

Quarterly Activities and Cash Flow Report

for the Quarter Ended 31 December 2018

21 January 2019

HIGHLIGHTS

- In October 2018 a field team was mobilised to the East Pilbara Projects to commence a four week metal detecting and sampling program, focussing on the gold potential and especially the conglomerate-hosted gold potential.
- During the quarter, five small gold nuggets were recovered at the Marble Bar North (P45/3040) Project area, adding to the six nuggets collected there in the previous metal detecting exercise, in December 2017.
- Gold-bearing quartz rock specimens were also recovered and a buried basal gravel layer, about 30-35cm thick was identified (inP45/3040), which may be the source of the gold nuggets.
- The other East Pilbara Projects were also visited and extensive metal detecting was conducted, but without the recovery of any further nuggets.
- MinRex has received very encouraging exploration results from the four East Pilbara Project exploration programs completed in the past year, with further exploration planned to commence as soon as the weather conditions permit.
- An exploration program was also completed at the Deflector Extended Gold Project, during the current quarter. The program collected a total of 253 new soil samples and 32 rock samples from previously defined anomalous areas.
- This soil sampling was completed on long, east-west lines up to almost 3km in length, with the highest results being 15ppb Au. The 32 rock samples collected returned a best result of 0.13g/t Au.
- MinRex has collected numerous rock, soil and auger drill samples, at the Deflector Extended Gold Project, which collectively have defined significant anomalous zones for further exploration and sampling.
- As at 31 December 2018 the Company had available cash of \$0.930 million .

About MinRex

MinRex Resources Limited (ASX:MRR) ("MinRex" or "the Company") 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 a tin project in Tasmania. During the quarter, the Company carried out exploration programs at its four East Pilbara Project areas and at its Deflector Extended Project.

MinRex currently holds six projects, four in the East Pilbara region of WA – the Daltons Gold Project, the Bamboo Creek Gold Project, the Marble Bar North Gold Project and the Marble Bar South Gold Project, as well as the Deflector Extended Gold Project at Gullewa in Western Australia and the Heemskirk Tin Project on the west coast of Tasmania (Figure 1).

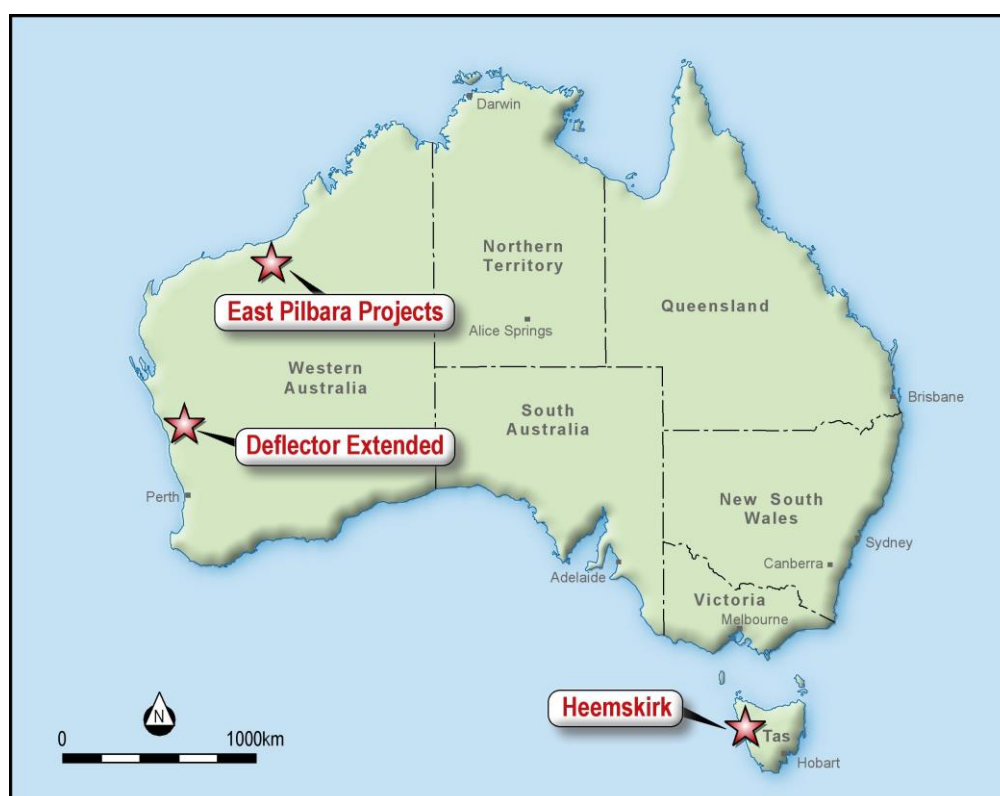


Figure 1: Location of MinRex Project Areas

East Pilbara Gold Projects

MinRex commenced exploration of its East Pilbara Gold Projects in December 2017, with the inaugural program recovering gold nuggets from the Marble Bar North Project (P45/3040), announced in January 2018. Assay results were also announced for ten rock samples collected from the Marble Bar South Project (P45/3039), in February 2018. An additional 190 samples were subsequently collected, during a large detailed surface geological evaluation and sampling program on all four of the East Pilbara properties, in May 2018, and the results of this work were subsequently announced in June 2018. A third exploration program in the East Pilbara was subsequently completed in August 2018, with the collection of a total of 270 rock samples with the results of this work subsequently being announced during September 2018.

