



MinRex Resources NL

ABN 81 151 185 867

**FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2013**

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CORPORATE DIRECTORY

DIRECTORS

Mr Simon Durack (Executive Director)

Mr Emmanuel Heyndrickx (Non-Executive Director)

Mr Errol Bome (Non-Executive Director)

COMPANY SECRETARY

Mr Simon Durack

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AUSTRALIA

STOCK EXCHANGE

Australian Securities Exchange Limited

ASX Code: MRR

The Directors present their report for MinRex Resources NL (“MinRex” or “the Company”) for the half-year ended 31 December 2013.

DIRECTORS

The following persons were Directors of MinRex Resources NL during the half-year and up to the date of this report:

Mr Simon Durack - BComm, Post Grad Dip Bus, FCA, FCIS (Executive Director)

Mr Durack is a Chartered Accountant and practicing Company Secretary, with over 30 years commercial experience gained working in Australia, South East Asia and Europe. Mr Durack's commercial experience includes time worked in the Accounting profession with Coopers & Lybrand (now PricewaterhouseCoopers). He has also held many senior financial and secretarial roles with both large public and private entities. In these roles, Mr Durack has been responsible for providing managerial, secretarial and financial advisory input. Mr Durack has also acted as resident Director for several offshore companies with operations in Australia. Mr Durack brings a strong commercial and financial background to the Company.

Mr Emmanuel Heyndrickx – Business Economics (MSc), Masters Financial Management (Non-Executive Director)

Mr Heyndrickx is a financial consultant based in London. Mr Heyndrickx holds a degree in Business Economics (MSc) from the University of Ghent, Belgium, supplemented with a postgraduate Masters’ in Financial Management from the Vlerick Management School, Belgium. Mr Heyndrickx gained some 8 years of Corporate Finance experience with a number of European investment banks based in London (UK), most recently as a Vice-President with the Funds Advisory team at ING’s London Branch. During his time as a Corporate Financier, Mr Heyndrickx has lead and executed many public and private mandates both in the UK and in Europe including mergers and acquisitions, ECM (primary/secondary) placings, fund raisings and corporate restructurings. Mr Heyndrickx commenced his career with KPMG where he joined the Financial Services Sector Assurance team in London (UK), working as an external auditor for 4 years for a variety of world leading financial institutions such as HSBC, Deutsche Bank, Credit Suisse and Allianz. A native Dutch speaker, he is fluent in English, French and German.

Mr Errol Bome – BAcc, ACA (Non-Executive Director) – Appointed 27 February 2014

Mr Bome is currently the senior portfolio manager at BT Investment Management Limited and is responsible for managing fixed income funds. Prior to working for BT, Mr Bome worked for Rothschild & Sons (Australia) Limited. Mr Bome has over 34 years’ experience in the financial services sector.

Mr Richard Procter - BSc (Eng), MBA, MIMMM, CEng (former Non-executive Chairman) – Resigned 27 February 2014

Mr Procter is a mining engineer with over 35 years broad international experience encompassing roles in the corporate, operations, contracting, consulting and mine development areas. He has held senior industry positions that have demonstrated leadership and management of base and precious metal mining companies (both underground and open pit); development of project assessment including definitive / bankable feasibility studies and their conversion into mining operations; He has managed teams undertaking mining asset evaluations and valuations, including technical and operational audits (full mining asset due diligence and expert reports). He also has been involved in many mining operation start-ups (both small and large) as well as the re-engineering of large ongoing operations.

COMPANY SECRETARY

Mr Simon Durack - BComm, Post Grad Dip Bus, FCA, FCIS (Refer to above biography)

PRINCIPAL ACTIVITY

The principal activity of the Company is mineral exploration and development.

REVIEW OF OPERATIONS

Corporate

MinRex Resources NL was incorporated in May 2011 and listed on the ASX on 7 November 2011. An Initial Public Offering for 17,500,000 shares was made at \$0.20/share, raising a total of \$3.5 million.

