

28 April 2023

## Initiation of Coverage: Australia's Next World-Class Copper Producer Gets It Just Right

### NEED TO KNOW

- 100%-owned Hillside – significant copper project
- Fully approved with established infrastructure; Tier-1 location
- Potential 30-year plus mine life

**Hillside – a globally significant copper project:** Rex Minerals' (RXM's) 100%-owned Hillside Project is located on the Yorke Peninsula, South Australia (SA), and is one of Australia's largest undeveloped copper projects, with a Resource of 1.9mt of copper (Cu) and 1.5Moz of gold (Au).

**Key hurdles cleared – fully approved and infrastructure in place:** The Hillside project is fully permitted with all major approvals in place. Located in the Tier-1 mining jurisdiction of SA, major infrastructure such as port access and green power is already established.

**Expansion and mine life extension potential:** With an optimised feasibility study in place for a Stage 1 project of 11 years producing 42kt of Cu and 30koz of Au with potential of extending the life to 30 years plus.

### Investment Thesis

**Right project and place – Hillside 100%-owned; SA is a Tier-1 jurisdiction:** Hillside is 100%-owned by RXM and situated in SA, a Tier-1 mining jurisdiction. Hillside is a world-class copper project which is fully permitted and primed for funding and development. The 100% ownership gives RXM funding flexibility, including the ability to source a strategic partner to de-risk the project and reduce RXM's capital requirements.

**Right management – experience counts:** RXM's board and management have broad and lengthy experience in large project development and operations, having held senior positions with companies including Newcrest, Orica, Western Mining and BHP.

**Right commodity – copper: you can't electrify and decarbonise without it:** Copper has high conductivity and is the preferred metal for use in electrical applications. The current decarbonisation and electrification thematics support strong demand and pricing fundamentals for copper in particular as the electrification of vehicles advances.

### Valuation – A\$0.87 per Share – Fully Diluted

Our sum-of-the-parts valuation of A\$0.87 per share is driven by our risked NPV valuation for the Hillside project. We see significant upside from the current share price as RXM first successfully funds and then develops the project.

### Risks

The key risk to our valuation is funding. RXM is looking at a mix of debt, project sell-down and equity capital to fund the project. Failure of any of these components will place at risk the execution of the project. The other key risks relate to timely execution and construction of the project.

### Equities Research Australia

#### Metals and Mining

**Michael Bentley**, Senior Analyst  
michael.bentley@mstaccess.com.au



Rex is developing its 100%-owned Hillside Project, located 12km south of the Ardrossan township on the Yorke Peninsula, South Australia. Hillside is an Iron Oxide Copper Gold (IOCG) deposit in the Gawler Craton.

Hillside is one of the largest undeveloped copper projects in Australia and currently contains a Mineral Resource of 1.9Mt of copper (Cu) and 1.5Moz of gold (Au). In July 2020, Hillside's PEPR for Stage One of the Project was approved by the South Australian Government. Stage One has a 11-year mine life.

<https://www.rexminerals.com.au>

|               |                                 |
|---------------|---------------------------------|
| Valuation     | <b>A\$0.87</b>                  |
| Current price | <b>A\$0.24</b>                  |
| Market cap    | <b>A\$142m</b>                  |
| Cash on hand  | <b>A\$12.8m</b> (31 March 2023) |

**Video Link** – [Interview with Peter Bird, EGM/IR & BD](#)

### Upcoming Catalysts and Newsflow

| Period   |  |
|----------|--|
| 1HCY23   | Potential strategic partner investment into project; Completion of funding |
| Mid CY23 | FID  |

### Share Price (A\$) – 1 Year



Source: FactSet, MST Access.

# FINANCIAL SUMMARY REX MINERALS LTD. Year End 30 June

| REX MINERALS LIMITED              |         |             |        |         |         |         | RXM.AX  |        |         |         |         |       |
|-----------------------------------|---------|-------------|--------|---------|---------|---------|---|--------|---------|---------|---------|-------|
| <b>MARKET DATA</b>                |         |             |        |         |         |         | <b>12-Month Relative Performance vs S&amp;P/ASX Metals &amp; Mining</b> |        |         |         |         |       |
| Share Price                       | A\$/sh  |             |        |         |         |         |   |        |         |         |         |       |
| 52 week low/high                  | A\$/sh  | 0.14 - 0.31 |        |         |         |         |   |        |         |         |         |       |
| Valuation                         | A\$/sh  | 0.87        |        |         |         |         |   |        |         |         |         |       |
| Market Cap (A\$m)                 | A\$m    | 142         |        |         |         |         |   |        |         |         |         |       |
| Net Cash / (Debt) (A\$m)          | A\$m    | 13          |        |         |         |         |   |        |         |         |         |       |
| Enterprise Value (A\$m)           | A\$m    | 129         |        |         |         |         |   |        |         |         |         |       |
| Shares on Issue                   | m       | 593         |        |         |         |         |   |        |         |         |         |       |
| Options/Performance shares        | m       | 36          |        |         |         |         |   |        |         |         |         |       |
| Other Equity                      | m       | 400         |        |         |         |         |   |        |         |         |         |       |
| Potential Diluted Shares on Issue | m       | 1,029       |        |         |         |         |   |        |         |         |         |       |
| <b>INVESTMENT FUNDAMENTALS</b>    |         |             |        |         |         |         | <b>Profit &amp; Loss (A\$m)</b>   |        |         |         |         |       |
|                                   |         | Jun-21      | Jun-22 | Jun-23e | Jun-24e | Jun-25e | Jun-21  | Jun-22 | Jun-23e | Jun-24e | Jun-25e |       |
| Reported NPAT                     | A\$m    | (9)         | (13)   | (9)     | (13)    | (14)    | -   | -      | -       | -       | -       |       |
| Underlying NPAT                   | A\$m    | (9)         | (13)   | (9)     | (13)    | (14)    | (8)   | (13)   | (11)    | (14)    | (14)    |       |
| EBITDA                            |         |             |        |         |         |         | (8)   | (13)   | (11)    | (14)    | (14)    |       |
| EPS Reported (undiluted)          | ¢ps     | (2.4¢)      | (2.3¢) | (1.5¢)  | (1.6¢)  | (1.3¢)  | (0)   | (0)    | (0)     | (0)     | (0)     |       |
| EPS Underlying (undiluted)        | ¢ps     | (2.4¢)      | (2.3¢) | (1.5¢)  | (1.6¢)  | (1.3¢)  | (8)   | (13)   | (11)    | (14)    | (14)    |       |
| Underlying EPS Growth             | %       | 39.1%       | -2.7%  | -35.1%  | 8.8%    | -17.7%  | (1)   | 0      | 2       | 1       | -       |       |
| P/E Reported (undiluted)          | x       | n/m         | n/m    | n/m     | n/m     | n/m     | -   | -      | -       | -       | -       |       |
| P/E Underlying (undiluted)        | x       | n/m         | n/m    | n/m     | n/m     | n/m     | <b>Underlying NPAT</b>  |        |         |         |         |       |
| Operating Cash Flow / Share       | A\$     | (0.01)      | (0.01) | (0.01)  | (0.01)  | (0.01)  | (9)   | (13)   | (9)     | (13)    | (14)    |       |
| Price / Operating Cash Flow       | x       | n/m         | n/m    | n/m     | n/m     | n/m     | Exceptionals  | 0      | -       | -       | -       |       |
| Free Cash Flow / Share            | A\$     | (0.02)      | (0.02) | (0.06)  | (0.28)  | (0.32)  | <b>Reported Profit</b>  |        |         |         |         |       |
| Price / Free Cash Flow            | x       | (13.9)      | (10.8) | (4.2)   | (0.8)   | (0.7)   | (9)   | (13)   | (9)     | (13)    | (14)    |       |
| Free Cash Flow Yield              | %       | -7.2%       | -9.2%  | -23.8%  | -118.7% | -134.3% | <b>Balance Sheet (A\$m)</b>   |        |         |         |         |       |
| Book Value / Share                | A\$     | 0.07        | 0.11   | 0.12    | 0.44    | 0.43    | Jun-21  | Jun-22 | Jun-23e | Jun-24e | Jun-25e |       |
| Price / Book                      | x       | 3.36        | 2.18   | 2.05    | 0.55    | 0.56    | Cash  | 10     | 44      | 10      | 422     | 91    |
| NTA / Share                       | A\$     | 0.07        | 0.11   | 0.12    | 0.44    | 0.43    | Receivables   | 0      | 0       | 0       | 0       | 0     |
| Price / NTA                       | x       | 3.36        | 2.18   | 2.05    | 0.55    | 0.56    | Inventory   | -      | -       | -       | -       | -     |
| Year End Shares                   | m       | 422         | 593    | 593     | 1,029   | 1,029   | PP&E  | 14     | 14      | 39      | 322     | 642   |
| Market Cap (spot)                 | A\$m    | 101         | 142    | 142     | 247     | 247     | Exploration   | 3      | 3       | 16      | 16      | 16    |
| Net Cash / (Debt)                 | A\$m    | 10          | 44     | 10      | 107     | (224)   | Other   | 4      | 5       | 5       | 5       | 5     |
| Enterprise Value                  | A\$m    | 92          | 98     | 132     | 140     | 471     | <b>Assets</b>   |        |         |         |         |       |
| EV / EBITDA                       | x       | n/m         | n/m    | n/m     | n/m     | n/m     | 31  | 67     | 71      | 766     | 755     |       |
| Net Debt / Enterprise Value       |         | (0.1)       | (0.3)  | (0.1)   | (0.8)   | 1.7     | Creditors   | 1      | 1       | 1       | 1       | 1     |
| <b>PRODUCTION AND PRICING</b>     |         |             |        |         |         |         | <b>Cashflow (A\$m)</b>  |        |         |         |         |       |
|                                   |         | Jun-21      | Jun-22 | Jun-23e | Jun-24e | Jun-25e | Jun-21  | Jun-22 | Jun-23e | Jun-24e | Jun-25e |       |
| Copper in Concentrate Production  | kt      | -           | -      | -       | -       | -       | Cash From Operations  | (3)    | (4)     | (11)    | (11)    | (11)  |
| Gold in Concentrate Production    | koz     | -           | -      | -       | -       | -       | Interest  | 0      | 1       | -       | -       | -     |
| Copper Price (US\$/lb)            | US\$/lb | -           | -      | 4.1     | 4.2     | 4.3     | Tax   | 0      | 0       | 2       | 1       | -     |
| Gold Price (US\$/oz)              | US\$/oz | -           | -      | 1,743   | 1,786   | 1,831   | <b>Net Cash From Operations</b>   |        |         |         |         |       |
| AUDUSD                            | :       | -           | -      | 0.70    | 0.70    | 0.70    | (3)   | (4)    | (9)     | (10)    | (11)    |       |
|                                   |         |             |        |         |         |         | Capex   | 0      | (1)     | (12)    | (280)   | (318) |
|                                   |         |             |        |         |         |         | Exploration   | (4)    | (9)     | (13)    | (3)     | (3)   |
|                                   |         |             |        |         |         |         | Investments   | -      | -       | -       | -       | -     |
|                                   |         |             |        |         |         |         | <b>Free Cash Flow</b>   |        |         |         |         |       |
|                                   |         |             |        |         |         |         | Equity  | 19     | 47      | -       | 390     | -     |
|                                   |         |             |        |         |         |         | Borrowings  | (5)    | -       | -       | 315     | -     |
|                                   |         |             |        |         |         |         | Dividend  | -      | -       | -       | -       | -     |
|                                   |         |             |        |         |         |         | <b>Net Increase / (Decrease) in Cash</b>                                |        |         |         |         |       |
|                                   |         |             |        |         |         |         | 7   | 34     | (34)    | 412     | (332)   |       |