During the December 2018 quarter, MinRex completed a fourth evaluation and sampling program at its 70% owned East Pilbara Project tenements (with the full results announced in an ASX release dated 10 January 2019) (Figure 2). During this site visit all of the projects were visited by the same metal-detecting and sampling team that conducted the December 2017 site inspection, field trip evaluation and technical due diligence. The earlier metal detecting work conducted in December 2017, recovered six gold nuggets totalling 22.7g from the Marble Bar North tenement (P45/3040). The team also collected 20 rock chip samples from the Marble Bar South Project area (P45/3039) and also recovered one gold nugget at the Daltons Project exploration licence (E45/4681), as announced on 15 January 2018.

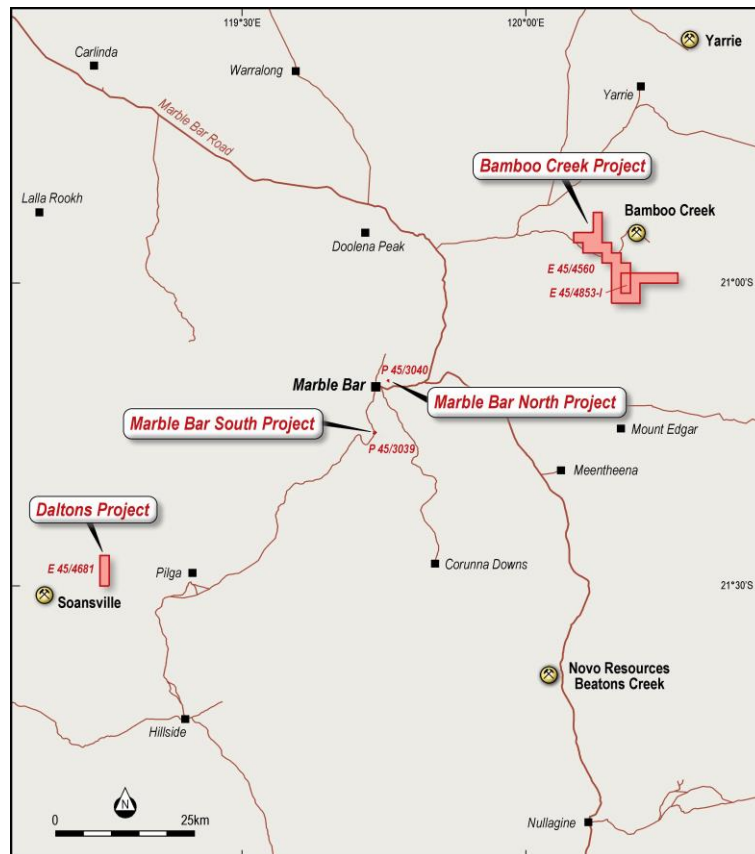


Figure 2: Location of MinRex's four East Pilbara Project Areas

Marble Bar North

At the Marble Bar North Project (P45/3040) a total of five small gold nuggets, totalling 1.5gm in weight were recovered during the recent October 2018 exploration program (Figure 3). Two quartz rock specimens were also collected, which activated the metal detector, and upon close examination were seen to contain small particles of gold on their surfaces (Figure 4).



Figure 3: Photograph showing the gold nuggets recovered in P45/3040 in October 2018



Figure 4: Photograph of a gold-bearing quartz specimen recovered in P45/3040 in October 2018

The plan below (Figure 5) shows the current gold assay results for all 60 rock samples collected at the Marble Bar North Project during 2018, along with the location of the old workings and the six gold nuggets recovered from this licence in December 2017. Some of these assay results have been excellent, with the gold assays varying from 0 ppb Au up to 105g/t Au, with an average for all 60 samples of 5.3g/t Au.