Operating Results

The Company's net loss attributable to the members of MinRex Resources NL for the six months ended 31 December 2013 was \$186,963 (31/12/2012: \$149,977). As at the end of the quarter, the Company had \$2.344 million in cash.

Operations Review

MinRex is an exploration company listed on the Australian Securities Exchange, whose principal focus is the exploration and development of gold, base metal and tin projects in Australia. The Company is also currently seeking additional projects, both within Australia and overseas.

MinRex has two principal projects in its exploration portfolio, the Deflector Extended Gold Project in Western Australia and the Heemskirk Tin Project in Tasmania (Figure 1). These projects provide MinRex with a base from which to explore two highly prospective areas of Australia. Significantly, the Deflector Extended Gold Project is adjacent to the Deflector Gold Project, where Mutiny Gold Limited is reportedly planning to recommission the mine and gold treatment plant. The Company has no current offshore exploration tenements.

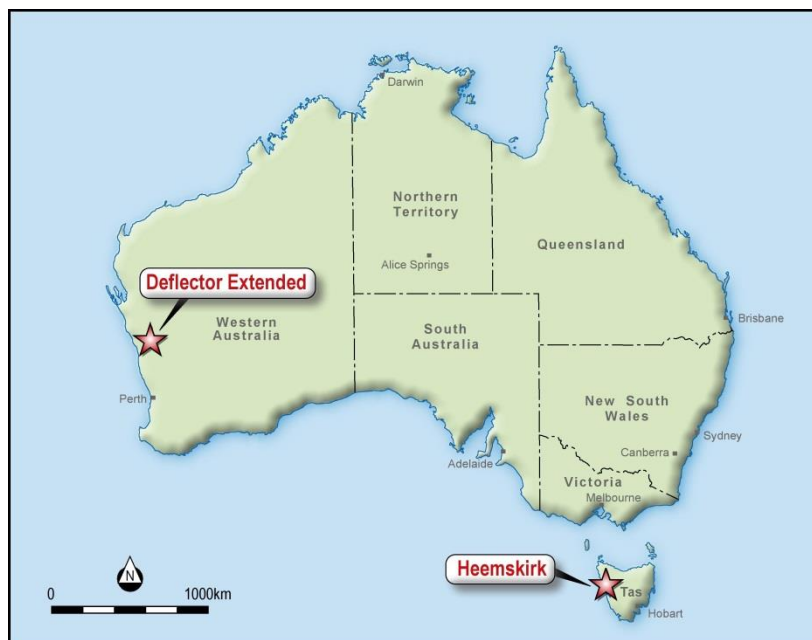


Figure 1: Location of MinRex Project Areas

Deflector Extended Gold Project

The Deflector Extended Gold Project area (E59/1657) lies along an under-explored, north-eastern extension of the Deflector mineralisation trend, which hosts Mutiny Gold Limited's Deflector Gold Project. Aeromagnetic imagery demonstrates the presence of a large granite intrusion within the southern sections of the tenement. This granite exhibits a strong spatial association with the Deflector and Golden Stream gold-copper deposits, which occur on the western contact of the intrusion and are coincident with a series of crosscutting northeast - southwest trending faults. To the southwest of

the Project area, the Deflector Central and Deflector West open pits have been mined for gold-copper mineralisation in shear zones in metabasalt, while the Golden Stream Mine has been mined for gold in shear zone-hosted quartz veins in metabasalt.

The Project area is predominantly covered by transported soil, colluvium and alluvium, which effectively conceal any mineralisation present. The area has historically been examined by regional soil geochemistry surveys, rock chip sampling and limited RAB drilling. The previously completed exploration work is encouraging, especially the early geochemistry and RAB drilling that shows some clearly anomalous gold values within the tenement.

