

# Quarterly Activities Report

## *for the Period Ended 31 December 2016*

19 January 2017

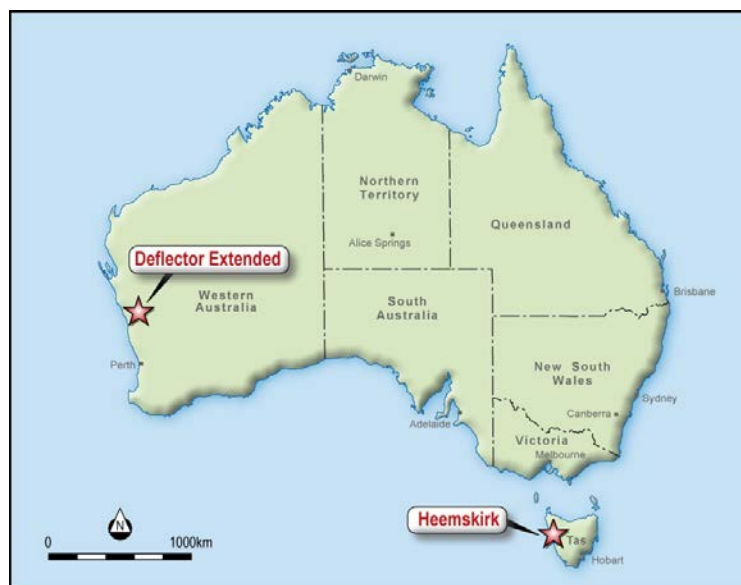
### HIGHLIGHTS

- In December 2016, a field sampling program at MinRex's Deflector Extended Gold Project collected a further 30 rock samples and 120 soil samples. These samples are currently being assayed with results expected in the March 2017 Quarter.
- A field program is planned at the Heemskirk Tin Project in February 2017, to collect samples from a number of the old mine workings that have been identified within the Project area. This work is designed to follow up the April-May 2016 stream sediment sampling program.
- At the end of December 2016 the Company had available cash of \$1.436 million.

### About MinRex

MinRex Resources Limited ("MinRex") is an exploration company, listed on the Australian Securities Exchange, with its present focus being the exploration of gold, base metal and tin projects in Western Australia and Tasmania. The Company is also actively evaluating other exploration and corporate opportunities.

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). Significantly, MinRex's Deflector Extended Gold Project is along strike from Doray Minerals Limited's Deflector Gold Mine, where open-cut and underground mining and ore processing commenced in May 2016. Doray is also actively exploring on its tenements, which adjoin MinRex's Project area, in the Gullewa Mining Centre.