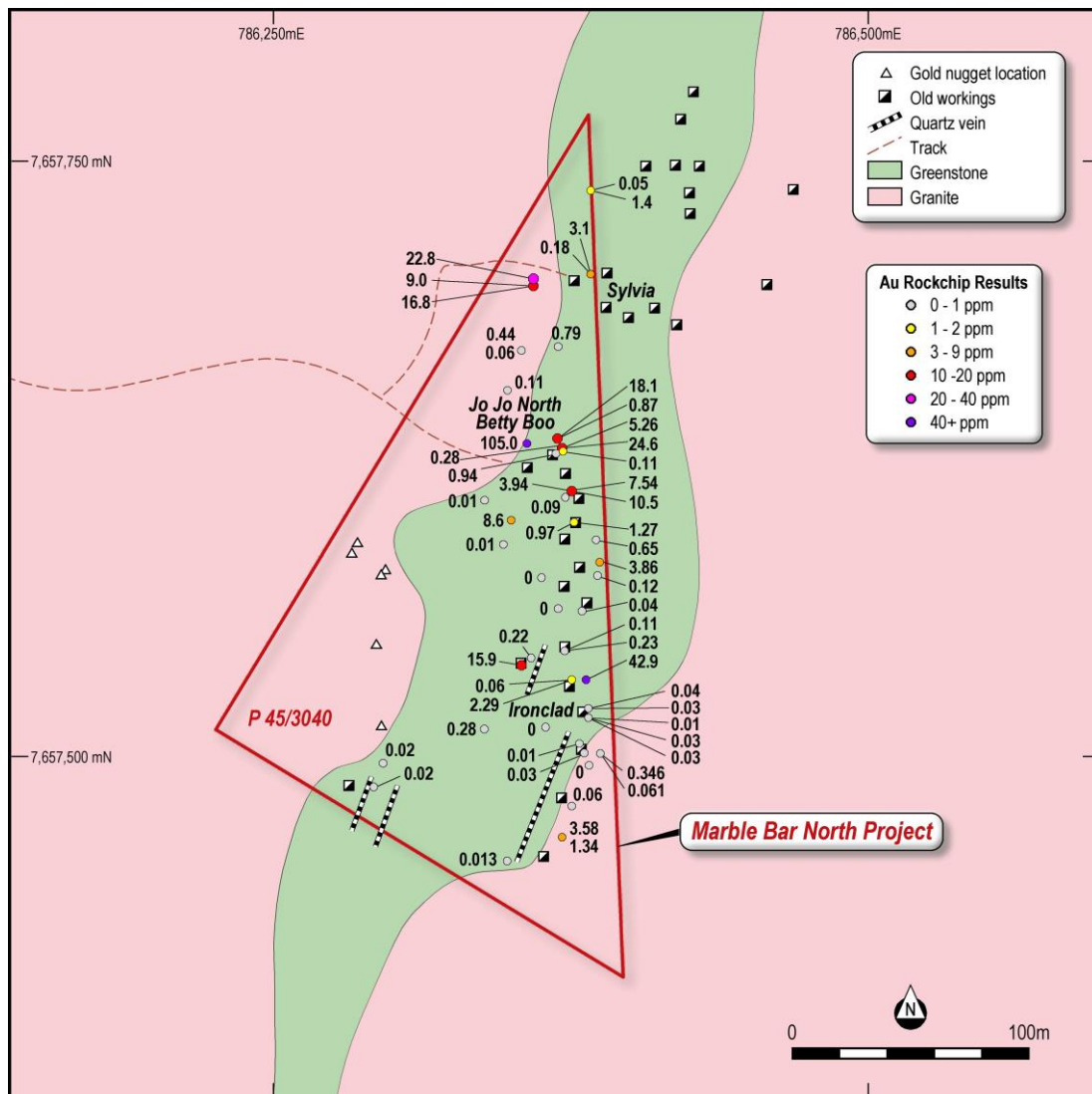


Figure 5: Marble Bar North Project showing workings, nugget finds and all 60 gold assays to date

A total of 11 gold nuggets, weighing 24.2gms have now been recovered, from the western portion of the Marble Bar North Project area (P45/3040). Closer examination of the soil and gravel layers where these gold nuggets were discovered suggests that there is a coarse-grained layer (80-90cm thick) of mainly quartz cobble scree at the surface which overlies a finer-grained, sandy gravel layer (30-35cm thick). This basal layer sits directly on bedrock and is thought to be the layer that hosts the nuggets (Figure 6). Further sampling of this basal gravel layer is planned for subsequent exploration programs.



Figure 6: Photographs of the basal gold-bearing gravel layer in P45/3040

Marble Bar South

At the Marble Bar South Project (P45/3039) extensive metal detecting was again conducted along the ridge line and over the slopes surrounding the old McKays Find gold mine workings (Figure 7). No nuggets were recovered during this work, which was hindered by the extensive amount of metallic rubbish and debris that occurs within this lease area. It is thought that this area has been used as a dumping ground in the past as it contains extensive deposits of old metal, bottles, building materials and other debris.

At the Marble Bar South Project (P45/3039) a total of 70 rock samples have now been collected from conglomerate horizons, in the northern sector of the licence, and from scree, float and outcrops within and around the old workings. Some of these assay results have been excellent, with the gold assays varying from 2ppb Au up to 47.6g/t Au, with an average for all 70 samples of 3.3g/t Au (Figure 8).

This licence contains the old McKays Find mine and this line of old workings runs along a 30-40m high ridge of greenstone rocks which is truncated to the north by the presence of basal Fortescue Group conglomerate rocks (Figure 8). The known gold mineralisation occurs as a 100m long and 2m wide zone of quartz veining, which lies parallel to the regional schistosity. The aim of the current work was to commence testing of other parts of the licence, particularly the conglomerate-bearing areas, for previously undetected gold mineralisation.