Source: RXM; MST Estimates

# Investment Thesis: RXM Has Got It Just Right

## Initiation of Rex Minerals (RXM) - valuation of A\$0.87 per share. Right project – flagship project, Hillside Copper: final investment decision targeted for Mid CY2023

The Hillside Project has an optimised and updated feasibility study completed. Key project metrics include:

- 1.9Mt Cu + 1.5Moz Au Mineral Resource and 0.99Mt Cu and 834koz Au Ore Reserve
- fully permitted with key transport and power infrastructure in place
- Stage 1 (11 years) with annual payable metal of circa 42kt Cu and 30koz Au while only extracting around half of the current Ore Reserve
- pre-production capital cost of A\$854m
- 100% ownership giving funding flexibility, including the potential introduction of a strategic partner
- final investment decision targeted for Mid CY23
- Stage 2 development shows potential for 20+ year operation
- substantial potential for Mineral Resource and Ore Reserve growth, leading to further potential mine life extension and higher production rates.

## Right place – South Australia: a Tier-1 jurisdiction

The Hillside project is located on the Yorke Peninsula in SA, 150km from Adelaide in an established mining area. SA is home to some of Australia's largest mining and energy developments including the BHP's giant Olympic Dam copper/gold/uranium mine, OZ Minerals' Prominent Hill copper mine, iron ore and the huge gas reserves of the Cooper Basin. SA is one of the world's safest jurisdictions in which to operate a mine with established regulations, strong infrastructure, security of tenure and supportive state and federal governments.

## Right management in place – experience counts

RXM's strategy is to rapidly fund and develop the Hillside copper project and take advantage of strong demand for copper and a dwindling supply outlook. RXM's management is experienced in project development and operation globally and has strong on-the-ground experience and established relationships with government, suppliers and community. Chairman Ian Smith and director Greg Robinson are both former CEOs of Newcrest, while CEO Richard Laufmann has extensive global project development experience and has also listed company CEO experience, having run Indophil Resources. The Board and CEO are backed by a team with engineering, geological and financial expertise with up to 45 years' experience in their field.

## ESG – doing the right thing

**Environmental:** Copper has an appealing environmental angle due to it being a crucial input into the major global themes of electrification and decarbonisation. The Hillside project will initially be a large open cut mining operation. RXM will seek to minimise carbon output, will source green power (~70% of the SA electricity grid is renewable, moving to 85% in 2025/26 and 100% by 2030) and will minimise impact to the local community and fully rehabilitate the site at the end of its life.

**Social:** Hillside will provide employment for over 500 people during construction and over 400 during operations (over \$600m in payroll) and contribute over A\$200m in state royalties.

**Governance:** RXM has a strong board structure in place with 5 directors, 3 of which are independent. The board is appropriately qualified for RXM's size and stage of development.

## Right commodities – copper and gold

### Copper: everything electric depends on it

Copper is RXM's primary commodity exposure. Copper has high conductivity and is the preferred metal for use in electrical applications. Copper demand growth will be shaped by copper's role in creating a greener, more sustainable world economy and meeting increased electrical network needs. As an example of the increased usage of copper, an EV uses 80kg of copper vs. 22kg for a petrol engine car

Within this picture of increased demand, global mine supply appears to be contracting. Copper's deep and liquid underlying markets are underpinned by industrial usage, from basic infrastructure investment to advanced high-tech requirements for the electrifying automotive/power generation industries. The constrained supply side of the market gives further potential for strong medium-term copper pricing as global miners try to meet high demand.

## Gold: defensive secondary exposure

The company has secondary exposure to gold, a counter-cyclical defensive asset. Increasing economic and geopolitical instability have reaffirmed gold's position as a store of value and defensive commodity exposure in uncertain times.

## Recent events

- February 2023 – Commenced a formal process to assess partnering options for Hillside
- December 2022 – Hog Ranch gold trend extended
- December 2022 – Decision to move ahead with project financing and operational readiness plans
- December 2022 – Completion of the Optimised Feasibility and Definition Phase Engineering Study
- December 2022 – Updated Mineral Resource and Ore Reserve, first update since 2015
- August 2022 – Theiss appointed to provide mining services at Hillside
- June 2022 – 3D seismic survey indicates a large copper target under Hillside

## Upcoming events

- 2QCY23 – Secure strategic investors/partners and committed funding
- 2QCY23 – Finalise electrical power, water and services agreements
- Mid CY23 – FID
- Ongoing (CY2023) – Continue copper concentrate marketing discussions
- Ongoing (CY2023) – Secure long-lead capital items
- Ongoing (CY2023) – Detailed engineering works (currently underway)
- 1QCY24 – Commence construction

## Valuation – A\$0.87/share (fully diluted)

Our risked NPV for RXM is A\$0.87 per share, fully diluted for remaining equity finance requirements to fund project capital expenditure. The bulk of our sum-of-the-parts-based valuation is contributed by our valuation of Hillside.

