



MinRex Resources Limited

ABN 81 151 185 867

**FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2017**

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CORPORATE DIRECTORY

DIRECTORS

Dr James Ellingford (Non-executive Chairman)

Mr Simon Durack JP (Executive Director)

Mr Timothy Wilson (Non- Executive Director)

COMPANY SECRETARY

Mrs Elizabeth Hunt

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AUSTRALIA

STOCK EXCHANGE

Australian Securities Exchange Limited

ASX Code: MRR

DIRECTORS' REPORT

The Directors submit their report for MinRex Resources Limited ("MinRex" or "the Company") for the half-year ended 31 December 2017.

DIRECTORS

The following persons were Directors of the Company during the half-year and until the date of this report:

Dr James Ellingford - D.Mgt, MBA, Post Grad Corp Man (Non-Executive Chairman) – appointed 3 November 2017, re-appointed 17 November 2017

Dr Ellingford previously served as International Executive President of a multi-billion dollar NASDAQ business Take-Two Interactive Software with its headquarters in Geneva and New York (TTWO). He has decades of international experience and has close ties with financial institutions and governments throughout the world. Dr Ellingford holds a Post Graduate degree in Corporate Management, Masters in Business Administration and a Doctorate in Management. Dr Ellingford has lectured MBA students in corporate governance, ethics and marketing at a leading Sydney University which are all areas he maintains a keen interest.

Mr Simon Durack – B.Comm, Post Grad Dip Bus, FCA, FGIA, JP (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 Timothy Wilson - AICD (Non-Executive Director) – appointed 27 November 2017

Mr Wilson is a Corporate Finance Associate with experience in managing and advising listing and unlisted companies, advising clients and settlement functions. Mr Wilson has delivered a broad range of services, including equity raisings, debt raisings, and institutional placements and has worked in a broad range of industry and commercial sectors.

Mr Robert Hartley Downey B.Ed, LL.B (Hons) (Non-Executive Director) – resigned 29 January 2018

Mr Downey is a barrister and solicitor of the Supreme Court of Western Australia. He commenced work with Phillips Fox in the areas of energy, corporate law and mining. In 2001 he joined law firm Blakiston & Crabb and specialised in advising oil & gas and mining companies in relation to a range of legal issues, including IPOs, mergers and acquisitions, as well as general AIM, ASX and ASX Listing Rules advice. Mr Downey established an independent corporate advisory firm during 2005 and was involved with the IPO listings of various mining and oil & gas companies on the ASX and at the same time held directorships on a number of these companies. In October 2012, in conjunction with two former colleagues, he established Thompson Downey Cooper and now specialises as a corporate resources lawyer.

Mr David Ross Hannon BEc, FFin (Non-Executive Director) – resigned 27 November 2017

Mr Hannon commenced his commercial career as a stockbroker and investment banker in 1985, working with several firms. He later became a joint partner of a private investment bank specializing in venture capital with a focus on the mining sector. Mr Hannon operates a private investment bank, Chifley Investor Group Pty Limited. He held a directorship in Atlas Iron Limited from 6 August 2004 to 10 March 2015. Mr Hannon holds a Bachelor of Economics degree from Macquarie University and is a Fellow with the Financial Services Institute of Australasia.

The Directors were in office for the entire period unless otherwise stated.

COMPANY SECRETARY

Mrs Elizabeth Hunt – appointed 12 February 2018

Mr Simon Durack – B.Comm, Post Grad Dip Bus, FCA, FGIA, JP – resigned 12 February 2018

PRINCIPAL ACTIVITY

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

REVIEW AND RESULTS OF OPERATIONS

Corporate

MinRex Resources Limited (formerly known as MinRex Resources NL) was incorporated in May 2011 and listed on the ASX on 7 November 2011.

Operating Results

The Company's net loss attributable to the members of MinRex Resources Limited for the six months ended 31 December 2017 was \$380,659 (for the six months ended 31 December 2016: loss of \$310,063). As at 31 December 2017, the Company had \$3,006,280 in cash and cash equivalents.

Operations Review

MinRex Resources Limited is an exploration company, listed on the Australian Securities Exchange, with its present focus being the exploration of gold and base metal projects in Western Australia and tin in Tasmania.

MinRex currently holds two projects, the Deflector Extended Gold Project at Gullewa in Western Australia (about 400km north of Perth) and the Heemskirk Tin Project on the west coast of Tasmania (Figure 1).

The Company has also commenced the acquisition of a 70% interest in three new project areas, incorporating five tenements, in the East Pilbara region, around Marble Bar, about 1,200km north northeast of Perth (Figures 1 & 2). The new projects are the Daltons Gold Project (at the old Daltons Creek mining centre, 90km southwest of Marble Bar), the Bamboo Creek Gold Project (at Bamboo Creek, about 70km northeast of Marble Bar), and the Marble Bar Project, comprising two discrete licences at Marble Bar, one 10km to the southwest of the town site and one 3km to the north.