Figure 7: The green shading shows areas metal detected in the Marble Bar South area (P45/3039)

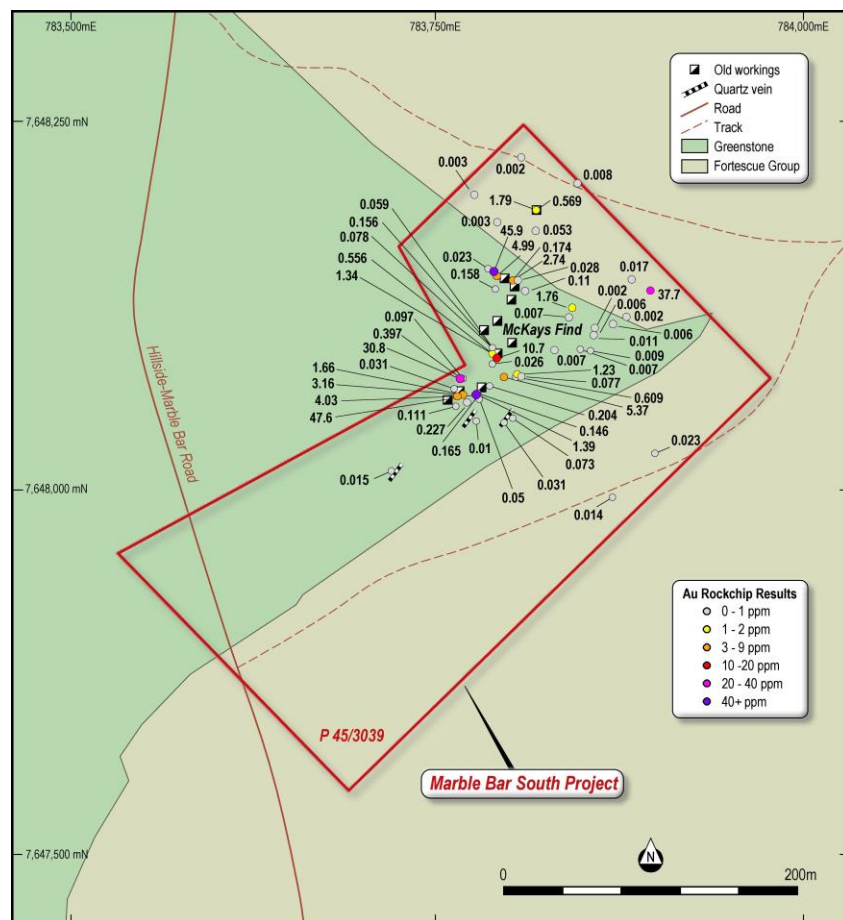


Figure 8: Marble Bar South Project showing geology, workings and all 70 gold assays to date

Daltons Project

At the Daltons Project (E45/4681) extensive metal detecting was again conducted along the entire length of the old workings, some 1,500m of strike length. Again this work was hindered by the presence of metallic debris in the vicinity of most of the old workings (Figure 9). It was also noted that extensive metal detecting had been completed recently by other parties within the area of the old workings. It was recommended that a pattern soil sampling program be completed over the area of the old workings in the project area to better determine the most anomalous areas (Figure 10).



Figure 9: Stopping at the southern end of the workings at the Daltons Project area (E45/4681)



Figure 10: Photograph showing the soil horizons in the vicinity of old workings in E45/4681

Previous work collected 60 rock samples at the Daltons project, from the old mine workings, spoil piles and outcropping quartz veins. The samples returned outstanding results in the gold and copper assays which were up to 163g/t Au and 8.17% Cu, with an average grade of all 60 samples being 9.9g/t Au and 0.49% Cu, and 19 of the 60 samples assaying over 1.0g/t Au (Figure 11).