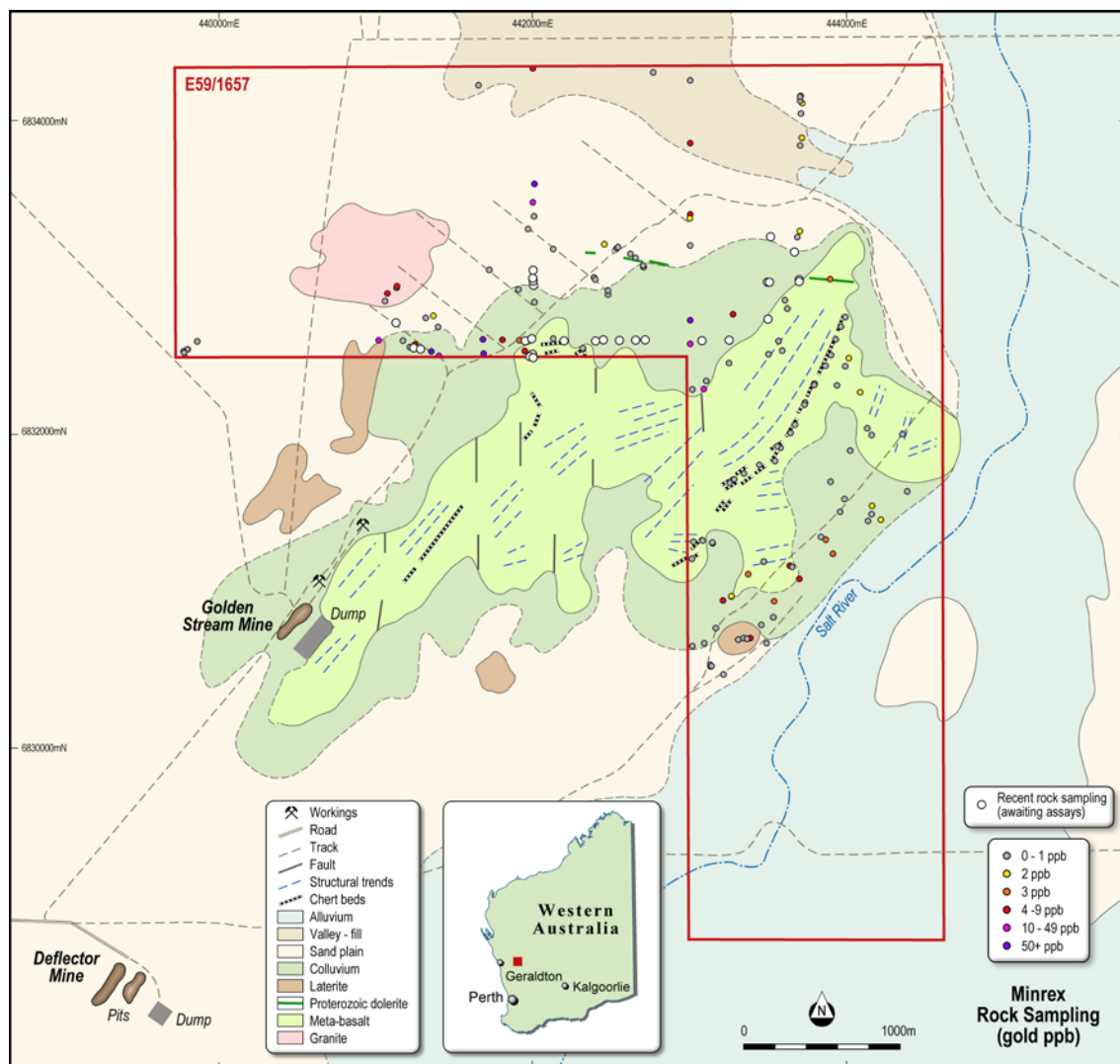
**Figure 1:** Location of MinRex Project Areas

## **Deflector Extended Gold Project**

MinRex's Deflector Extended Gold Project (E59/1657) lies to the northeast of the Deflector Mine (Figure 2), where copper-gold mineralisation occurs in shear zones in meta-basalt, and also the Golden Stream open cut, which has been mined for gold in shear zone-hosted quartz veins in meta-basalt. The Deflector Mine re-opened in May 2016, as an underground mining operation on extensions to the copper-gold sulphide lodes. Both deposits trend towards MinRex's tenement, where deep cover sequences have hindered previous exploration programs.