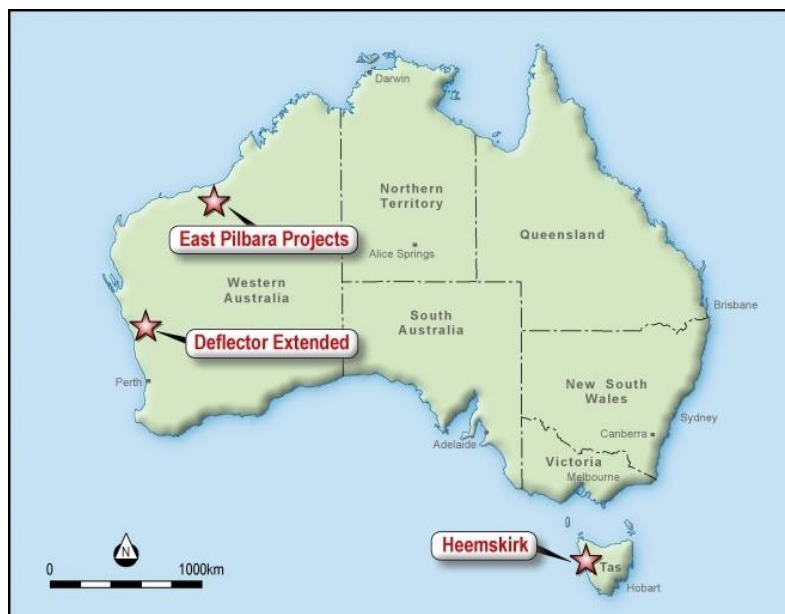


Figure 1: Location of MinRex Project Areas

East Pilbara Gold Projects

On the 28 November 2017, MinRex announced that it had entered into a binding Heads of Agreement to acquire, through controlling entities, a 70% interest in five East Pilbara tenements. Acquisition of the East Pilbara Gold Projects will provide MinRex with highly-prospective gold licences in Western Australia's Pilbara Region. The Pilbara Region has recently become subject to significant investor interest due to the discovery of gold nuggets in Fortescue Group sediments in several locations.

MinRex shareholders have now approved key resolutions at a General Meeting of the Company held on 19 January 2018 to enable MinRex to proceed with the acquisition of this interest in the five East Pilbara tenements. The tenements to be acquired contain extensive historical workings, including previous rock chip samples of 30g/t Au (Norms Find) and 1.28g/t Au (BC07) at Bamboo Creek.

Settlement of the acquisition of a controlling interest in these tenements is expected in the near future.

MinRex is now focussed on completing the acquisition of these areas and gearing up to commence gold exploration programs on the new East Pilbara Gold Project areas as soon as is practicable following settlement.

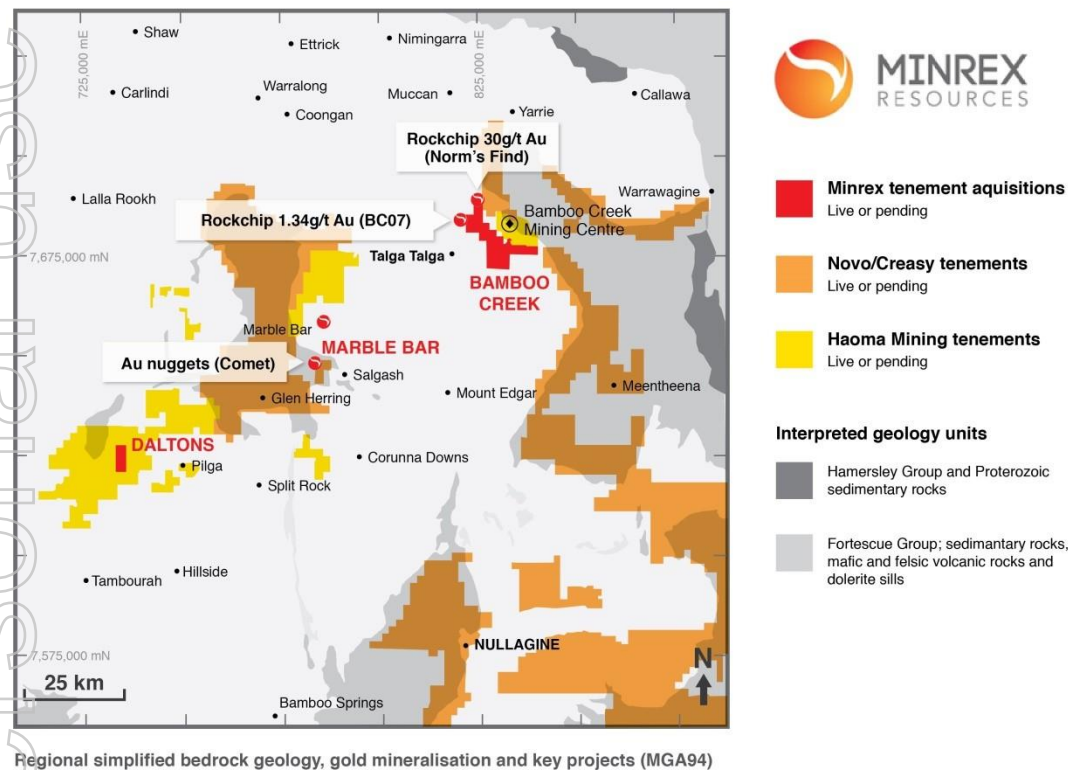


Figure 2: Location of East Pilbara Gold Project Areas

On 14 December 2017, MinRex announced that it was mobilising a team to commence a due diligence site inspection and conduct prospecting activities on the East Pilbara Gold Projects. This work was undertaken in mid-December 2017 and during this site visit all of the project areas were visited.

The results of the site inspection, field trip evaluation and technical due diligence were announced on the 15th January 2018. Significantly, six gold nuggets totalling 22.7g were recovered from one of the tenements (P45/3040) (Figure 3). This tenement contains part of the old historic Ironclad gold mine (Figures 4 & 5).



Figure 3: Photo of six gold nuggets totalling 22.7gms found on P45/3040 at Marble Bar