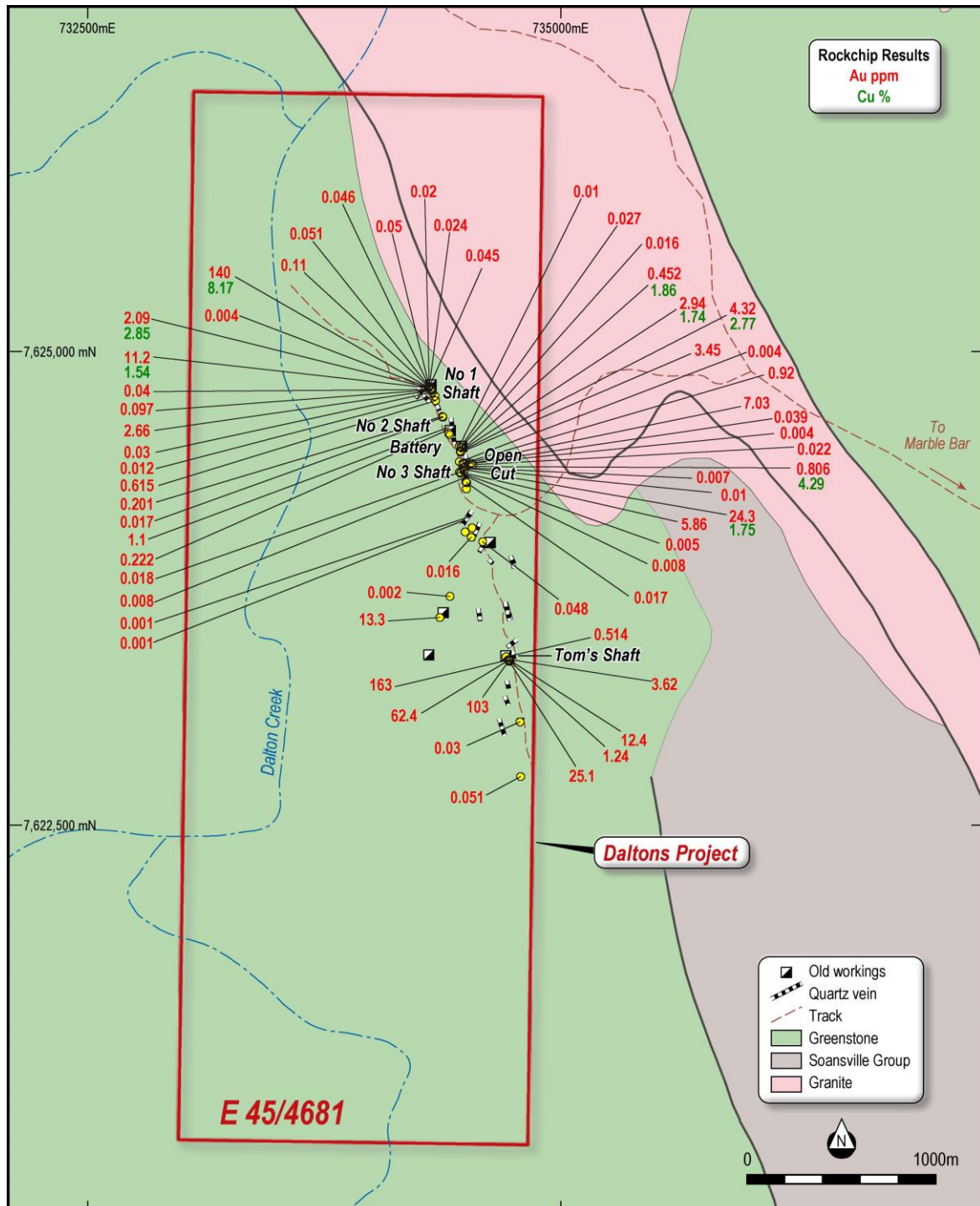


Figure 11: Daltons project E45/4681 showing workings and previous gold assay results

Bamboo Creek Project

A number of anomalous gold assays have been received, from previous sampling programs, from various rock samples collected in the northern portion of the Bamboo Creek Project area, both

along strike from the old Bamboo Creek gold mines and within the quartz vein hosted Norms Find and BC07 prospect areas.

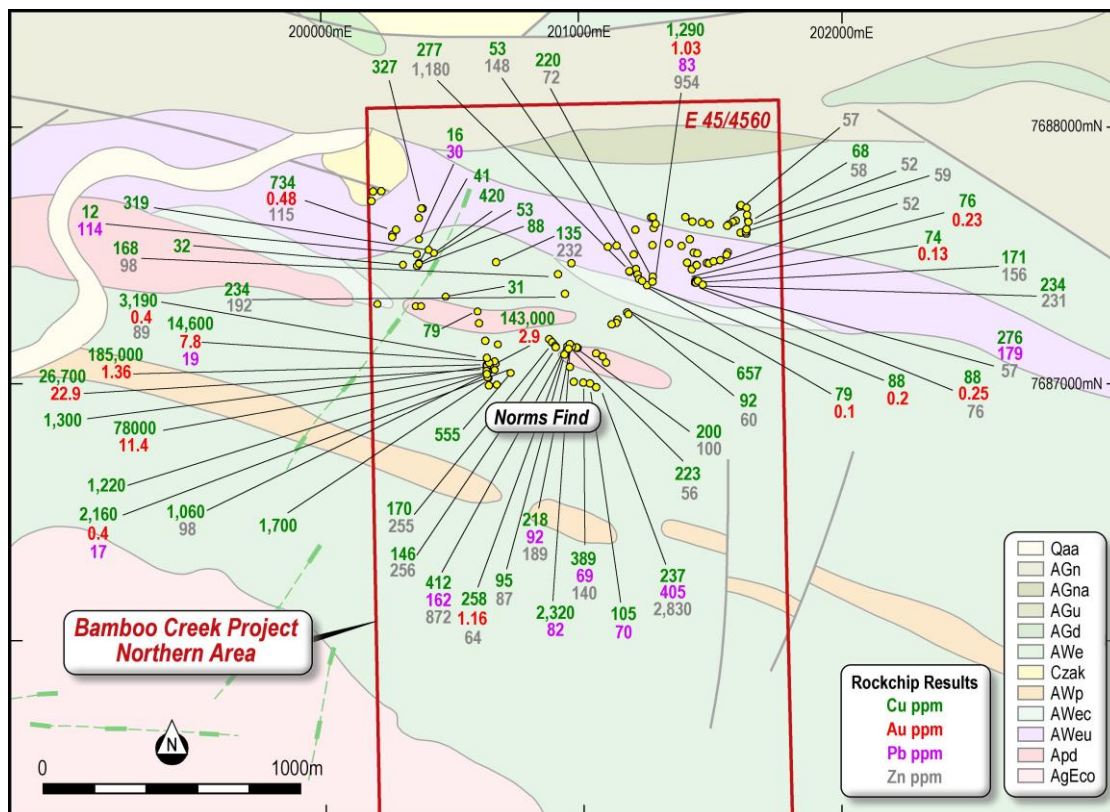


Figure 12: Northern part of the Bamboo Creek project showing the samples collected to date

During this field program, the northern part of the project area was subjected to extensive metal detecting in the vicinity of these previous anomalous results (Figures 13 and 14), but without the recovery of any gold nuggets.