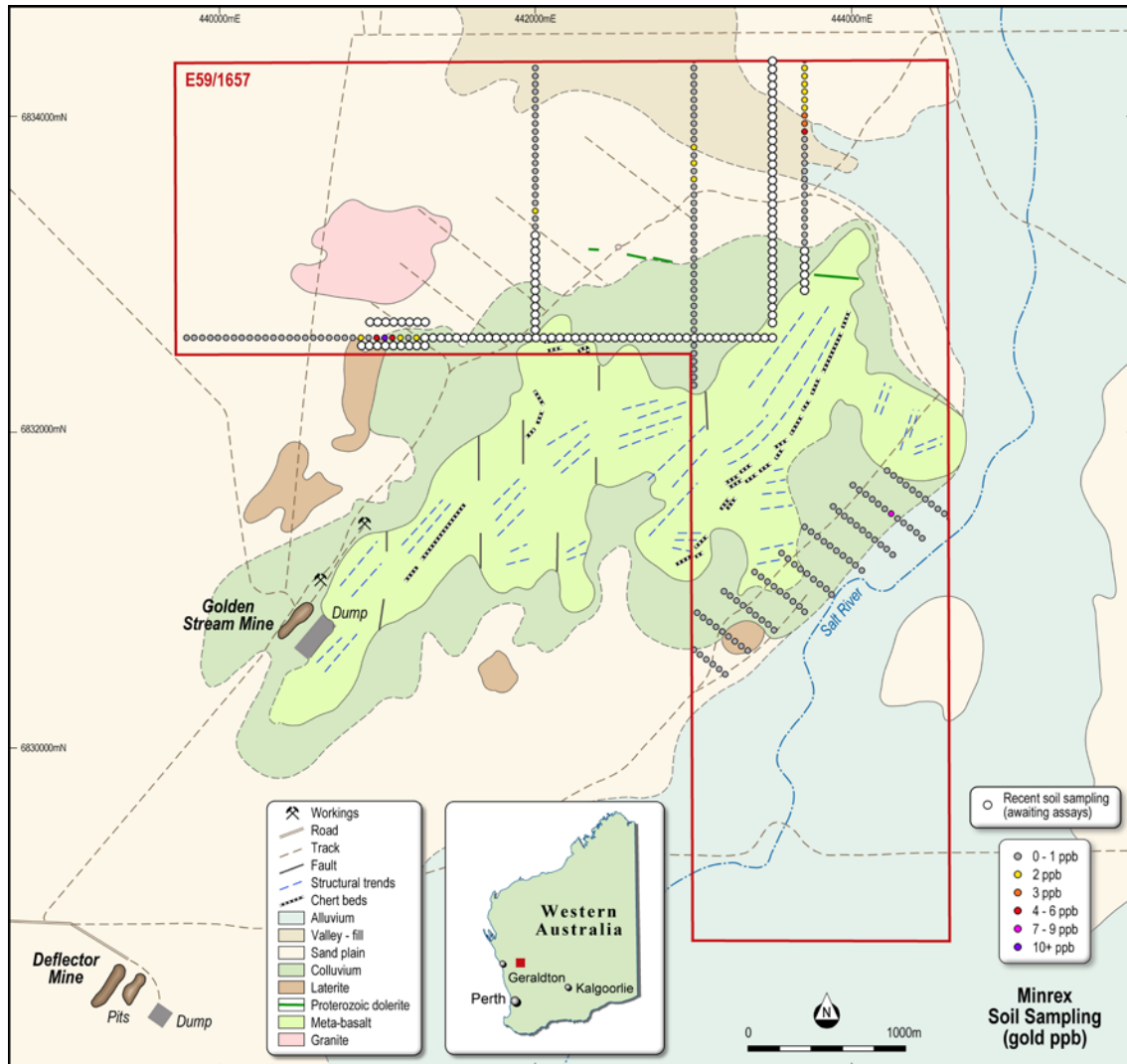
The Deflector Extended Gold Project tenement (E59/1657) has been active for five years and an Extension of Term, for a further five years, was approved by the Department of Mines and Petroleum of Western Australia, in September 2016.

The area of E59/1657 consists of about 15% outcrop of mafic meta-basalts in the Cagacaron Hills area, and about 85% Quaternary cover sediments, plus one or two small areas of granite and laterite. 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.



**Figure 2:** Plan showing the geology and new rock sample locations, in E59/1657

Five surface sampling programs have now been completed by MinRex, within the tenement area, utilizing surface grab samples of outcropping rocks, float and colluvium, chips within unconsolidated sediments, calcrete, ferricrete and sediment (Figure 2). A number of lines of close-spaced, surface soil sampling lines have also been completed, with samples generally at 50m spacing (Figure 3). The assay results from these lines have been analysed to allow interpretation of the position of underlying geological contacts and structures.



**Figure 3:** Plan showing the geology and new soil sample locations, in E59/1657

A field sampling program was completed at the Deflector Extended Gold Project during December 2016, with the collection of a further 30 rock samples and 120 soil samples. The locations of the newly collected samples are shown as white dots on Figure 2 (rock samples) and Figure 3 (soil samples). The assay results for these new samples are expected to be received during the March 2017 Quarter.

