

ASX AND MEDIA ANNOUNCEMENT

17 July 2020

UPDATE ON NON-RENOUNCABLE ENTITLEMENT ISSUE AND PROPOSED DIRECTOR PLACEMENT

MinRex Resources Limited (ASX: MRR) (“MinRex” or “the Company”) advises that, further to its announcement on 29 April 2020, the Shortfall from its Non-Renounceable Entitlement Issue will not be placed and the Shortfall offer will lapse on 24 July 2020. The Shortfall was comprised of 87,785,066 shares at an issue price of \$0.01 plus 21,946,262 unlisted free attaching options (exercisable at \$0.04 on or before 30 months from issue). While the Company received interest for the Shortfall, the Board determined not to place the Shortfall given the recent trading price of the Company’s shares, the costs and dilution effect of placing the entire Shortfall and prevailing market conditions.

In lieu of placing the Shortfall, the Board is proposing subject to shareholder approval to undertake a smaller placement to directors of a total of 26,666,667 shares at an issue price of \$0.012 to raise \$320,000 (before costs). The issue price under the director placement represents:

- a discount of 24% to the 10-day VWAP of the Company shares to 16 July 2020 (being \$0.0158);
- a discount of 19% to the 20-day VWAP of the Company shares to 16 July 2020 (being \$0.0148); and
- a premium of 20% to the Shortfall issue price of \$0.01 (the Shortfall issue price represents a discount of 37% and 32% to the 10-day and 20-day VWAP of the Company shares to 16 July 2020 respectively).

Unlisted free attaching options (each exercisable at \$0.04 on or before 30 months from issue) will be issued under the director placement subject to shareholder approval on the basis of 1 option for every 4 shares issued (being on the same terms as offered under the Non-Renounceable Entitlement Issue). Funds raised from the director placement will be used for further exploration activities on the Company’s projects, evaluation of additional acquisition opportunities and for working capital requirements. In addition to raising funds, the purpose of the director placement is to align the interests of the Board with shareholders.

Further to the recent appointments of Non-Executive Directors Mr Whiddon, Mr Bahen and Mr Pearse, as part of the remuneration packages agreed with each director the Company has agreed subject to shareholder approval to issue each director 5,000,000 Performance Rights expiring 5 years from issue which will convert into shares on a 1 for 1 basis on the 5-day VWAP of the Company’s shares reaching \$0.04 (representing 253% and 270% of the 10-day and 20-day VWAP of the Company shares to 16 July 2020 respectively, and 400% of the Shortfall issue price). The proposed issue of Performance Rights is intended to reward and incentivise the Board for delivering value to shareholders.

Further details in relation to the proposed director placement and proposed issue of Performance Rights will be set out in a Notice of General Meeting to be dispatched to shareholders shortly.



The Company is also pleased to advise that it is completing a program to reduce its administration and corporate costs and has achieved annualised cost savings of \$300,000 to date. Such cost savings have principally been the result of a reduction in director fees, advisory fees and fees for administrative services.

Enclosed with this release is Appendix 3B relating to the proposed issue of securities to Directors which will be subject to shareholder approval.

This ASX announcement has been authorised for release by the Board of MinRex Resources Limited.

For further information, please contact:

Aida Tabakovic
Company Secretary
MinRex Resources Limited
Ph: (08) 9481 0389