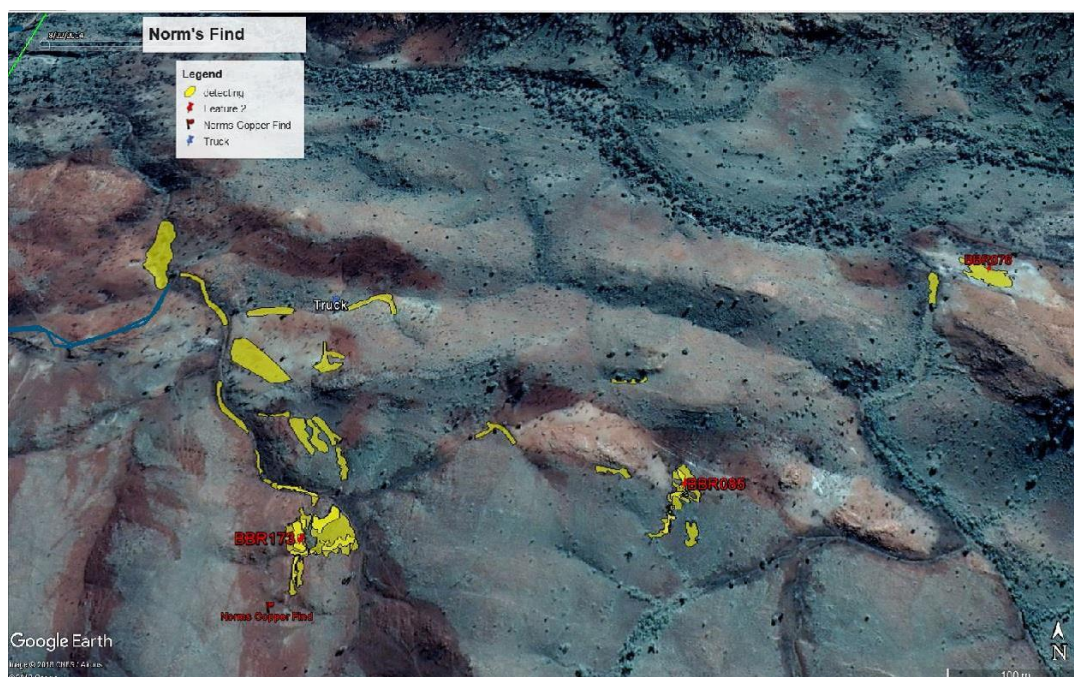


Figure 13: View of areas metal detected in the north of the Bamboo Creek Project (E45/4560)



Figure 14: Surface view of the Norms Find area in the Bamboo Creek Project (E45/4560)

A total of 210 rock samples have been collected by MinRex, in the main Bamboo Creek exploration licence (E45/4560), from multiple areas, which included some of the named prospects such as Norms Find, BC07 and Nobb Hill, as well as various outcrop, float and scree zones. There are no old workings at Bamboo Creek project area, however the 210 samples collected to date were taken at previously identified gold, copper, chrome, nickel and polymetallic prospects, and from outcrop and float. These returned assay values of up to 22.9g/t Au, 42g/t Ag, 18.5% Cu, 0.20% Cr, 0.15% Ni, 0.12% Pb and 0.28% Zn (Figure 12).

East Pilbara Summary

During the December 2018 quarter, extensive metal detecting was completed on all four of MinRex's East Pilbara Project areas. Five small gold nuggets were recovered at the Marble Bar North Project area, along with gold-bearing quartz rocks. Mapping in this area also uncovered a layered, fine-grained basal gravel deposit under a surficial coarse-grained quartz scree deposit. MinRex plans to complete further work on these areas during the next field season.

The lack of nuggets found at other project areas, beyond Marble Bar North, may be due to a variety of factors. Metal debris is abundant in some areas which may be interfering with the metal detector instruments. It is also possible that some gold is present as very fine-grained material and not as larger grains and nuggets that can be detected with metal detecting equipment. It is also possible that previous treatment of surface material and prior metal detecting has depleted any nuggets that may have been present.

During 2019, the next phase of field work in the East Pilbara will include exploration work at all four of MinRex's project areas around Marble Bar. Further rock sampling, soil sampling in colluvium and soil covered areas and detailed geological mapping will be used to better understand these complex gold, base metal and poly-metallic mineralised systems. This work will aim to build on the results received from the previous four exploration programs that MinRex has completed in the area within the past year. MinRex plans to commence this work in March or April 2019, after the current summer hot and wet season in the Pilbara.

Deflector Extended Gold Project

During late September, early October 2018, MinRex completed a new field exploration and sampling program at its Deflector Extended Gold Project at Gullewa, in Western Australia. MinRex's Deflector Extended Gold Project (E59/1657) lies to the northeast of the Doray Minerals Limited 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.

This exploration work included geological mapping and the collection of 253 surface soil samples and 32 surface rock samples. The best rock sample gold result was from a float sample of goethitic meta-sedimentary rock which assayed 0.13g/t Au, from an area of deeper alluvial and colluvial cover to the north of the Cagacaroon Hills outcrop area (Figure 15).