### **Heemskirk Tin Project**

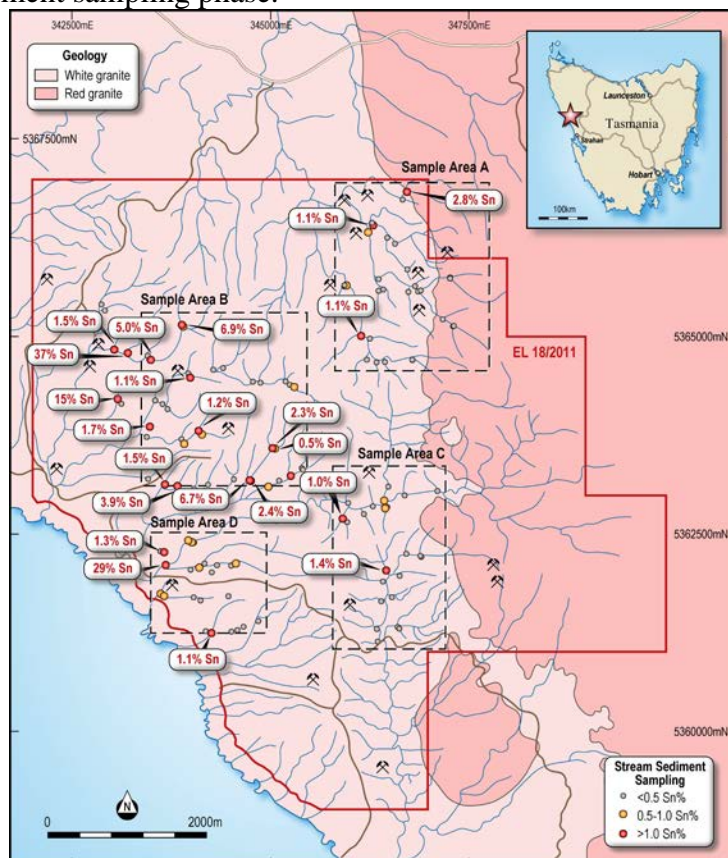
A large number of small, rich tin deposits were worked in the Heemskirk Tin Project area of Tasmania some 100-140 years ago (Figure 4), with very little exploration or mining having been completed in the area in the subsequent period. MinRex has now held this area since 2012 and has been successful in identifying a number of the known old workings (e.g. Peripatetic, McGuinness, St Dizier, Fisher & Smith and Morrisby mines,

etc.) and has collected a total of 173 samples within the Heemskirk Tin Project tenement for analysis for multiple elements, including tin and tungsten.



**Figure 4:** Plan showing some of the old workings in the Heemskirk Project Area

A total of 122 of these samples were stream sediment concentrate samples, collected from four prospective zones (Areas A – D) within the tenement. The results from these stream sediment concentrate samples are presented below, with the assay results over 1% tin highlighted in red (Figure 5). The samples have been hand panned to concentrate heavy minerals and are therefore higher grade than the original in-situ stream sediments. Nonetheless, it is thought that the higher grade samples will directly correlate with the bedrock areas with the highest distribution of contained tin minerals (cassiterite). A number of old workings have now been identified and access to these established during the stream sediment sampling phase.



**Figure 5:** Plan of the Panned-Concentrate Stream Sediment Assay Grades from Heemskirk



The April-May 2016, field sampling program was the final phase in the stream sediment concentrate sampling of the four prime target areas (A-D Areas). A follow up field program is now planned to commence in February 2017, to sample the old workings which have been identified within these priority target areas (Figure 6).



**Figure 6:** Old workings at Carn Brea (above) and Peripatetic (below) in EL18/2011, during 2016

It is planned that the next Heemskirk Tin Project field sampling program will commence in February 2017 and that the assay results from the samples collected at the old workings will be received during the March 2017 Quarter.

## **Corporate Opportunities**

The Company is continuing to assess a range of corporate opportunities and this work will continue through the coming period. MinRex is in a good position to consider commercial opportunities as a result of the Company's cash holdings which give it the flexibility to take advantage of available assets.

## **Corporate**

As at 31 December 2016, the Company had available cash of \$1.436 million.

For further information, please contact:

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## **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**

### ABN

**81 151 185 867**

### Quarter ended ("current quarter")

**31 DECEMBER 2016**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (...6...months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(12)	(49)
(b) development	-	-
(c) production	-	-
(d) staff costs	(16)	(30)
(e) administration and corporate costs	(149)	(293)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(175)</b>	<b>(367)</b>

<b>2. Cash flows from investing activities</b>		
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 (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	951
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	<b>Net cash from / (used in) financing activities</b>	-	<b>951</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,611	852
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(175)	(367)
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)	-	951
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,436</b>	<b>1,436</b>



<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1	2
5.2 Call deposits	1,435	1,609
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,436</b>	<b>1,611</b>

**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**

42

-

-

**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**

-

-

-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Add notes as necessary for an understanding of the position</i>		
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	16
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>266</b>

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

### **Compliance statement**

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



Sign here: .....  
(Director)

Date: 19/01/2017

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.