During 2013, MinRex has completed two surface sampling programs to follow up the earlier pattern auger and other geochemical surveys. Work also continued on integrating the earlier surface geochemical surveys and RAB drilling with the results from the new surface sampling programs (Figure 2). It is planned to conduct further follow up surface sampling and evaluation of these anomalous results during 2014.

MinRex will continue its systematic exploration activities at the Deflector Extended Project area to identify the source of enrichment observed to date, with a view to the intersection of economically significant precious and base metal mineralisation. It is expected that careful observation of the geology, structure, depth of weathering, previous geochemistry and RAB drill results will be used to deduce the most favourable sites at the Project for small, highly-targeted drill programs.

In conclusion, the Deflector Extended Gold Project area is clearly prospective for hidden gold or gold-copper deposits, as demonstrated by the known deposit density in the region and the presence of a known deposit, within a short distance (some 2 km), on a structure that trends into the tenement.

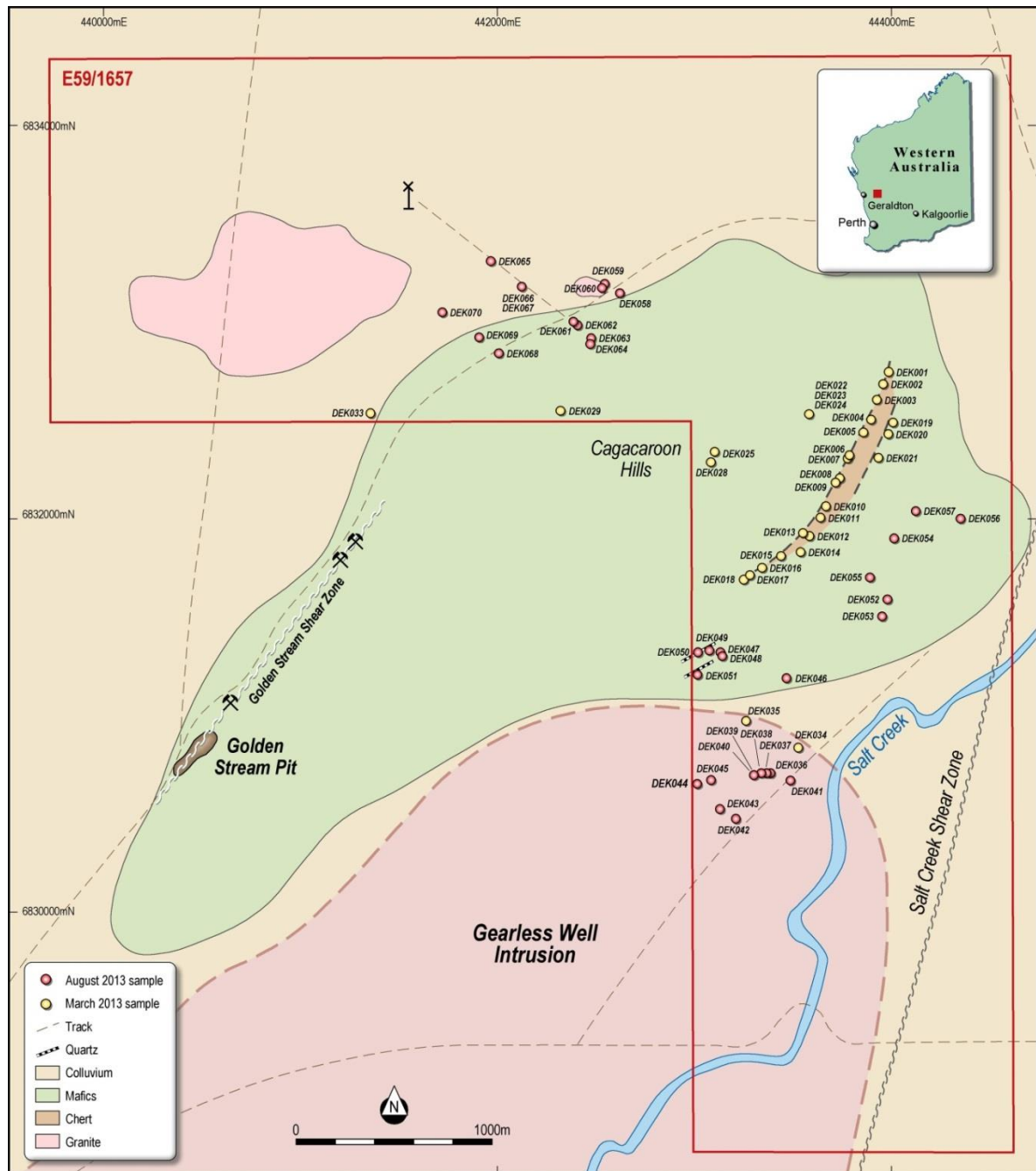


Figure 2: Geology Map and Sampling Sites at Deflector Extended Gold Project

Heemskirk Tin Project

The Heemskirk Tin Project (E18/2011) covers an area of 44 km² and is located in north-western Tasmania, approximately 16 km WNW of the town of Zeehan. MinRex considers the Heemskirk Tin Project to be prospective for tin-tungsten mineralisation due to the presence of multiple small known deposits in the granitic and sedimentary rock sequences in the area. The large granitic area is also considered prospective for other granite-hosted deposits for which little exploration is thought to have occurred in the past. The remote location of the project, surficial cover sequences, vegetation and climate are all thought to have detracted from the application of modern exploration methods to the Project area previously.