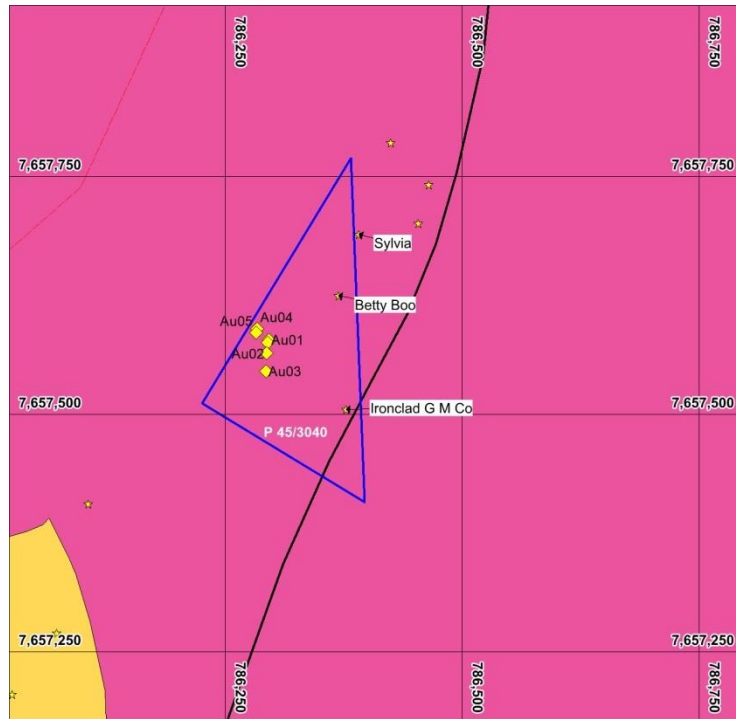


Figure 4: Plan of Marble Bar project tenement P45/3040, showing gold nugget locations



Figure 5: View of Marble Bar project tenement P45/3040, showing location of gold nuggets and old workings

In addition to the metal detecting on P45/3040, a total of 10 rock chip samples were collected from the second Marble Bar project tenement, P45/3039. These rock chip samples were collected, as metal detecting was ineffective due to the presence of abundant scrap metal on surface, from the old workings and infrastructure, within the tenement. These rock chips were all of vein quartz rocks collected from the surface expressions of old workings and diggings along a ridge line in the northern quadrant of the tenement area, adjacent to a significant number of historical workings that are up to 10m deep (Figures 6 & 7). These workings are not in the DMIRS MINDEX database and no historical production records are available.

In January 2018, the rock chip samples were sent to Perth for geological examination and interpretation, data recording and subsequent chemical analysis. The field team were targeting the basal part of a conglomerate along strike from gold occurrences on the adjacent Haoma Mining (ASX:HAO) tenements (Figure 7). Regional mapping by the Western Australian Geological Survey has identified these conglomerates as a part of the Mt Roe Basalt, the basal part of the Fortescue Group.

Sample No.	Easting m	Northing m	Au ppm	Ag ppm	As ppm	Cu ppm	Cr ppm	Ni ppm	Zn ppm
MB39R001	783816	7648191	1.57	1.0	143	607	495	198	26
MB39R002	783816	7648191	1.48	0.55	68	80	145	57	15
MB39R003	783799	7648140	0.19	0.0	34	5	225	74	24
MB39R004	783799	7648140	0.13	0.1	96	65	1050	211	42
MB39R005	783800	7648132	0.50	0.15	94	14	305	106	27
MB39R006	783791	7648114	0.72	0.15	117	98	455	204	52
MB39R007	783801	7648101	2.20	0.15	418	60	360	150	74
MB39R008	783792	7648092	17.1	0.8	185	44	480	197	60
MB39R009	783780	7648070	0.47	0.05	43	11	430	162	40
MB39R010	783763	7648065	1.34	0.15	40	28	140	55	19

Table 1: Assay results for ten rock chip samples from East Pilbara Project Tenement P45/3039

The ten rock chip samples were analysed for gold, silver, arsenic, copper, chrome, nickel and zinc. The highest gold value was 17.1g/t Au, while the average for all ten samples was 2.6g/t Au. Five (half) of the samples had assay values in excess of 1g/t Au (Table 1). The metallic elements other than gold were also elevated but not considered significantly anomalous.



Figure 6: Various views of the ridge line in P45/3039 showing old workings, diggings and sampling areas

MinRex will be targeting the collection of a large number of rock chip samples from along this ridge line and throughout the entire P45/3039 tenement as part of its initial exploration work on the Marble Bar tenements of the East Pilbara Gold Projects. The large number of old workings and diggings in this area, in conjunction with the excellent assay results received from these initial ten rock chip samples is considered highly encouraging for the discovery of potentially economic gold mineralisation in this area.

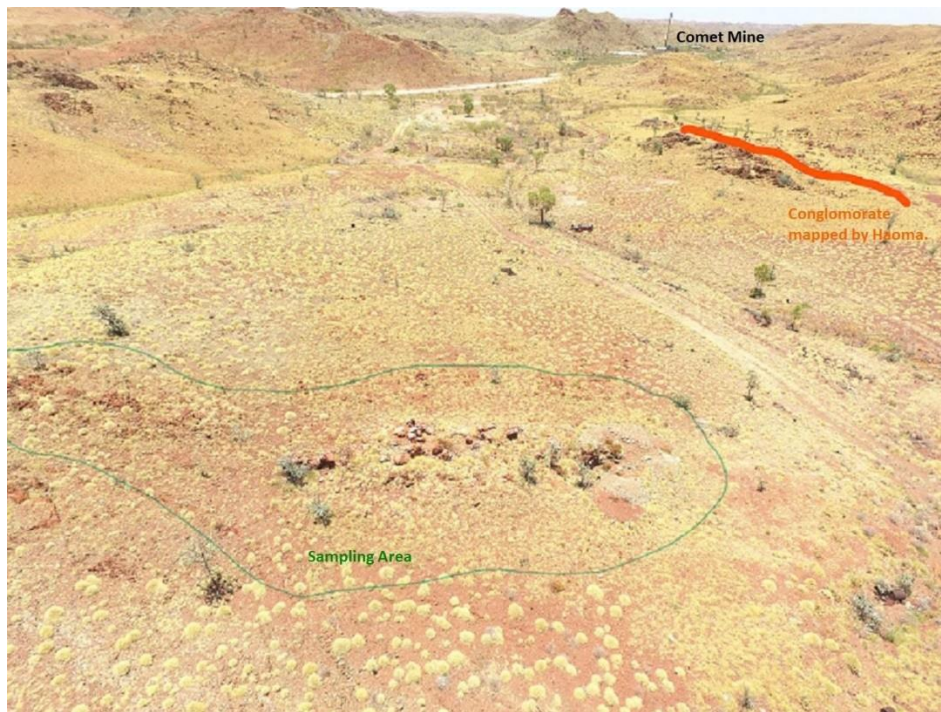


Figure 7: Aerial photo overview of Marble Bar project tenement P45/3039, showing rock chip sampling area and Haoma Mining's Comet gold mine in the background

It is also intended that the initial exploration of the East Pilbara Gold Project areas will include the collection of a significant number of rock chip samples from the areas of old workings in P45/3040, during the proposed field work and geological mapping. The results received to date suggest that both P45/3039 and P45/3040, at Marble Bar, are highly prospective for gold mineralisation.