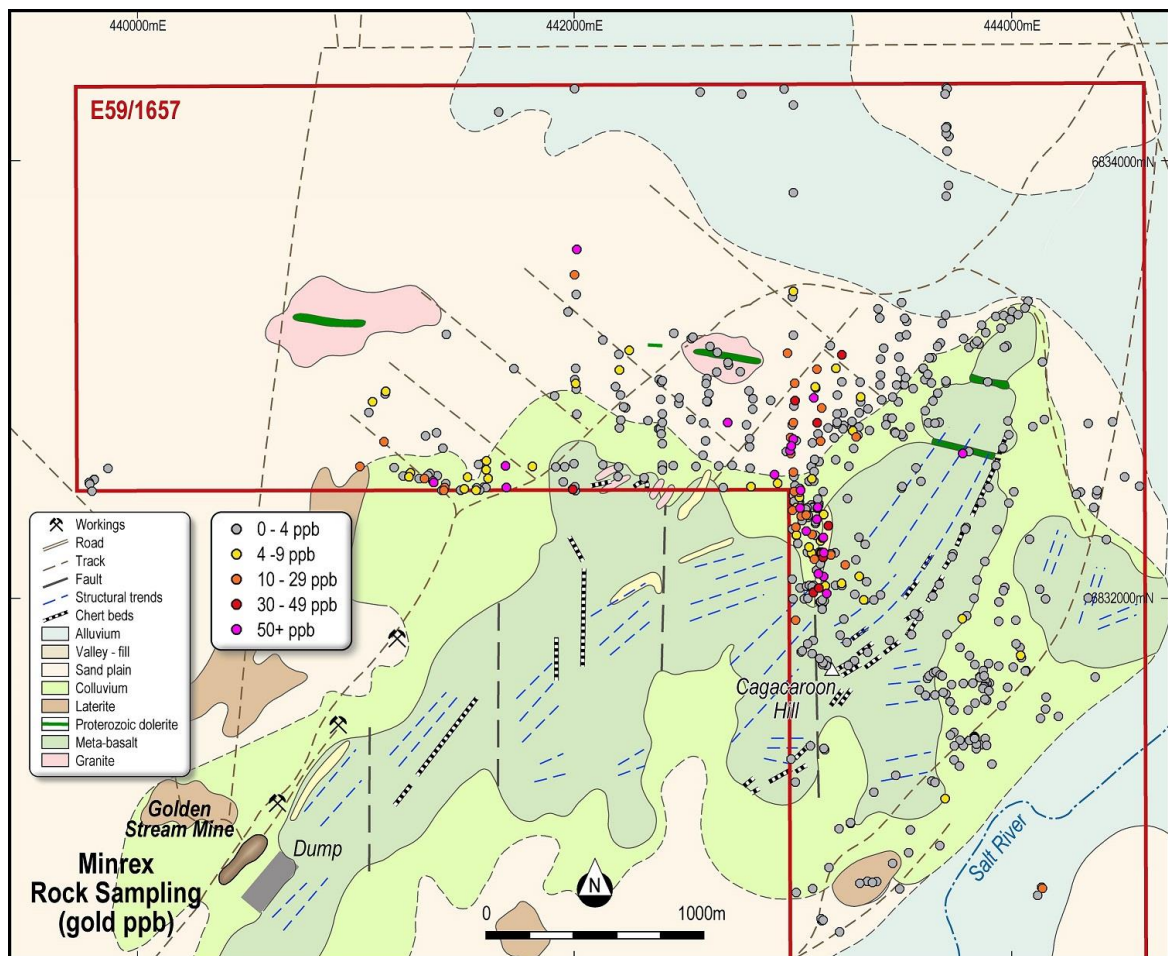


Figure 15: Plan showing the geology and all rock sample assay results, in E59/1657

The soil sampling comprised a number of east-west soil sampling lines to the north of the outcropping Cagacaroon Hills meta-basalt sequence. This area is almost entirely covered by scree, colluvium and alluvium. The assay results were generally low with a highest value of 15ppb being returned in close proximity to outcropping meta-basalt and a meta-shale horizon (Figure 16). Samples on the four long lines, each up to 3km in length, were lower, thought to be due to the deeper cover and their being more diluted with colluvium and alluvium. The higher gold results also tended to correlate with higher base metal results, with assays of up to 92ppm Cu, 143ppm Zn and 84ppm Ni also being returned.