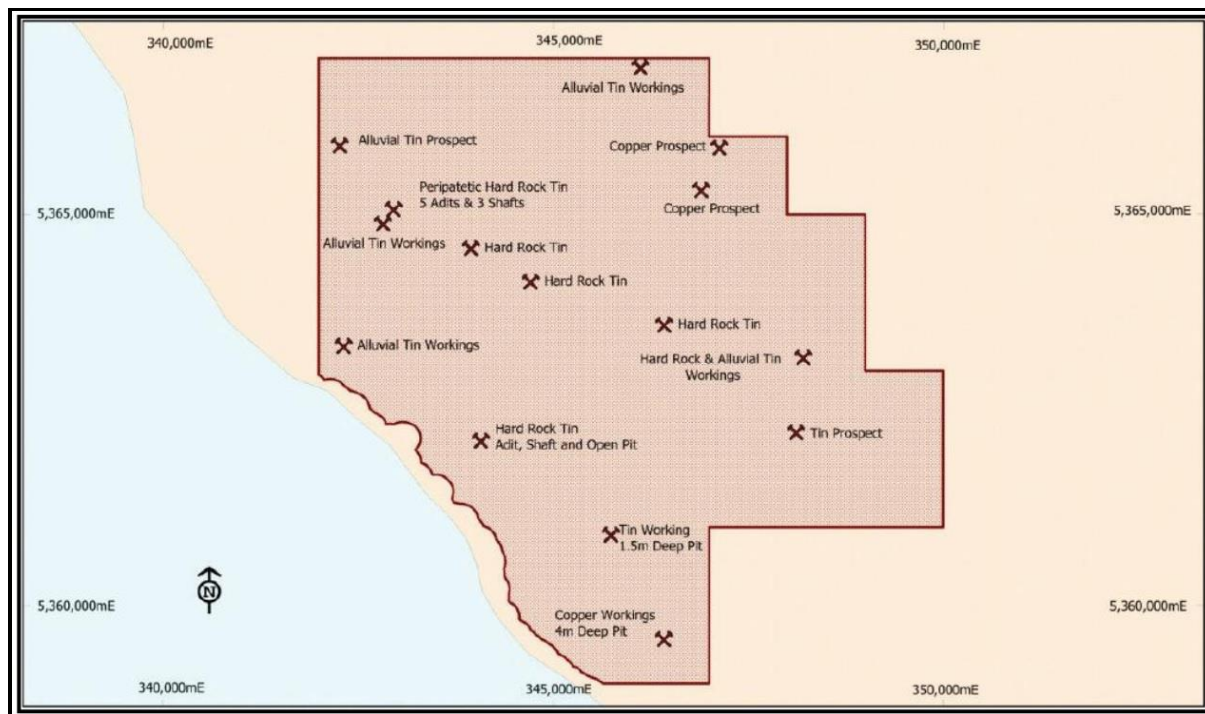


Figure 3: Heemskirk Tin Project Location of Old Workings

In the first year of holding the Heemskirk Tin Project (EL18/2011), MinRex completed a review and interpretation of previous exploration and geophysical data, a re-processing and analysis of the government airborne magnetic and radiometric geophysical data over the Heemskirk area and two field reconnaissance trips, each of several days duration, that have collected a total of 53 rock chip and stream sediment samples (and chemical analysis of these samples).

The initial reconnaissance exploration of the Heemskirk Tin Project (EL18/2011) included several days in the field locating, examining and sampling historic workings and geology. The area has contained many small, but rich, tin oxide bodies associated with various vein types. Many old workings were located and examined, with these generally are thought to date from between 1876 and 1900 (Figure 3).

In the initial program, 13 rock chip and 10 stream sediment samples were collected, with these all being analysed for gold, silver, copper, molybdenum, nickel, lead, tin, titanium, tungsten and zinc. This was intended to be an initial reconnaissance and determination of background anomalism levels. Vein hosted and replacement mineralisation was noted at the McGuinness and Iron Blow workings and a large area of sericitic alteration was seen immediately to the west of South Gap Creek. These areas having been specifically identified as worthy of further inspection and having the potential to be associated with larger mineralised systems. It was concluded from this work that future exploration activities should be concentrated on the McGuinness, Iron Blow and South Gap areas, specifically for tin, silver and molybdenum mineralisation.

Subsequently, a follow-up detailed stream sediment sampling program was undertaken, starting with drainages surrounding historic workings, including the Peripatetic and McGuinness Mines. This second exploration sampling program aimed to confirm the effectiveness of these sampling techniques and establish a statistical base from which to distinguish background from anomalous tenors for a range of metallic elements. A total of 30 additional stream sediment samples were collected and analysed for gold, silver, arsenic, molybdenum, tin and tungsten.