Access to both the Daltons and Bamboo Creek projects was difficult during the December site visit, due to the poor state of the tracks and high travel times from Marble Bar, the closest accommodation suitable for summer field activities. One small nugget (0.1g) was recovered adjacent to historical workings on the Daltons project (Figure 8).



Figure 8: Aerial photo of old workings on Dalton project tenement E45/4681, showing gold nugget location

Additional work has been recommended on all of the East Pilbara Gold Project areas, including extensive rock chip sampling and the excavation of bulk samples from the Marble Bar tenements along with detailed geological mapping once the historical data compilation is completed. The data compilation and review of historic mining and mineral exploration within the project areas is now underway, following shareholder approval being obtained for the acquisition of the projects at the General Meeting of the Company on 19 January 2018.

On 27 February 2018, the Company announced that it had settled the acquisition of a 70% interest in the highly prospective East Pilbara tenements, on the terms previously announced to the market on 27 November 2017. Work has already commenced on an initial program of works, with the collation and review of historical data.

Deflector Extended Gold Project

MinRex's Deflector Extended Gold Project (E59/1657) lies to the northeast of the Doray Minerals Limited ("Doray") Deflector Mine, where copper-gold mineralisation occurs in shear zones in meta-basalt, and also the Golden Stream open cut, where gold was produced from shear zone-hosted quartz veins in meta-basalt. Both deposits trend towards MinRex's tenement, where deep cover sequences have hindered previous exploration work. The Deflector Mine was opened in May 2016, as an underground mining operation on copper-gold sulphide lodes; Doray is also actively exploring its Deflector area tenements, with drilling at the Deflector Mine and other mines and prospects in the area.

About 85% of the area of E59/1657 is covered by sand, colluvium, scree and alluvium, with only about 15% outcrop of mafic meta-basalts in the Cacagaroon Hills area, and other small areas of granite and dolerite. MinRex has been actively exploring the Project area since 2011, utilising surface sampling and geological mapping to hone in to buried mineralized structures and favourable settings for mineralization.

During November 2017, an extensive field program was conducted at MinRex's Deflector Extended Gold Project, including geological mapping and the collection of 184 new surface rock and float samples, with the results from these new samples being shown below on Figure 9. The full results from this program were reported in an ASX announcement on 11 December 2017.

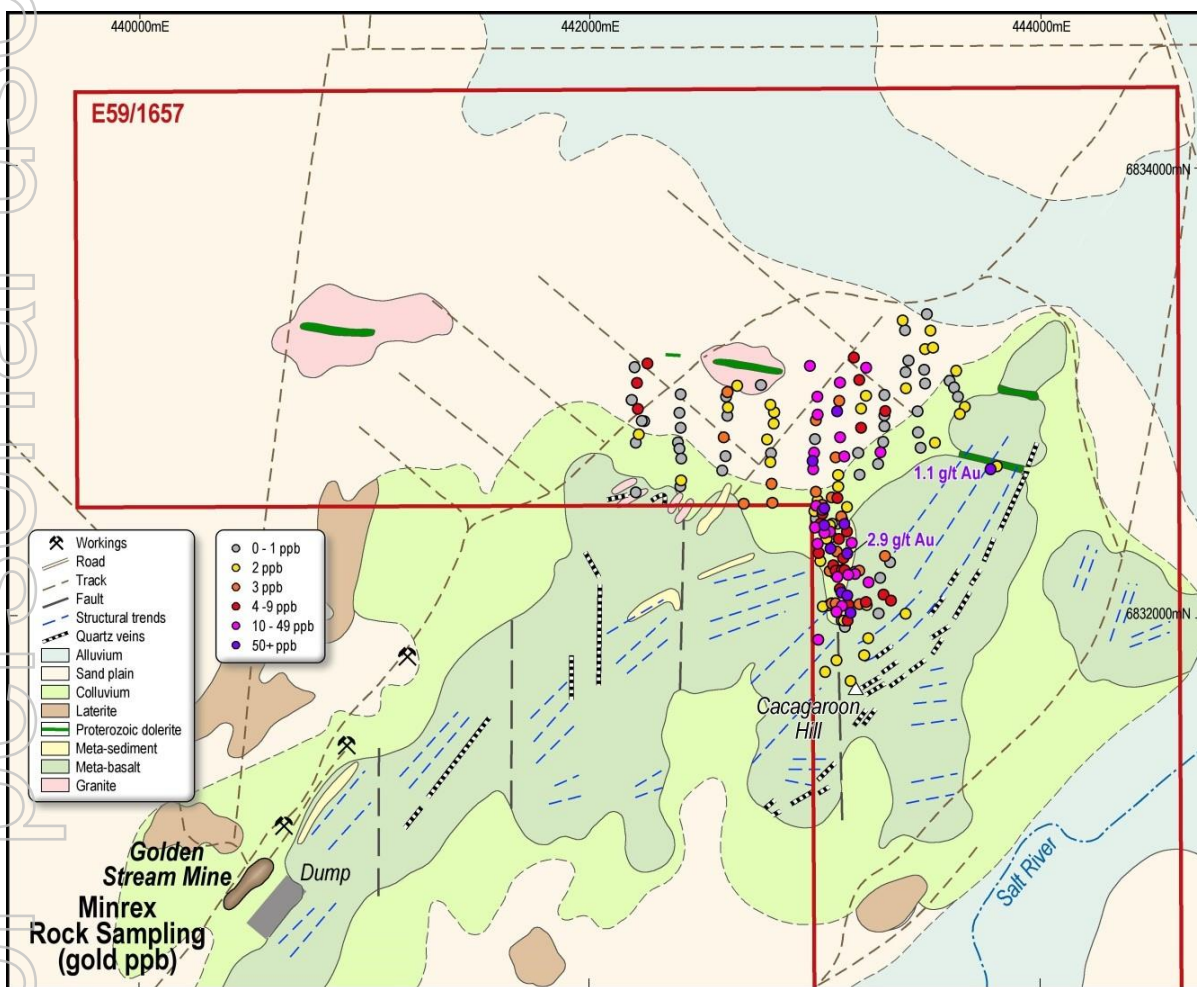


Figure 9: Plan showing the geology and recent (November 2017) rock sample results, in E59/1657