## Financials – strategic partnership the key

RXM is conducting a process in which to obtain a strategic investor into the project. If RXM successfully obtains this partner, the funding of the project will be significantly de-risked. As at 31 March 2023, RXM had cash at bank of A\$12.8m, and the company spent ~A\$16.8m in the March quarter. Other potential significant sources of finance could include customer prepayments as part of offtake negotiations and equipment finance packages.

## Key risks

The key near-term risk for RXM is the funding of the project. RXM is seeking a strategic investor into the project, with debt funding and equity capital also contributing to fund the total pre-production capex of A\$854m. Other risks include the ability to execute on the construction of the project, copper prices and any local community issues.

# Asset Overview: Hillside and Hog Ranch

## Hillside: one of Australia's largest undeveloped copper assets; a large resource in a great spot

The 100%-owned Hillside Project is located 12km south of the town of Ardrossan on the Yorke Peninsula, SA, some 155km or 2 hours' drive from Adelaide. Hillside is an iron oxide–copper–gold (IOCG) deposit in the Gawler Craton. Hillside was approved by the South Australian Government in July 2020.

Hillside is one of the largest undeveloped copper projects in Australia and currently contains:

- a Mineral Resource of 1.9Mt copper (Cu) and 1.5Moz of gold (Au)
- an Ore Reserve of 0.99Mt Cu and 834koz Au.

The project has an optimised and updated feasibility study completed. Stage 1 has a 11-year mine life with annual payable metal of circa 42kt Cu and 30koz Au.

The project involves the development of an open pit mine and associated processing plant and other infrastructure to mine and process ore, then ship the marketable concentrates. The capital expenditure for the development of the project is estimated to be A\$854m (US\$598m).

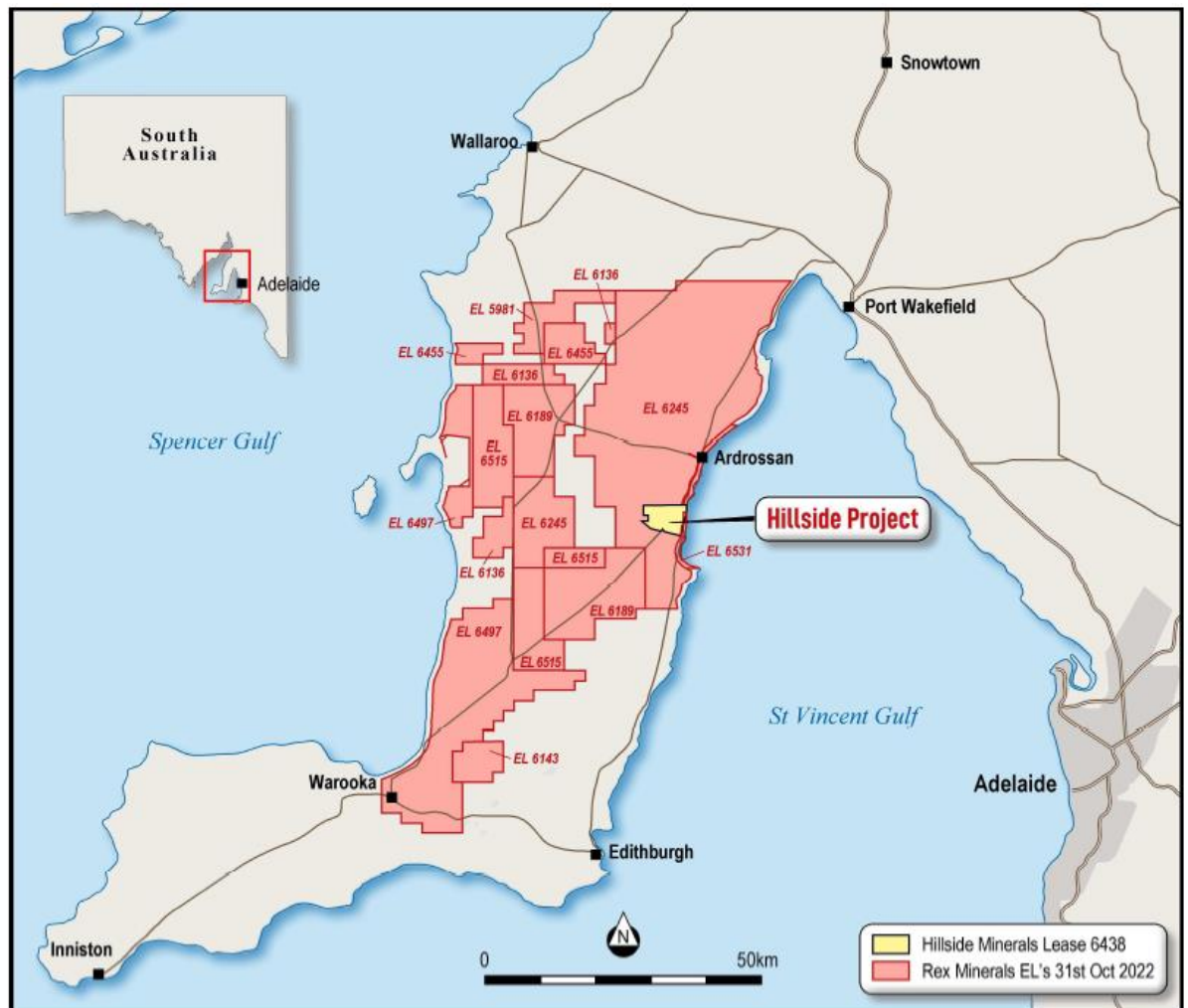
The site has access to mains power through the network grid. Saline bore water will be used for processing and mining operations as per the licence conditions. The final product will be transported via trucks to Port Adelaide.

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Large Resource of 1.9mt Cu and 1.5moz Au to produce ~42kt Cu and 30koz Au annually.

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**Figure 1: Hillside: project location, minerals lease and large exploration licence area**



Source: RXM.

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Resource of 2.3moz of Au,  
located in Nevada

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## Hog Ranch: an attractive option, but Hillside is the key focus

Acquired by RXM in 2019, the Hog Ranch Property is located in north-west Nevada, approximately 270km north of Reno by road (~3.5hrs drive). The Property comprises 1,035 unpatented mining claims on Federal Land for a total area of approximately 8,572 hectares (21,182 acres).

Gold mineralisation at Hog Ranch was first discovered in 1980. Ore was produced from 1988 to 1992. By the end of 1992, the gold price had fallen to US\$333 per ounce and mining was terminated. The total production was 7.7 million tonnes at 1.23 grams per tonne, producing 200,000 ounces of gold.