The Heemskirk Tin Project area is large and poorly explored and there remain many areas with old workings and known tin anomalism that are yet to be tested. Further field programs are planned to hone in on potential mineralisation, during 2014.

Follow-up Exploration Activities

Exploration activities planned by the Company in the next year for its Project areas in Western Australia and Tasmania are detailed below.

Deflector Extended Gold Project

Results from the recent sampling program have been assessed and further field work will be completed to follow up in the areas with anomalous results. This aims to better delineate potential targets prior to consideration being given to a drilling and sampling program on target zones within the Deflector Extended Gold Project area.

Heemskirk Tin Project

Assessment of the results received to date has been made and follow up field sampling is now being planned. It is considered that the prospectivity of the area warrants further work and a follow-up sampling program is being designed to further test the Heemskirk Tin Project area.

Opportunities

The Company is continuing to assess a broad range of exploration and corporate opportunities that have the potential to complement the existing tenement portfolio. The past six months has seen an active program of assessments and a broad range of opportunities considered. These opportunities consisted of both mineral resources projects and opportunities in the non-mining resources sector. This work will continue through the coming period.

MinRex is in a good position to take advantage of mineral resource projects that are becoming available, as well as opportunities outside of this sector.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no known significant events from the end of the financial period to the date of this report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of MinRex Resources NL with an Independence Declaration in relation to the audit of the half year end financial report. A copy of that declaration is set out below.