Two of these latest samples assayed over 1.0g/t Au, with the highest being 2.9g/t Au from a small sub-crop of vein quartz and goethite, that also returned an assay of 0.1% copper. The second highest assay was from quartz float material that assayed 1.1g/t Au and 0.09% Cu and 1.0% lead. Four other samples assayed over 0.1g/t Au, all in quartz vein float material in areas of cover and scree (Figure 9).

MinRex has now collected a total of 534 surface rock, scree and float samples in the Deflector Extended Gold Project area, along with numerous soil samples and auger drill results, which have defined significant anomalous zones for further examination and sampling. There have also been prior programs of RAB drilling, aircore drilling and soil sampling, by earlier explorers of the area, the results from which support the definition of these anomalous zones. The full results from all 534 rock samples collected by MinRex to date, are shown below in Figure 10.

The best results are from an area, now known as Corner Creek, where a number of anomalous surface float and rock assay values (up to 2.9g/t Au) cluster in a distinct scree-covered area, adjacent to mafic meta-basalt, meta-sedimentary shale and an interpreted fault zone, near the central corner of the lease. The prevalence of higher gold values in rock and soil values in this area of mafic colluvium suggests that concealed mineralisation may lie below the blanket of scree surrounding the Cagacaron Hills meta-basalt outcrop area, especially immediately to the north.

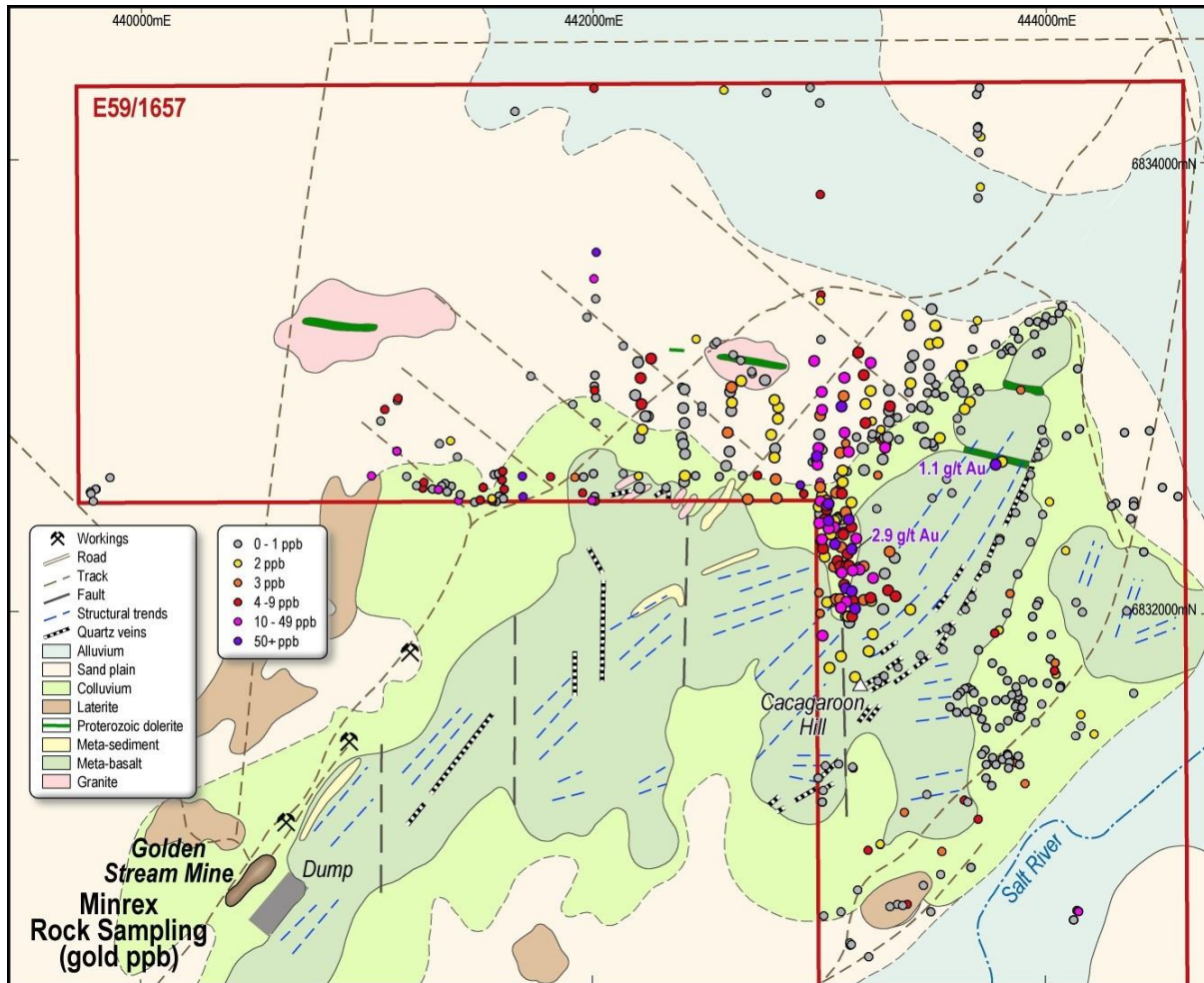


Figure 10: Plan showing the geology and all rock sample results to date, in E59/1657.