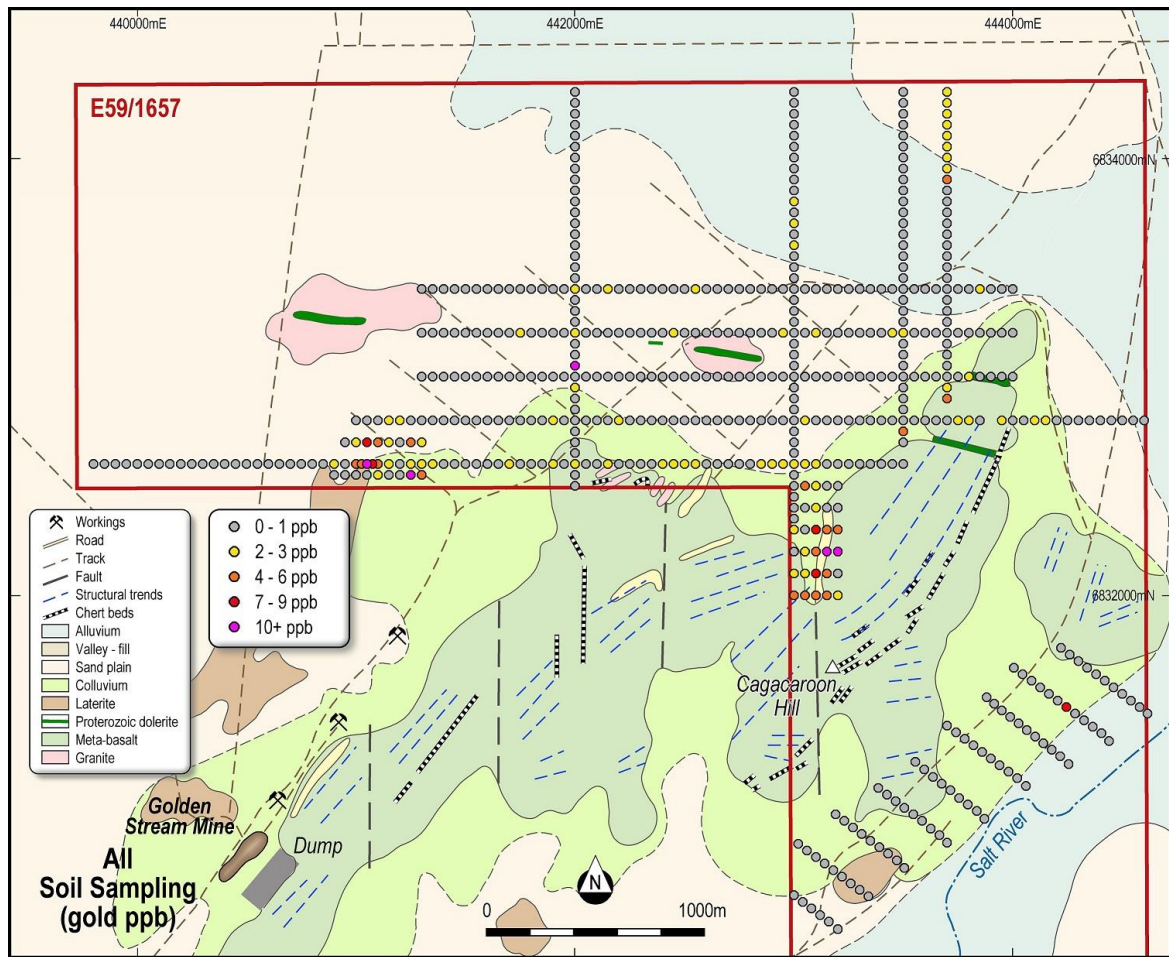


Figure 16: Plan showing the geology and all soil sample gold results, in E59/1657

MinRex has now collected a total of 566 surface rock samples at its Deflector Extended Gold Project, 594 soil samples and 185 auger drill samples, which have defined significant anomalous zones for further exploration 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 assay results from all of the 566 rock samples and 594 soil samples collected by MinRex, including the latest samples, the results of which were detailed in an ASX release on 26 November 2018, are shown in Figures 15 and 16.

The next stage of work at the Deflector Extended Gold Project will include the collection of further surface rock and soil samples, along with the commencement of heritage survey activities, along with archaeological and ethnographic surveys over proposed drilling areas. The field sampling programs will aim to further pin-point the most anomalous areas for the subsequent drilling. This work will concentrate on the already defined anomalous zones, but will 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, in a search for large low-grade, or smaller, high to medium-grade tin deposits.

No field work has been completed on the Heemskirk Tin Project in Tasmania, during the current quarter.

Tenement Information as required by Listing Rule 5.3.3

Region	Project	Tenement	Area approx.	Grant Date	Expiry Date	Change in Holding	Current Interest
East Pilbara	Daltons	E45/4681	9 km ²	13-07-17	12-07-22	-	70%
East Pilbara	Bamboo Creek	E45/4560	69 km ²	27-10-17	26-10-22	-	70%
East Pilbara	Bamboo Creek	E45/4853	6 km ²	11-10-17	10-10-22	-	70%
East Pilbara	Marble Bar South	P45/3039	8.26 ha	02-07-18	01-07-22	-	70%
East Pilbara	Marble Bar North	P45/3040	3.03 ha	02-07-18	01-07-22	-	70%
Murchison	Deflector Extended	E59/1657	15 km ²	12-07-11	11-07-21	-	100%
Tasmania	Heemskirk	EL18/2011	9 km ²	03-04-11	02-04-19	-	100%

Corporate

As at 31 December 2018, the Company had available cash of \$0.93 million.

For further information, please contact:

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simondurack@minrex.com.au

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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MINREX RESOURCES LIMITED and its Controlled Entities

ABN

81 151 185 867

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(63)	(223)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(206)	(394)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(266)	(610)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Acquisition of subsidiaries	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,196	1,540
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(266)	(610)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	930	930

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	930	1,196
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	930	1,196

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

56

-

Payment to directors including non-executive directors' fees and superannuation for the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

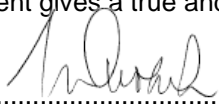
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	90
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	170
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	260

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director)

Date: 21 January 2019

Print name: **SIMON DURACK**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.