There were no non audit services provided by the Company's auditor.



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Auditor's Independence Declaration to the Directors of MinRex Resources NL

In relation to our review of the financial report of MinRex Resources NL for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

T G Dachs
Partner
10 March 2014

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TD:AF-MINREX:020

Signed on behalf of the board in accordance with a resolution of the Directors.

Simon Durack
Executive Director

West Perth, 10 March 2014

Statement of Comprehensive Income
For the half year ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue from ordinary activities			
Interest income		30,220	48,376
Depreciation and amortisation		(3,099)	(2,804)
Corporate expenses		(134,717)	(112,071)
Business development expenses		-	(280)
Management and administration expenses		<u>(79,367)</u>	<u>(83,198)</u>
Loss from ordinary activities before income tax expense		(186,963)	(149,977)
Income tax expense		<u>-</u>	<u>-</u>
Net loss attributable to the members of MinRex Resources NL		(186,963)	(149,977)
 Total comprehensive loss for the half-year		 <u>(186,963)</u>	 <u>(149,977)</u>
 Basic loss per share attributable to the ordinary equity holders of the Company		 (0.01)	 (0.01)
 Diluted loss per share attributable to the ordinary equity holders of the Company		 <u>(0.01)</u>	 <u>(0.01)</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

MinRex Resources NL

Statement of Financial Position As at 31 December 2013

		31-Dec 2013 \$	30-Jun 2013 \$
Current Assets	Note		
Cash and cash equivalents		2,343,614	2,556,853
Other receivables		35,290	25,755
Prepayment		2,820	2,937
Total Current Assets		2,381,724	2,585,545
Non-Current Assets			
Exploration, evaluation and development expenditure	4	187,145	160,901
Property, plant and equipment		21,370	24,469
Total Non-Current Assets		208,515	185,370
Total Assets		2,590,239	2,770,915
Current Liabilities			
Trade and other payables		35,888	29,601
Total Current Liabilities		35,888	29,601
Total Liabilities		35,888	29,601
Net Assets		2,554,351	2,741,314
Equity			
Contributed equity	5	3,454,614	3,454,614
Accumulated losses		(900,263)	(713,300)
Total Equity		2,554,351	2,741,314

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Cash Flows
For the half year ended 31 December 2013

	31-Dec 2013 \$	31-Dec 2012 \$
Cash Flows From Operating Activities		
Interest received	30,210	48,362
Payments to suppliers and employees	<u>(217,205)</u>	<u>(205,493)</u>
Net cash used in operating activities	<u>(186,995)</u>	<u>(157,131)</u>
 Cash flows From Investing Activities		
Payments for plant and equipment	-	(30,095)
Payments for exploration, evaluation and development expenditure	(26,244)	(37,798)
Payments for security deposit	-	(10,228)
Receipts of security deposit	<u>-</u>	<u>10,000</u>
Net cash used in investing activities	<u>(26,244)</u>	<u>(68,121)</u>
 Net decrease in cash held	(213,239)	(225,252)
Cash at the beginning	2,556,853	2,945,321
Cash held at the end of the year	<u>2,343,614</u>	<u>2,720,069</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

**Statement of Changes in Equity
For the half year ended 31 December 2013**

	31-Dec 2013 \$	31-Dec 2012 \$
Issued Capital		
Opening balance	3,454,614	3,454,614
Issued during the period	-	-
Share issue costs	-	-
Closing balance	3,454,614	3,454,614
Accumulated Losses		
Opening balance	(713,300)	(419,836)
Total comprehensive loss for the period	(186,963)	(149,977)
Closing balance	(900,263)	(569,813)
Total Equity	2,554,351	2,884,801

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

1. Corporate Information

The interim financial report of MinRex Resources NL for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 10 March 2014.

MinRex Resources NL is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Company are described in the Directors' Report.