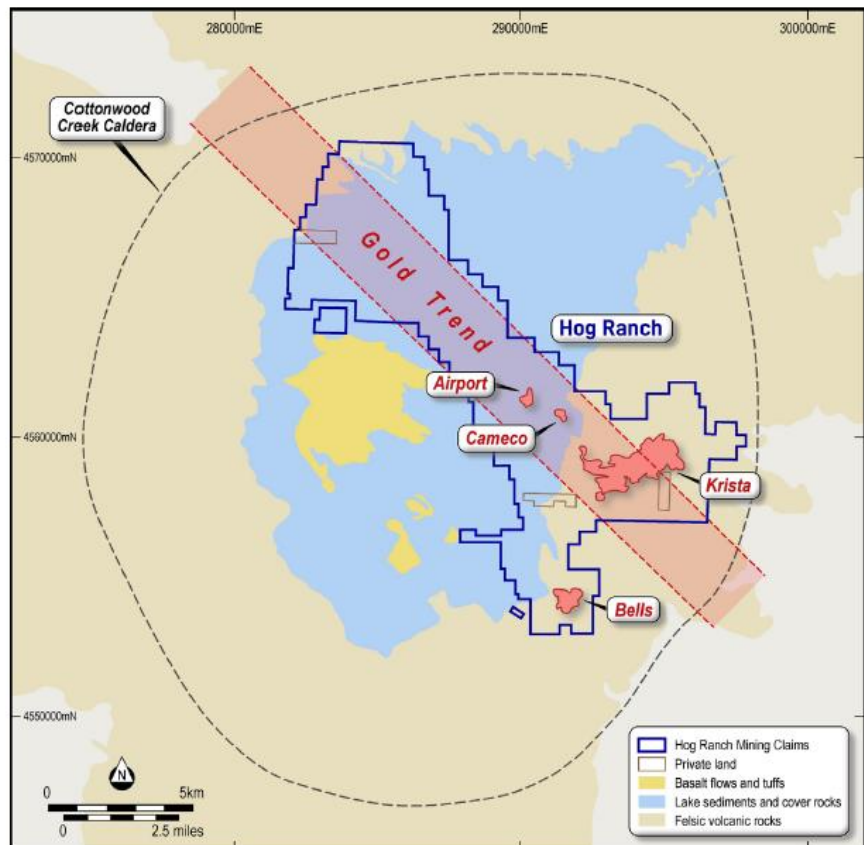
Hog Ranch has a Mineral Resource of 2.3Moz Au, discovered at a cost of US\$0.69/oz and consisting of several prospects: Bells (560koz), Krista (1,580koz) and Central Cameco/Airport (150koz).

**Figure 2: Hog Ranch: property location**



Source: RXM.

**Figure 3: Hog Ranch: mining claims and prospects**



Source: RXM.

# Hillside: The Right Project – Details on the 100%-Owned Flagship Asset

## A brief history – from discovery in 2008 to RXM’s plans in 2022

Copper-gold mineralisation was first discovered at the Hillside Project by RXM in 2008. The Mineral Lease for the Project was granted in 2014. RXM raised funds to drill the deposit, progressing the Project to a maiden Mineral Resource and Feasibility Study in May 2015 and a costing update to the Feasibility Study in 2020. The key SA approval, the Program for Environment Protection and Rehabilitation (PEPR), was obtained in 2020.

In December 2022, RXM updated the Mineral Resource Estimate (MRE), superseding the previously reported MRE for the Hillside deposit from May 2015. An updated Ore Reserve was also announced, superseding the previous Ore Reserve from July 2021. RXM also announced that it would move ahead with project financing and operational readiness plans following completion of the Optimised Feasibility and Definition Phase Engineering Study (OFS).

## The geology – a simple explanation

### Regional geology

The Hillside Mineral Resource is located within the Moonta Subdomain of the Olympic Cu-Au Province of the eastern Gawler Craton of SA, which is host to the Olympic Dam, Prominent Hill, Carrapateena, and Moonta-Wallaroo deposits.

### Well-defined local geology and mineralisation

Copper-gold mineralisation is hosted by a sequence of steeply west-dipping, intensely altered structures. With 800+ drill holes and 240km of core, mineralisation which predominantly strikes north-south has so far been observed over the area of 2.3km north-south length and a 1.2km west-east width. At least 6 main mineralised structures with average true thickness of 27m have been defined. Copper mineralisation within all structures remains open along strike and at depth, from as shallow as 5m below surface to 710m below surface.

**Figure 4: Overview of Hillside showing drilling, plus length and width of mineralisation**



Source: RXM.

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Mineralisation so far been observed over the area of 2.3km north-south length and a 1.2km west-east width

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## The Mineral Resource and Ore Reserves – underpinning the project

In December 2022, RXM updated both the Mineral Resources and Ore Reserves for Hillside.

### Mineral Resource Estimate (MRE) – a significant quantity of copper

The Hillside MRE is 337Mt @ 0.56% copper (Cu) and 0.14g/t gold (Au), containing 1,897kt Cu and 1,528koz Au at a cut-off grade of 0.2% Cu. The size of the resource compares favourably to many comparable copper companies listed on the ASX and supports a large, long-life project.

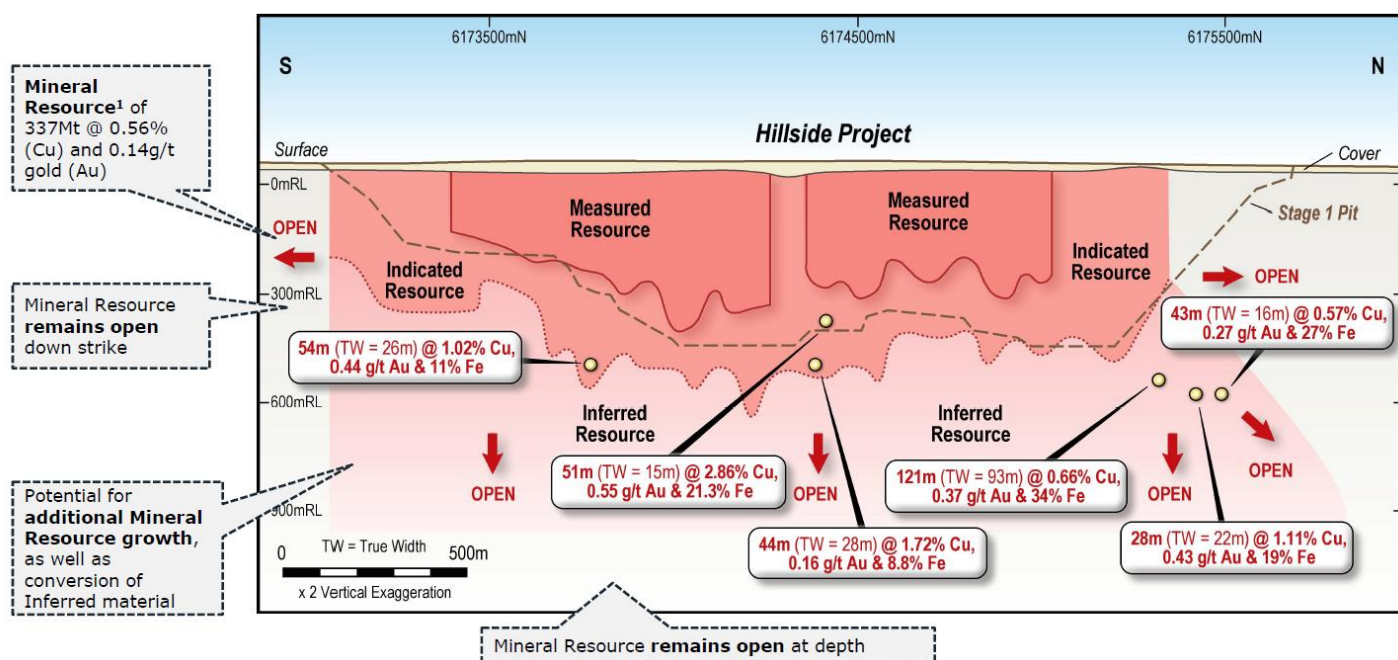
Resource of 337Mt @ 0.56% copper (Cu) and 0.14g/t gold (Au), open in all directions

Figure 5: Updated MRE for Hillside (December 2022)

| Zone               | Resource Category | Tonnes (Mt) | Copper (%)  | Gold (g/t)  | Contained Copper (kt) | Contained Gold (koz) |
|--------------------|-------------------|-------------|-------------|-------------|-----------------------|----------------------|
| Oxide Copper       | Measured          | 16          | 0.54        | 0.22        | 88                    | 114                  |
|                    | Indicated         | 4.4         | 0.49        | 0.12        | 21                    | 17                   |
|                    | Inferred          | 0.2         | 0.76        | 0.22        | 1.6                   | 1.5                  |
| Secondary Sulphide | Measured          | 8.8         | 0.62        | 0.2         | 55                    | 58                   |
|                    | Indicated         | 3.0         | 0.57        | 0.13        | 17                    | 13                   |
|                    | Inferred          | 0.1         | 0.61        | 0.07        | 0.7                   | 0.3                  |
| Primary Sulphide   | Measured          | 47          | 0.54        | 0.16        | 253                   | 248                  |
|                    | Indicated         | 143         | 0.59        | 0.13        | 837                   | 596                  |
|                    | Inferred          | 114         | 0.55        | 0.13        | 623                   | 479                  |
| <b>Total</b>       |                   | <b>337</b>  | <b>0.56</b> | <b>0.14</b> | <b>1,897</b>          | <b>1,528</b>         |

Source: RXM.

