may however make the irrevocable option to classify particular investments as FVTPL. The Company has classified its cash as FVTPL.

Fair value through other comprehensive income ("FVTOCI") - FVTOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest. A financial asset measured at fair value through other comprehensive income is recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

The Company does not have any financial assets measured at FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of comprehensive loss for the year.

Financial liabilities

Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at amortized cost - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

The Company's accounts payable and accrued liabilities are financial liabilities measured at amortized cost.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities at FVTPL - A financial liability measured at FVTPL is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any financial liabilities measured at FVTPL.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share are calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the following accumulated expenditures:

	Kalum Project
	\$
Balance at July 20, 2020 (date of incorporation)	-
Acquisition costs	25,000
Airborne survey	75,000
Balance at September 30, 2020	100,000
Geological	11,336
Airborne survey	47,363
Balance at March 31, 2021	158,699

Kalum Project

On August 12, 2020, as amended November 4, 2020, November 23, 2020, and December 16, 2020, the Company entered into a purchase option agreement (“Option Agreement” or “Option”) with Eagle Plains Resources Ltd. (“Eagle Plains”), whereby the Company was granted exclusive rights to acquire 60% of Eagle Plain’s 4 mining claims located in the Terrance area of British Columbia, Canada.

In order to exercise the option, the Company must meet the following commitments:

- a. Pay to Eagle Plains an aggregate of \$250,000 as follows:
 - i. \$10,000 within 10 days after execution of a letter of intent (paid);
 - ii. \$15,000 by 10 days after execution of the Option Agreement (paid);
 - iii. \$25,000 by May 31, 2021 (terms amended April 22, 2021);
 - iv. \$50,000 by December 31, 2021;
 - v. \$75,000 by December 31, 2022; and
 - vi. \$75,000 in cash or shares, at the discretion of the Company, by December 31, 2023.

4. EXPLORATION AND EVALUATION ASSETS (continued)

- b. Issue to Eagle Plains an aggregate of 1,000,000 common shares of the Company as follows:
 - i. 200,000 shares 3 days after TSX Venture has provided notice of approval of the listing of the Company's shares;
 - ii. 400,000 shares by May 31, 2021 (terms amended April 22, 2021);
 - iii. 200,000 shares by December 31, 2021;
 - iv. 200,000 shares by December 31, 2022; and
 - v. 200,000 shares by December 31, 2023.
- c. Incur no less than \$3,000,000 of exploration expenditures as follows:
 - i. \$100,000 by December 31, 2020 (completed);
 - ii. \$500,000 by April 30, 2022;
 - iii. \$800,000 by December 31, 2022; and
 - iv. \$1,600,000 by December 31, 2023.

If the Company exercises the Option and acquires 60% rights, title and interest in the claims, Eagle Plains will be entitled to 2.0% net smelter royalty (one-half of which may be repurchased for \$1,000,000) and both parties will form a joint venture for the purpose of continued exploration and, if warranted, development of the property.

5. SHARE CAPITAL

Authorized:

Unlimited number of fully paid Class A common shares without par value and with voting rights ("Common shares").
Unlimited number of Class B Preferred Shares without par value – none issued.

Issued:

For the six months ended March 31, 2021

During the period ended December 31, 2020, the Company issued 615,000 shares at a price of \$0.07 per share for gross proceeds of \$43,050. In addition, the Company received \$14,000 in share subscription receivable related to the September 14, 2020 private placement.

From July 29, 2020 (date of incorporation) to September 30, 2020

On incorporation on July 29, 2020, the Company issued 2,000,000 founders shares at a price of \$0.005 per share for gross proceeds of \$10,000.

Pursuant to a private placement, on August 5, 2020, the Company issued 250,000 common shares at a price of \$0.05 per share for gross proceeds of \$12,500.

Pursuant to a private placement, on August 24, 2020, the Company issued 2,700,000 flow through common shares at a price of \$0.05 per share for gross proceeds of \$135,000.

Pursuant to a private placement, on August 24, 2020, the Company issued 1,300,000 common shares at a price of \$0.07 per share for gross proceeds of \$91,000.