2. Summary of Significant Accounting Policies**(a) Basis of Preparation**

This general-purpose condensed financial report for the interim reporting period ended 31 December 2013 has been prepared in accordance with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company. Accordingly, this interim financial report is to be read in conjunction with the Company's annual report dated 30 June 2013 and any public announcements made by MinRex Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has been prepared on an accruals basis and is based on historical costs. The presentation currency is Australian dollars.

(b) New Accounting Standards and Interpretation

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

- **AASB 119 Employee Benefits**

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The adoption of AASB 119 has no effect on the financial position or performance of the Company.

Consequential amendments were also made to other standards via AASB 2011-10.

- **AASB 13 Fair Value Measurement**

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The adoption of AASB 13 has no effect on the financial position or performance of the Company. The carrying amount of financial assets and liabilities are a reasonable approximation of fair value.

Consequential amendments were also made to other standards via AASB 2011-8.

- AASB2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.

The adoption of AASB 2012-2 has no effect on the financial position or performance of the Company.

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:

- Repeat application of AASB 1 is permitted (AASB 1)
- Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

The adoption of AASB 2012-5 has no effect on the financial position or performance of the Company.

- AASB CF 2013-1 Amendments to the Australian Conceptual Framework

AASB CF 2013-1 replaces the guidance in the Framework on the objective of general purpose financial reporting and the qualitative characteristics of useful financial information, as an integral part of the Framework and it also withdraws Statement of Accounting Concepts SAC 2 Objective of General Purpose Financial Reporting.

The adoption of AASB CF 2013-1 has no effect on the financial position or performance of the Company.

The Company has not early adopted any of the Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

3. Segment Information

For management purposes, the Company is organized into one main operating segment, which involves mining and exploration for gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. Total revenue earned by the Company is generated in Australia and all the Company's non-current assets reside in Australia.

4. Exploration, evaluation and development expenditure

	31-Dec 2013 \$	30-Jun 2013 \$
Exploration, evaluation and development assets (a)	187,145	160,901
(a) Area of interest		
Deflector Extended Gold Project - Western Australia	121,522	100,848
Heemskirk Tin Project - Tasmania	<u>65,623</u>	<u>60,053</u>
Carrying amount at end of year ¹	<u><u>187,145</u></u>	<u><u>160,901</u></u>
(b) Reconciliation		
Carrying amount at beginning of period	160,901	89,810
Additions	<u>26,244</u>	<u>71,091</u>
Carrying amount at end of year ¹	<u><u>187,145</u></u>	<u><u>160,901</u></u>

¹ The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

5. Contributed Equity

There were no shares or options issued during the period

6. Events Subsequent to Balance Date

There have been no events that have arisen since the balance date that has affected or may significantly affect the operation of Company.

7. Contingent Liabilities

As at the date of this report, no contingent liabilities had been identified in relation to the half-year ended 31 December 2013.

8. Capital Commitments

The Company's minimum expenditure commitments in relation to its tenements are:

- 1) Deflector Extended Gold project (E59/1657): \$15,000
- 2) Heemskirk Tin Project (EL 18/2011) : \$26,000 for the first 2 years

MinRex Resources NL

Notes to the financial statements for the half-year ended 31 December 2013

The Company leases office space in West Perth. The current rent is \$37,343 per annum excluding outgoings. The lease expires on 28 February 2017.

9. Fair Value

Cash and cash equivalents, other receivables and trade and other payables accounts are the only financial instruments. The carrying amounts of these accounts approximate their fair values as at 31 December 2013.

10. Related Party

There are no other related party transactions during the period apart from the payment of directors' fees to three directors amounting to \$18,000 (2012: \$18,000).

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of MinRex Resources NL, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company set out on page 13 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Simon Durack
Executive Director

West Perth
10 March 2014

To the members of MinRex Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MinRex Resources NL, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MinRex Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MinRex Resources NL is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

T G Dachs
Partner
Perth
10 March 2014