Figure 6: Hillside resource details – open in all directions



Source: RXM.

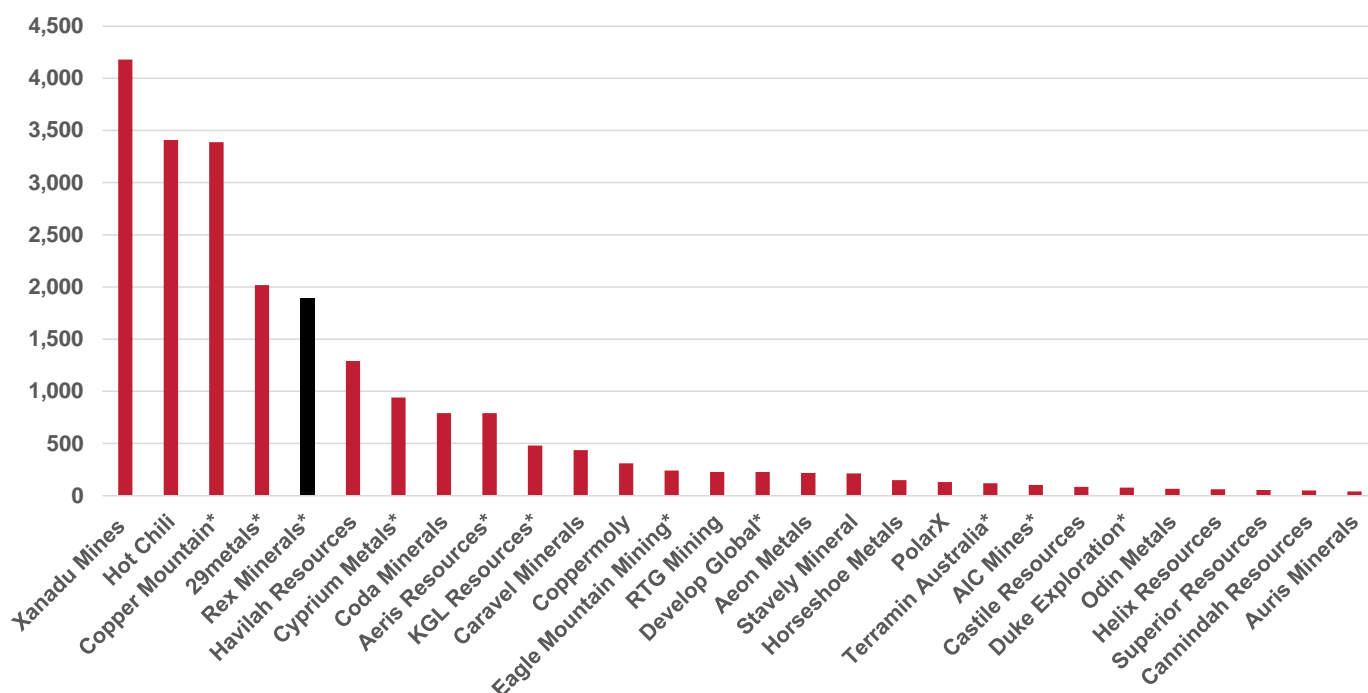
1. Hillside Mineral Resource and Ore Reserve (14 December 2022). Mineral Resources reported above a 0.2% cut-off. Measured and Indicated Resources are rounded up to two significant figures and inferred resources are rounded to one significant figure. Calculations have been rounded to the nearest Mt of ore, 0.01% Cu grade, 0.01g/t gold grade, 1,000t of Cu metal and 1000ozs of gold metal. Some apparent errors may occur due to rounding.



## RXM's Mineral Resource compares favourably to peers

RXM's MRE size compares favourably to a selection of its listed comparables (Figure 7), being only one of 5 peers with over 1 million tonnes of contained copper. We have not included majors such as BHP and Oz Minerals.

Figure 7: RXM comparables: resources – contained copper (kt)



Source: Company reports.

\*Indicates projects have been approved.

## Ore Reserve – supporting a mine life of at least 11 years

The Ore Reserve estimate for the Hillside Project as of December 2022 is 186Mt @ 0.53% Cu and 0.14g/t Au, containing 989kt Cu and 834koz Au.

The updated Ore Reserves are based on the July 2021 Stage 2 Pre-Feasibility Study transition plan. The Stage 2 transition plan is a series of phased pushbacks that begin during the Stage 1 Mine Plan. Stage 1 is approved under the current Program for Environment Protection and Rehabilitation (PEPR). A decision to transition to the Stage 2 Mine Plan could occur by Year 5.

The current Stage 1 plan for RXM is fully permitted and only utilises 50% of the Ore Reserve.

Figure 8: Hillside: Probable and Proven Reserves

| Category     | Tonnes (Mt) | Copper (%)  | Gold (g/t)  | Contained Copper (kt) | Contained Gold (koz) |
|--------------|-------------|-------------|-------------|-----------------------|----------------------|
| Proved       | 61          | 0.50        | 0.16        | 301                   | 307                  |
| Probable     | 125         | 0.55        | 0.13        | 688                   | 527                  |
| <b>Total</b> | <b>186</b>  | <b>0.53</b> | <b>0.14</b> | <b>989</b>            | <b>834</b>           |

Source: RXM.

Ore Reserve 186Mt @ 0.53% Cu and 0.14g/t Au. Current Stage 1 plan for RXM is fully permitted and only utilises 50% of the Ore Reserve

## Optimised Feasibility Study – details show a robust project

In December 2022, RXM completed an Optimised Feasibility and Definition Phase Engineering Study (OFS). The OFS updates a previous Feasibility Costing Update completed in July 2020.

### High-level summary of the OFS

The OFS outlines a robust, long-life project with exploration potential.

- Stage 1 (11 years) lays the foundation for a 20-plus-year operation and extracts around half of the current Ore Reserve
- Substantial potential exists for Resource and Ore Reserves growth, leading to mine life extension and higher processing rates beyond
- Key approvals are in place to allow development and operations to commence
- Estimated pre-production capital cost: A\$854m
- First concentrate delivery: 4QCY25
- Annual payable metal at full production: c. 42kt Cu and 30koz Au
- Stage 1 estimates: NPV of A\$847m (post-tax), 4.3-year payback period, Internal Rate of Return (IRR) of 19%

### A detailed look at the OFS – a robust project defined with significant optionality

The project involves the development of an open pit mine and associated processing plant and other infrastructure to mine and process ore, then ship the marketable concentrates.

#### Mining method – conventional proven open pit mining with a five-phase mine plan

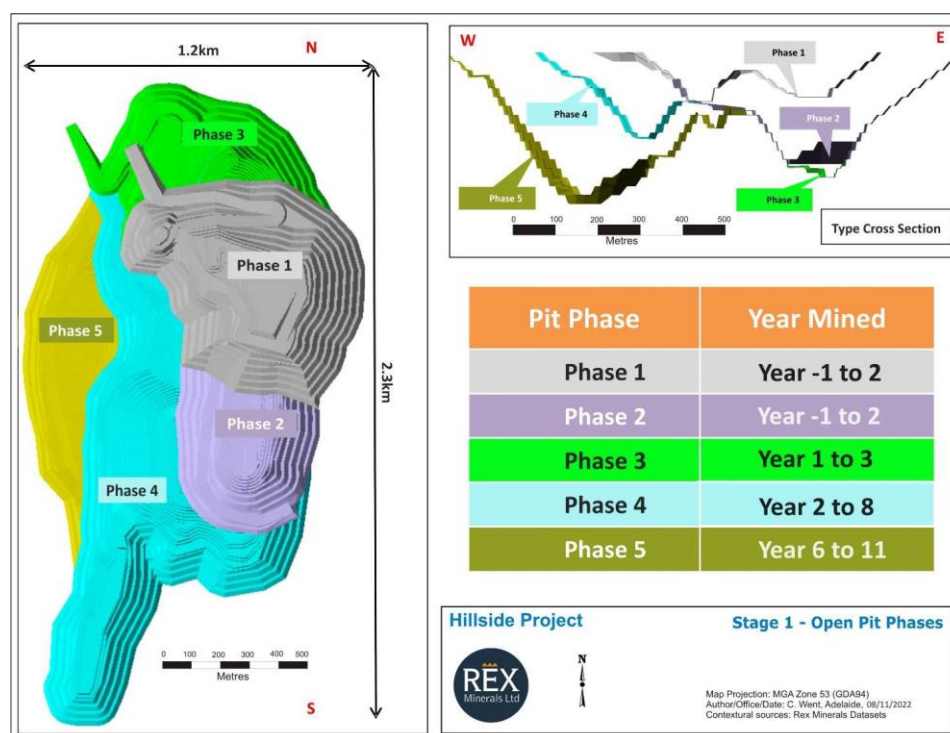
The Ore Reserve estimate was created from a detailed open pit mine design. A pit shell was selected using discounted cash flow methodology from an open pit optimisation as a starting basis for the mine design.