It is anticipated that the next stage of work at the Deflector Extended Gold Project will comprise a shallow, vertical aircore drilling program of lines of holes within this anomalous area. Commencement of the heritage survey process, with archaeological and ethnographic surveys over the proposed drilling areas will commence in 2018, along with the collection of further surface rock and soil samples, with a view to further pin pointing the most anomalous areas for subsequent drilling. This work will concentrate on the defined anomalous zones, but also include some further reconnaissance work elsewhere in the Deflector Extended Gold Project.

Heemskirk Tin Project

The Heemskirk Tin Project lies in exploration licence EL18/2011, on the west coast of Tasmania. MinRex has now held its Heemskirk Tin Project since 2012 and has been successful in identifying a number of the old tin workings, dating from the 1870's-1880's, and has collected a total of 129 stream sediment concentrate samples, 99 rock chip samples and 78 soil samples, for a total of 306 samples (Figure 11), in a search for large low-grade, or smaller, high to medium-grade tin deposits

Work is now on-going to collate the exploration results to date and plan for the next stage of exploration, with a new field program now being considered. This new program is likely to include extending the stream sediment concentrate sampling into the north-western zone of the project area.

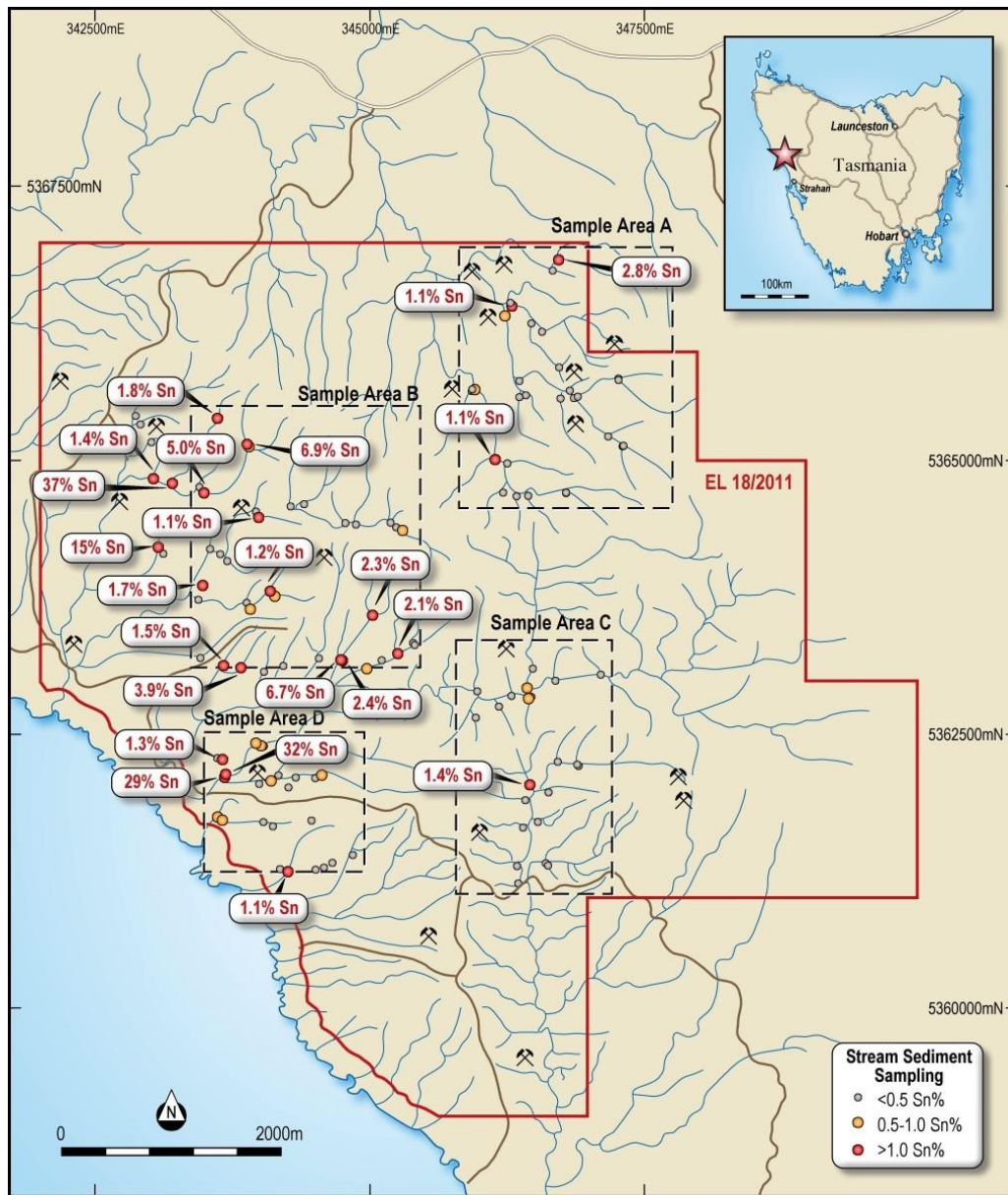


Figure 11: Plan of all Panned-Concentrate Stream Sediment Assay Values from Heemskirk

MinRex Tenement List

Region	Project	Tenement	Area approx.	Grant Date	Expiry Date	Interest	Holder
Pilbara	Daltons	E45/4681	9 km ²	13-07-17	12-07-22	70%	Sorrento Resources PL
Pilbara	Bamboo Creek	E45/4560	69 km ²	27-10-17	26-10-22	70%	Sorrento Resources PL
Pilbara	Bamboo Creek	E45/4853	6 km ²	11-10-17	10-10-22	70%	Elysian Resources PL
Pilbara	Marble Bar	P45/3039	8.26 ha	Pending	-	70%	Richard Parker
Pilbara	Marble Bar	P45/3040	3.03 ha	Pending	-	70%	Richard Parker
Murchison	Deflector Ext.	E59/1657	15 km ²	12-07-11	11-07-21	100%	MinRex Resources Ltd
Tasmania	Heemskirk	EL18/2011	9 km ²	03-04-11	02-04-18	100%	MinRex Resources Ltd

As the acquisition of the Pilbara tenements was only settled after period end, those tenements currently remain under the title of the vendors.