5. SHARE CAPITAL (continued)

Pursuant to a private placement, on September 14, 2020, the Company issued 414,285 common shares at a price of \$0.07 per share for gross proceeds of \$29,000. \$14,000 was received on October 14, 2020.

Total share issuance costs for the transactions related to the above amount to \$1,930.

Stock Options

On October 5, 2020, the Company adopted the Incentive Stock Option Plan (the "Plan"). The shares issuable under the Plan are as follows:

- the aggregate number of shares ("Optioned Shares") that may be issuable pursuant to options granted under the Plan will not exceed 10% of the number of issued shares of the Company at the time of the granting of options under the Plan;
- no more than 5% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Optionee (as hereinafter defined) in any 12-month period;
- no more than 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Consultant in any 12-month period; and
- no more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all Employees and/or Consultants conducting "Investor Relations Activities" (as that term is defined in TSX Venture Exchange Policy 1.1) in any 12-month period.

No stock options have been granted as of the date of release of these condensed interim financial statements.

6. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

During the period ended March 31, 2021, there were no related party transactions.

As at March 31, 2021, \$5,526 (September 30, 2020 - \$7,500) was owing to related parties of the Company and included in accounts payable and accrued liabilities. Any balances that would have been owing to related parties would be unsecured, would not bear interest, and would have no fixed terms of payments.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT

	Level	Ref.	March 31, 2021	September 30, 2020
			\$	\$
Other financial assets	1	a	89,108	178,290
Other financial liabilities	2	b	31,049	44,150

a. Comprises cash

b. Comprises accounts payable and accrued liabilities

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgement is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values due to the short-term maturity nature of the financial instruments.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. The Company's accounts payable and accrued liabilities are due within 90 days of December 31, 2020. Liquidity risk has been assessed as being low. The Company is not exposed to significant liquidity risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not exposed to significant market risk.

Currency Risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The Company is not exposed to significant currency risk.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Price Risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not exposed to significant price risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the period. The Company is actively looking to acquire an interest in a business or assets, and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company is not subject to any externally imposed capital requirements.

8. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration and development of resource properties. All assets of the Company are located in Canada.

9. COMMITMENTS

As at March 31, 2021, the Company is committed to expend a further approximate \$1,000 of flow-through share proceeds related to flow-through shares issued during the year on qualifying exploration expenditures. The Company must incur the eligible expenditures within 24 months from issuing the flow-through shares. The expenditures must be incurred by August 24, 2022.

REX RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2021

(Expressed in Canadian Dollars – unaudited)

10. SUBSEQUENT EVENTS

Pursuant to an Agency Agreement (the “Agency Agreement”) between the Company and Research Capital Corporation (the “Agent”) dated March 18, 2021, the Company intends to make an offering of an aggregate of 3,000,000 common shares of the Company at a price of \$0.15 per Share (the “Offered Shares”) for total gross proceeds of \$450,000, through the Agent (the “Offering”). The Company filed a final long form prospectus dated March 18, 2021 relating to the Offering with each of the securities commissions of the Provinces of British Columbia, Alberta and Ontario and the TSX Venture Exchange. The Agent will be granted non-transferable common share purchase warrants (“Agent’s Warrants”) entitling the Agent to purchase that number of common shares of the Company up to 8% of the number of Offered Shares sold pursuant to the Offering, including any Additional Shares (as defined below), each such Agent’s Warrant exercisable to acquire one common share at an exercise price of \$0.15 per share for a period of 24 months following the closing of the Offering. Additionally, pursuant to the Agency Agreement, the Company granted the Agent an option, exercisable, in whole or in part, at the sole discretion of the Agent, at any time not later than the 30th day following the closing of the Offering, to arrange for the sale of up to an additional 450,000 common shares (the “Additional Shares”), representing approximately 15% of the number of Offered Securities at a price of \$0.15 per Additional Share. In connection with the Offering, the Company will pay the Agent a commission equal to 8% of the gross proceeds, a corporate finance fee of \$25,000 and reasonable expenses of the Agent including fees and disbursements of the Agent’s legal counsel. Subsequent to the period ended January 31, 2021, the Company paid the Agent an advance retainer of \$10,000 towards the Agent’s expenses.