A 24-hour, 7-day per week mining operation is planned with a conventional open pit mining method.

The mining method and equipment selection is designed to maximise bulk material haulage at lowest cost, whilst providing selective extraction where the orebody narrows. The use of hydraulic excavators and trucks for primary haulage, with drill and blast practices for rock breakage and wall control, is industry proven and low risk.

The Stage 1 Mine Plan is designed in five phases (see Figure 9). Drilling and blasting on 10m benches will see material movement of 65m tonnes per year and a strip ratio (waste to ore) of 6.9:1.

**Figure 9: Stage 1 open pit mining plan – 5 phases**



Source: RXM.

Stage 1 (11 years).  
 Estimated Capital cost of  
 A\$854m. NPV of A\$847m  
 (post-tax)

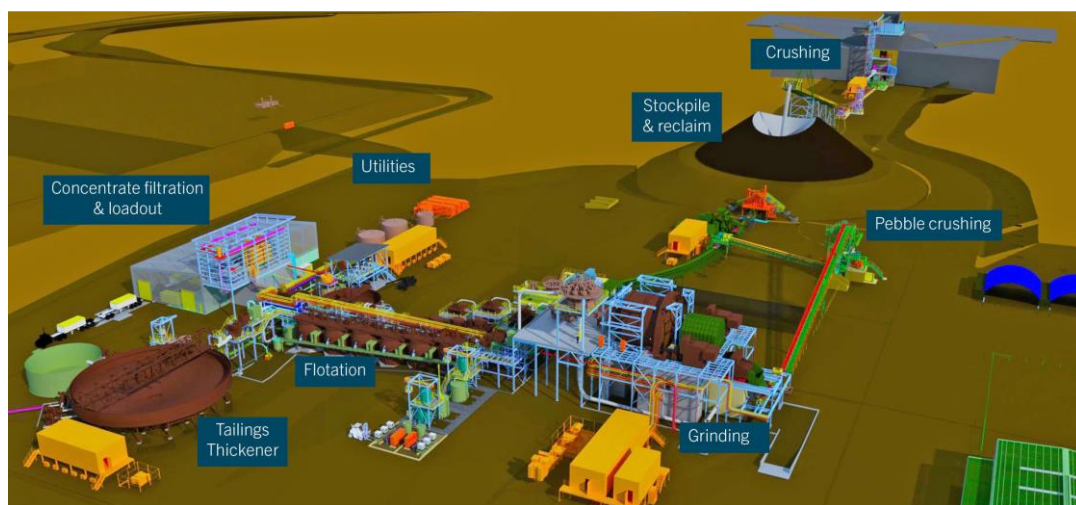
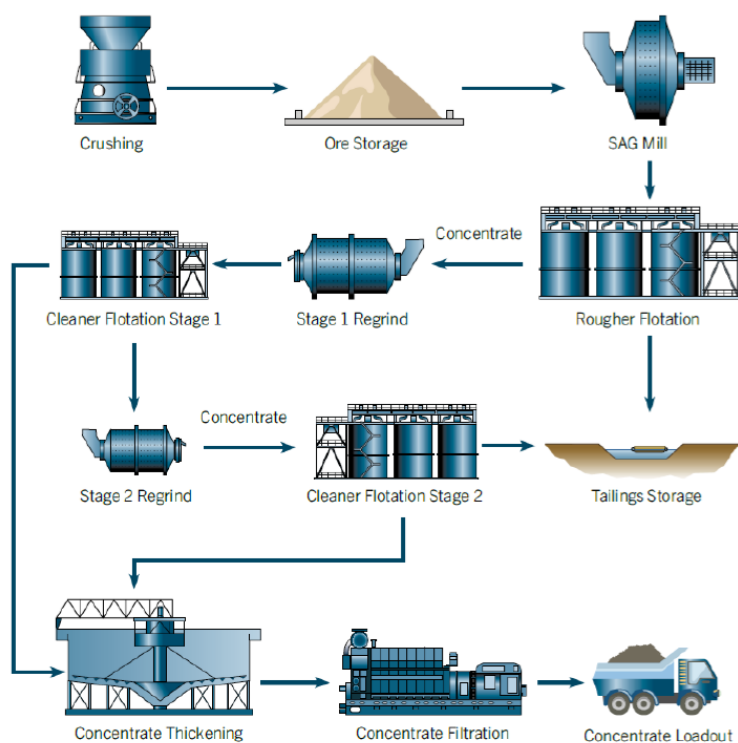
### Processing – conventional ‘off the shelf’ processing

The plant has capacity to ramp from approximately 6Mtpa to 8Mtpa of ore.

The essential elements of the process plant design utilise conventional flotation technology to produce a copper-gold concentrate. This is almost identical in design to the mills used at Prominent Hill and Carrapateena.

- The Stage 1 Mine Plan will feed 0.62% Cu and 0.17g/t Au to the processing plant. Pilot plant trials and metallurgical testing confirm a high-quality saleable concentrate with very few deleterious elements.
- Cu recoveries are estimated to be 92%. Au recoveries are estimated to be approximately 78%.
- The process plant design includes initial crushing and grinding before a first stage (rougher) flotation. This is followed by a fine grind and second stage (cleaner) flotation, before preparation for transport as a copper-gold concentrate.
- The average grade of the copper concentrate is over 27%, with an average annual copper concentrate produced of approximately 150kt.
- Annual payable metal of circa 42kt Cu and 30koz Au will be produced at full production.

**Figure 10: Conventional simple processing to produce Cu/Au concentrate**

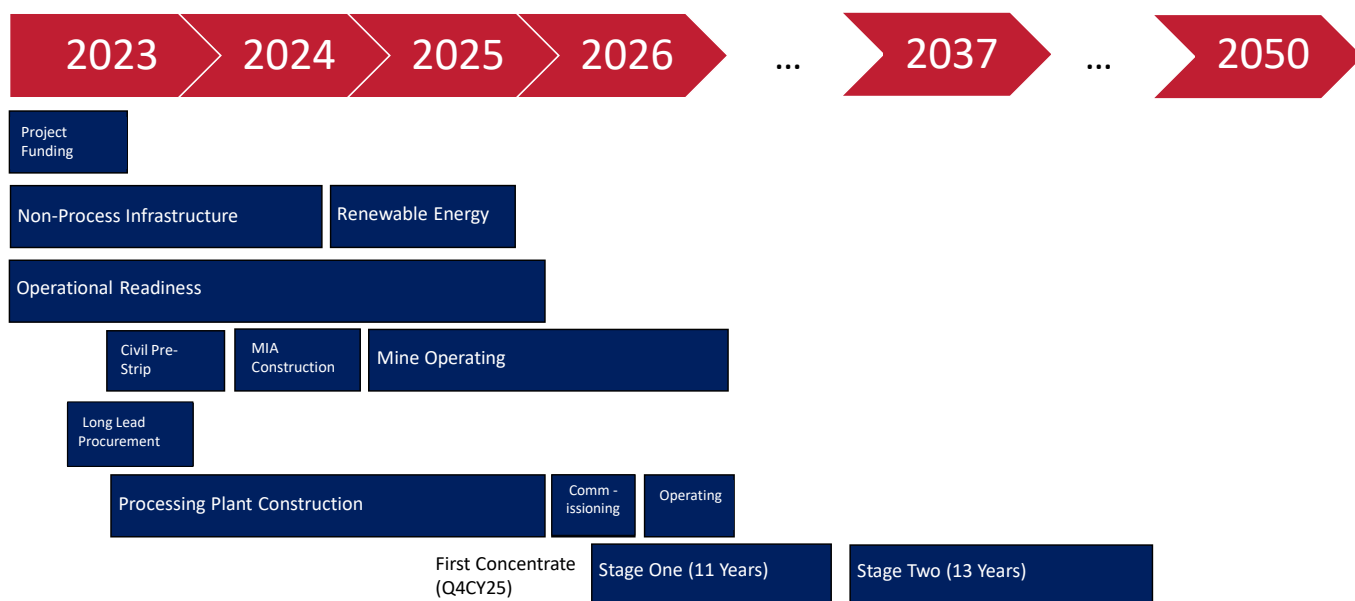


Source: RXM.