Follow-up Exploration Activities

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

East Pilbara Gold Projects

Once the final conditions precedent to the settlement of the acquisition of the East Pilbara Gold Project tenements are completed, as expected in the near future, MinRex will commence exploration and field work on these highly prospective tenements. Data compilation and assessment of previous exploration work is currently underway, along with an assessment of the successful results from the December 2017 due diligence site inspection and prospecting activities. Field exploration work will commence in the Pilbara, as soon as is practicable following settlement.

Deflector Extended Gold Project

The excellent results from the November 2017 rock sampling program are being assessed and further field work will be planned to follow up in the areas with anomalous results. It is anticipated that the next stage of work at the Deflector Extended Gold Project will comprise a shallow, vertical aircore drilling program of lines of holes within this anomalous area. Commencement of the heritage survey process, along with archaeological and ethnographic surveys over the proposed drilling areas will commence in 2018, in conjunction with the collection of further surface rock and soil samples, with a view to better pinpointing the most anomalous areas for subsequent drilling. This work will concentrate on the defined anomalous zones, but also include some further reconnaissance work elsewhere in the Deflector Extended Gold Project.

Heemskirk Tin Project

Assessment of the stream sediment, rock and soil sampling results received to date is ongoing and follow up sampling at the identified old mine workings is being considered.

Competent Persons Statement:

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Kieron Munro, a Competent Person who is a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Munro is employed as an independent geological consultant by MinRex and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 27 February 2018, the Company announced that it had settled the acquisition of a 70% interest in the highly prospective East Pilbara tenements, on the terms previously announced to the market on 27 November 2017. Work has already commenced on an initial program of works, with the collation and review of historical data.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors, Ernst & Young, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is disclosed on page 12 of this report and forms part of this Directors' Report for the half-year ended 31 December 2017.

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

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



Simon Durack
Executive Director

West Perth, 14 March 2018



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

As lead auditor for the review of MinRex Resources Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

T G Dachs
Partner
14 March 2018

Statement of Comprehensive Income For the half-year ended 31 December 2017

		31-Dec 2017 \$	31-Dec 2016 \$
	Note		
Revenue from ordinary activities			
Interest income		4,987	5,978
Expenditure			
Depreciation and amortisation		(1,939)	(3,087)
Corporate expenses		(125,510)	(131,703)
Exploration, evaluation & development expenditure		(44,905)	(43,615)
Management and administration expenses		(213,292)	(137,636)
Total expenditure		(385,646)	(316,041)
(Loss) from ordinary activities before income tax expense		(380,659)	(310,063)
Income tax expense		-	-
Net (loss) attributable to the members of Minrex Resources Limited		(380,659)	(310,063)
Other comprehensive income			
Other comprehensive income		-	-
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss) for the half-year		(380,659)	(310,063)
(Loss) per share:			
Basic loss per share attributable to the ordinary equity holders of the company (cents)	6	(0.007)	(0.009)
Diluted loss per share attributable to the ordinary equity holders of the company (cents)	6	(0.007)	(0.009)

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

Statement of Financial Position

As at 31 December 2017

		31-Dec 2017 \$	30-Jun 2017 \$
	Notes		
Current Assets			
Cash and cash equivalents		3,006,280	1,129,876
Other receivables		44,122	24,236
Prepayment		19,857	7,184
Total Current Assets		3,070,259	1,161,296
Non-Current Assets			
Exploration, evaluation and development expenditure	4	100,000	-
Property, plant and equipment		-	1,939
Total Non-Current Assets		100,000	1,939
Total Assets		3,170,259	1,163,235
Current Liabilities			
Trade and other payables		52,431	37,313
Total Current Liabilities		52,431	37,313
Total Liabilities		52,431	37,313
Net Assets		3,117,828	1,125,922
Equity			
Issued capital	5	6,923,949	4,551,382
Accumulated losses		(3,806,121)	(3,425,460)
Total Equity		3,117,828	1,125,922

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 2017

		31-Dec 2017 \$	31-Dec 2016 \$
	Note		
Cash flows from operating activities			
Interest received		4,987	5,702
Payments for exploration, evaluation and development expenditure		(44,905)	(43,615)
Payments to suppliers and employees		(356,245)	(319,903)
Net cash used in operating activities		(396,163)	(357,816)
Cash flows from investing activities			
Deposit paid for tenement acquisition	4	(100,000)	-
Net cash used in investing activities		(100,000)	-
Cash flows from financing activities			
Proceeds from issue of shares		2,444,902	950,906
Payments for share issue costs		(72,335)	(9,097)
Net cash from financing activities		2,372,567	941,809
Net increase in cash and cash equivalents held		1,876,404	583,993
Cash and cash equivalents at the beginning of the half-year		1,129,876	852,293
Cash and cash equivalents at the end of the half-year		3,006,280	1,436,286

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 2017

	31-Dec 2017 \$	31-Dec 2016 \$
Issued capital		
Opening balance at 1 July	4,551,382	3,609,573
Issue of shares during the period	2,444,902	950,906
Share issue costs	(72,335)	(9,097)
Closing balance at 31 December	<u>6,923,949</u>	<u>4,551,382</u>
Accumulated losses		
Opening balance at 1 July	(3,425,460)	(2,802,167)
Total comprehensive loss for the period	(380,659)	(310,063)
Closing balance at 31 December	<u>(3,806,121)</u>	<u>(3,112,230)</u>
Total Equity	<u>3,117,828</u>	<u>1,439,152</u>

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

MinRex Resources Limited

Notes to the half-year financial statements

1. Corporate Information

MinRex Resources Limited (“MinRex” or “the Company”) is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. These financial statements are presented in Australian dollars. The condensed financial report was authorised for issue in accordance with a resolution of the Directors on 14 March 2018.

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 half-year ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included within the 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 as the full financial report.

This half-year financial report should be read in conjunction with the Company’s most recent annual report for the year ended 30 June 2017. It is also recommended that the half-year financial report be considered together with any public announcements made by MinRex during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The half-year financial report has been prepared on an accruals basis and is based on historical costs.

(b) New and Amended Accounting Standards and Interpretations

Since 1 July 2017, the Company has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on 1 July 2017. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Company. The accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Company’s general purpose financial report for the year ended 30 June 2017, except for those noted above. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Segment Information

For management purposes, the Company is organized into one main operating segment, which involves 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.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the half-year financial statements.

MinRex Resources Limited

Notes to the half-year financial statements

4. Exploration, evaluation and development expenditure

	31-Dec 2017 \$	30-Jun 2017 \$
Exploration, evaluation and development assets		
(a) Area of interest:		
Deflector Extended Gold Project - Western Australia	-	-
Heemskirk Tin Project - Tasmania	-	-
East Pilbara Gold Project – Western Australia ¹	100,000	-
Carrying amount at end of half-year	100,000	-
(b) Reconciliation:		
Carrying amount at beginning of half-year	-	-
Additions ¹	100,000	-
Carrying amount at end of half-year	100,000	-

1. The expenditure capitalised during the half-year relates to a non-refundable deposit of \$100,000 paid on 28 November 2017 in relation to the East Pilbara Tenements acquisition. The Company's accounting policy is to expense exploration and evaluation costs in the period they are incurred except for acquisition costs which are carried forward where the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* are met. Given the East Pilbara Tenements acquisition settled on 27 February 2018, the Company made the decision to capitalise the acquisition costs incurred pre-31 December 2017 in relation to the acquisition.

5. Issued Capital

	31-Dec-2017	31-Dec-2017
Ordinary shares	No.	\$
Issued and fully paid	77,127,726	6,923,949
Movements in ordinary shares on issue	No.	\$
At beginning of half-year	36,979,684	4,551,382
Private placement August 2017	5,546,952	277,348
Rights issue	10,782,844	539,142
Placement of shortfall shares	17,568,246	878,412
Private placement November 2017	6,250,000	750,000
Share issue costs	-	(72,335)
At end of half-year	77,127,726	6,923,949

	31-Dec-2017	31-Dec-2017
Options	No.	\$
Options on issue	-	-
Movements in options on issue		
At beginning of half-year	-	-
At end of half-year	-	-

	31-Dec-2016	31-Dec-2016
Ordinary shares	No.	\$
Issued and fully paid	36,979,684	4,551,382
Movements in ordinary shares on issue	No.	\$
At beginning of half-year	21,131,251	3,609,573
Rights issue	15,848,433	950,906
Share issue costs	-	(9,097)
At end of half-year	36,979,684	4,551,382

	31-Dec-2016	31-Dec-2016
Options	No.	\$
Options on issue	-	-
Movements in options on issue		
At beginning of half-year	16,625,000	-
16,625,000 20 cent options expired unexercised on 11 July 2016	(16,625,000)	-
At end of half-year	-	-

MinRex Resources Limited

Notes to the half-year financial statements

6. Loss per share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

The basic and diluted loss per share are the same as there are no instruments on issue that have a dilutive effect on the loss per share.

	For the half- year ended 31 December 2017 \$	For the half- year ended 31 December 2016 \$
Net loss attributable to ordinary shareholders	(380,659)	(310,063)
Weighted average number of ordinary shares ¹	56,291,875	36,373,460
Basic and diluted loss per ordinary share	(0.007)	(0.009)

¹ The weighted average number of ordinary shares for the half-year ended 31 December 2016 was adjusted for the bonus element of the shares subscribed for on 4 July 2016.

7. Events Subsequent to Balance Date

On 27 February 2018, the Company announced that it had settled the acquisition of a 70% interest in the highly prospective East Pilbara tenements, on the terms previously announced to the market on 27 November 2017. Work has already commenced on an initial program of works, with the collation and review of historical data.

8. Contingent Liabilities

As at the date of this report, no contingent liabilities had been identified in relation to the half-year ended 31 December 2017.

9. Capital Commitments

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

- 1) Deflector Extended Gold project (E59/1657): \$30,000
- 2) Heemskirk Tin Project (EL 18/2011) : \$57,200

10. Lease Commitments

The Company maintains an office in the same premises it previously occupied at an annual rental of \$18,000 per annum plus outgoings and the tenancy is held on a flexible basis.

MinRex Resources Limited

Notes to the half-year financial statements

11. Financial Assets and Financial Liabilities

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 2017 due to their short term nature.

12. Related Party Transactions

During the period under review, Mr Simon Durack, who is an Executive Director of the Company, was engaged on a consultancy basis to assist with the preparation of disclosure documents and the review and analysis of corporate opportunities and charged the Company a fee of \$7,500 (for the half-year ended 31 December 2016: \$9,000) for services rendered in this regard, over and above other services provided.

During the period under review, Mr Robert Downey, who was a non-executive Director of the Company for the entire period, was engaged on a consultancy basis to assist the Company with the preparation of disclosure documents and charged the Company \$2,047 (for the half-year ended 31 December 2016: \$2,000) for services rendered in this regard, over and above other services provided.

There are no other related party transactions during the period apart from the payment of directors' fees to three directors amounting to \$59,454 (for the half-year ended 31 December 2016: \$54,000).

MinRex Resources Limited

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company 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 2017 and of its performance for the half-year then ended; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (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.

The declaration is signed in accordance with a resolution of the Board of Directors.



Simon Durack
Executive Director

West Perth, 14 March 2018



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Independent auditor's review report to the members of MinRex Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of MinRex Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2017, 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 policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company 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 2017 and of its financial performance for the half-year ended on that date.
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year 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 2017 and its financial 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 the Company, 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.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'T G Dachs', is written over a faint, rectangular stamp.

T G Dachs
Partner
Perth
14 March 2018