### Timeline – first concentrate production 4QCY25; straightforward process

RXM has commenced the development timeline. The uncomplicated and conventional nature of the project, and its location in a region with a mining history that is well served by infrastructure and a skilled workforce, means a relatively straightforward and rapid timeline of around 2 years to first concentrate production in CY2025.

Figure 11: Hillside timeline: conventional process and good location speed time to production



Source: RXM.

### Financial details of the OFS: large capex, low cost, high NPV and IRR

#### Stage 1 study – key metrics: strong outcome assuming US\$3.92/lb copper

The key metrics demonstrate a robust project, with a company-calculated post-tax NPV of A\$847m and an IRR of 19%. RXM has assumed a US\$3.92/lb price for copper, the key revenue driver. Pre-production capex of A\$854m is large amount of capex for a small company such as RXM, but sets the company up for a long-life project. The project's operating costs of A\$1.59/lb are relatively low compared to peers reflecting the quality of the deposit and the strong supporting infrastructure.

Figure 12: Key Hillside financial metrics – robust project

| Key Hillside Metrics   | Unit    | Outcome |
|--|---------|---------|
| Project Revenue  | A\$M    | 6,250   |
| Operating Costs  | A\$M    | 2,396   |
| C1 Cash Costs (includes by-product credits)                  | US\$/lb | 1.52    |
| AISC   | US\$/lb | 1.79    |
| Average copper in concentrate annual production (years 2-11) | kt      | 42      |
| Average gold in concentrate annual production (years 2-11)   | koz     | 30      |
| Pre-tax NPV  | A\$M    | 1,252   |
| Post-tax NPV   | A\$M    | 847     |
| Post-tax IRR (real)  | %       | 19      |
| Post-tax IRR (nominal)                                       | %       | 12      |

Source: RXM.

### Stage 1 capex – a big spend but a long-life project; low capital intensity

The OFS projects pre-production capex for Hillside of A\$854m. The capital intensity of the project is relatively low at A\$14k per tonne and compares favourably to other copper projects globally (see Figure 13).

The capex also builds a base for a long-life project and gives options for both extension of mine life and an increase in production. The three key components of the capex are the processing plant, the mining fleet and non-processing infrastructure.

**Figure 13: Hillside pre-production capex breakdown**

| Pre-Production Capital                                 | Unit        | Outcome    |
|--|-------------|------------|
| Processing Plant & Associated Infrastructure           | A\$M        | 347        |
| Mining Fleet   | A\$M        | 160        |
| Non-Processing Infrastructure                          | A\$M        | 179        |
| Contingency & Growth                                   | A\$M        | 87         |
| <b>Total Pre-Production Capital</b>                    | <b>A\$M</b> | <b>773</b> |
| Mine Development Operating Costs (including pre-strip) | A\$M        | 81         |
| <b>Total Pre-Production Capital</b>                    | <b>A\$M</b> | <b>854</b> |

Source: RXM.

### Capital Intensity Low

RXM's capital intensity is around A\$14,000 per annual copper equivalent tonne. This comfortably places RXM in the bottom quartile of global copper development projects.

### Large-scale, low-cost producer – in the bottom quartile of costs

Based on the OFS outcomes, Hillside is highly competitive on the global cost curve for copper; the indicative AISC during the first 5 years is well within the first quartile of global production costs. The costs are assisted by by-product credits from the mining of gold.

The project scale is driven by a high-volume bulk mining operation to commercialise the relatively low-grade mineralisation. As lower-grade deposits are highly sensitive to operating cost changes, this provides the opportunity to optimise operating costs with larger equipment or other operational improvements. While this presents risks, it also represents an opportunity for a strong operator to extract significant incremental value and drive project economics and returns.

The OFS estimates C1 cash costs (after by-products) at US\$1.52/lb with AISC of US\$1.79/lb.

**Figure 14: Hillside operating cost breakdown**

| Operating Cost Summary   | Unit         | Outcome      |
|--|--------------|--------------|
| Strip Ratio (after initial pre-strip)                                | waste:ore    | 6.9:1        |
| Average Mining Cost per tonne (LOM)                                  | A\$/t        | 2.08         |
| Average Mining Cost per ore tonne (LOM) (after initial pre-strip)    | A\$/t        | 16.86        |
| Processing Cost per tonne  | A\$/t        | 10.32        |
| Other Operating (G&A) Costs per tonne                                | A\$/t        | 2.27         |
| <b>Average Total Operating Costs per tonne (excluding pre-strip)</b> | <b>A\$/t</b> | <b>29.45</b> |

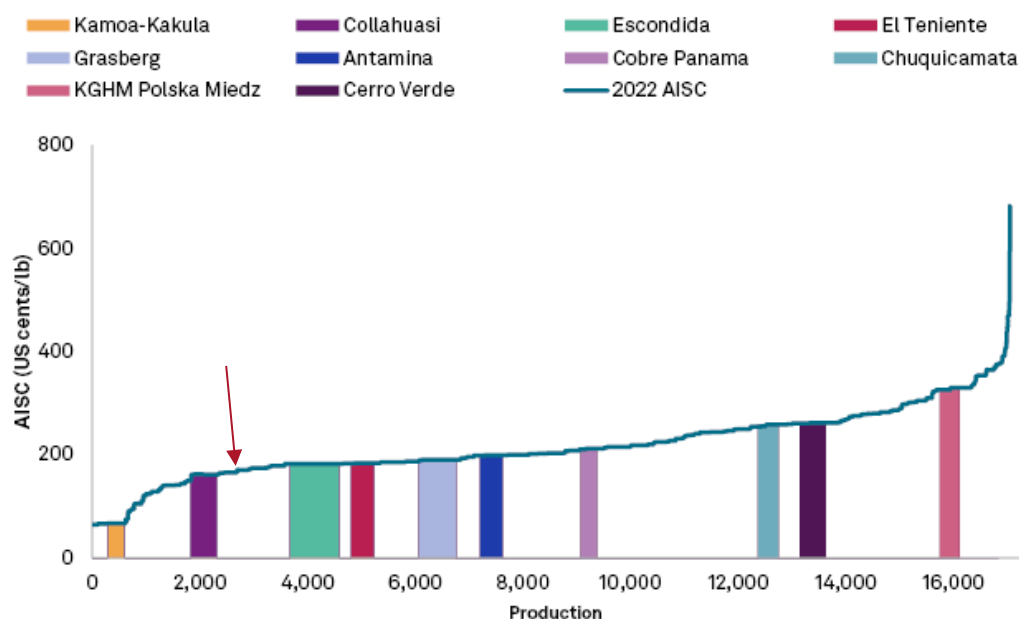
Source: RXM.

Low capital intensity and operating costs

### Comparison of RXM to the global cost curve

RXM's AISC is estimated to be US\$1.79/lb. Figure 15 shows the global AISC cost curve and features the top 10 copper producers. RXM's AISC sits within the bottom quartile of the curve, which we believe demonstrates Hillside's quality as a project.

**Figure 15: Global AISC copper cost curve, highlighting top 10 producers (RXM indicated by red arrow)**



Source: S&P Global Market Intelligence.

### Infrastructure – it's all there and available

Supporting infrastructure is key to a successful mining operation. Hillside is located in a region that has supported mining for multiple decades and is adjacent to key infrastructure that will be key to producing copper and gold and getting it to market. The key highlights of the infrastructure are:

- **location:** approximately 150km by road from Adelaide, with access to a significant workforce in neighbouring townships
- **power:** the site has access to mains power through the network grid. The 132kV (Electranet) power network is located within 10km of the site. Stage 1 approximate demand is 26MW, supplied from the SA grid (TCA 38.5MW). ~70% of SA's electricity grid is renewable, moving to 85% in 2025/26 and 100% by 2030
- **water:** saline bore water will be used for processing and mining operations as per the license conditions
- **transport:** final product will be transported via trucks via a major, well-maintained highway to Port Adelaide. Concentrate will then be shipped to global markets.

### Approvals – all major approvals in place; only minor ones to go

The Hillside Mining Mineral Lease (ML), an Extractive Minerals Lease (EML) and a Miscellaneous Purposes Licence (MPL) were all granted in September 2014. The key state approval, the PEPR, was approved in July 2020.

Only minor EPA approvals remain to be granted.

Existing road, power and water infrastructure and all major approvals in place.

## Extension of Hillside mine life – Stage 2 potential

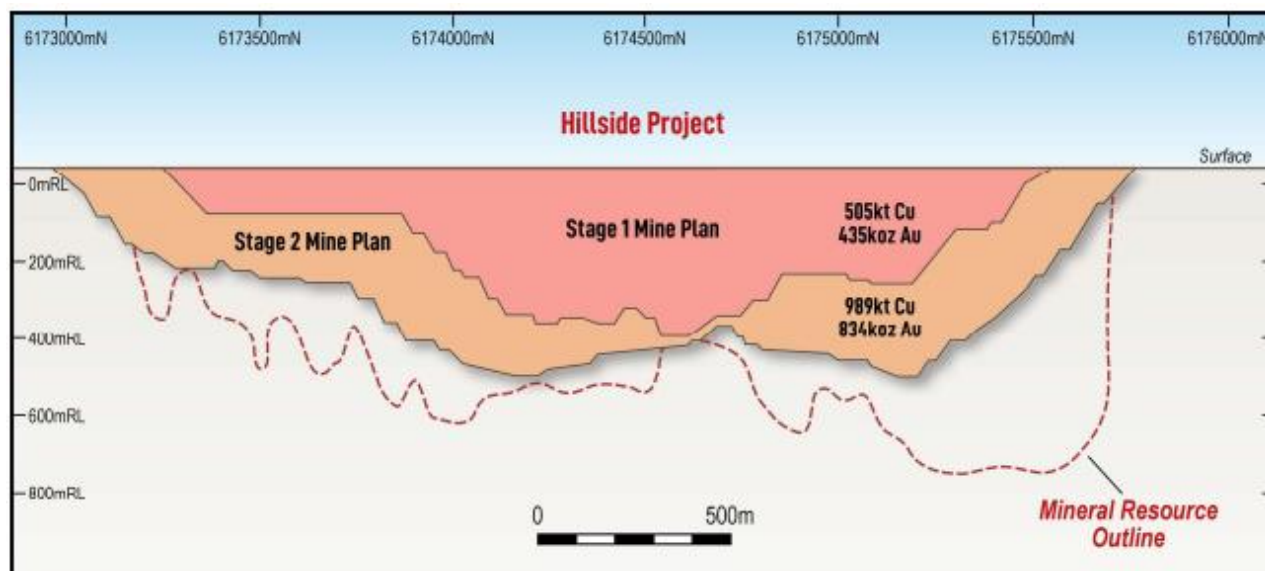
RXM has stated that 'Stage One (11 years) lays the foundation for a 20 plus year operation and extracts around half of the current Ore Reserve. Substantial potential exists for Resource and Ore Reserves growth, leading to mine life extension and higher processing rates beyond Stage One.'

The current Stage 1 plan utilises approximately 51% of the Ore Reserve and 26% of the MRE.

Figure 16 shows the Stage 2 preliminary mine plan, utilising the remaining 49% of the Reserve. This would add approximately another 10 years to the project. The Mineral Resource is also indicated in Figure 16, showing the potential for further mine life extension.

Stage 1 only uses half the reserve; Stage 2 could extend mine life to 20 years

Figure 16: 989kt Cu Reserve – Hillside Stage 1 and Stage 2 open pit mine, looking west



Source: RXM.

## Funding – RXM seeks a partner in developing Hillside

RXM is actively pursuing a suitable funding package via a structured process to align with the OFS.

### Hillside minority partnering process commenced

With FID targeted for mid-CY23, RXM is only looking to introduce a partner if doing so would enhance the value of the project.

RXM has fielded a number of inbound enquiries regarding the potential participation of strategic partners in the project and product offtake at Hillside. RXM's preferred transaction structure is minority participation at the Hillside asset level.

Our view is that RXM would look to sell some 20–30% of the project at around 'NPV' for stage 1. The resulting benefits of such a sale to RXM would be:

- an immediate injection of cash, contributing to RXM's funding of the capital cost
- a lower capex requirement (e.g. 70% of A\$854m, rather than 100%)
- lower equity funding requirements
- upside relating to potential expansion of the project or exploration success for both RXM and the strategic partner.

### Debt funding

The senior debt process is advancing with strong interest received from a range of external financiers, traditional and non-traditional lenders, equipment suppliers and major copper smelters and metal trading companies.

Given the current environment of support for 'future-facing metals' from governments globally, we believe RXM may also benefit from some forms of low-interest government loans, subsidies or grants.

### Targeted funding structure

RXM has stated that it is targeting funding of approximately 50–60% senior debt, with remaining capital to be funded via a combination of minority asset sell-down and equity.

RXM seeking strategic partner as part of funding package, FID targeted mid-CY2023.

# The Right Place – South Australia: A Tier-1 Jurisdiction

## Significant deposits of many commodities

SA has a long and distinguished history when it comes to mining and energy, and can comfortably be classified as a 'Tier-1' mining jurisdiction. The state has significant copper deposits, including BHP's huge Olympic Dam as well as Oz Minerals' Prominent Hill and Carrapateena Mines. Iron ore mining has occurred in SA longer than in any other state in Australia, and has several large magnetite projects are in the process of being approved and developed in the state. Some more unusual commodities will also be exported out of SA in the near future, including kaolin from Andromeda's Great White Kaolin Project. In addition, SA is a key energy provider for the east coast of Australia, with the large gas and oil reserves and processing capacity of the Cooper Basin.

## Well-established regulations, supportive government with a developed infrastructure strategy

SA has very well-established regulations concerning exploration, mining licences, Native Title, taxation and environmental responsibilities.

The South Australian Government is extremely supportive of the mining industry and ensures that mining companies operate strictly within the regulations that are set for them. The Australian Government is also supportive of the mining industry in SA.

SA has released a 20-Year State Infrastructure Strategy with a focus on developing the infrastructure required to harness the untapped potential of SA's resources sector. This strategy is key to developing the major infrastructure to support the solutions that provide efficient routes to market. Infrastructure is fundamental to the everyday operation of the resources sector. Road, rail and ports are vital for the transport of mineral and petroleum products along supply chains and power and water are critical to project success.

SA's Department of Energy and Mining is also focused on green energy. Per the department's website, its vision is:

*to become the most transformative energy and mining department in the world. SA is already leading the world in this transformation. We manage unique natural assets and transformation processing technologies. We encourage a culture of transformation – where smart people bring future energy and technology together to lead the decarbonisation of industry and transform the community through:*

- Resources and renewables working together to meet 2050 carbon emission targets
- Future metals contributing to future energy
- Constant innovation – renewable energy solutions, robotics, advanced manufacturing

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South Australia is a well-established mining precinct with major copper projects in production and well-understood regulations.

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# The Right Market – Copper: Key to Electrification

## A quick look at the 2022–2023 copper market: demand better, supply tighter

Copper prices hit an all-time high in 2022, surpassing the US\$10,000 per metric ton (MT) mark for the first time ever. However, the metal was unable to sustain these gains and was volatile for most of the year. Macroeconomic factors (including rising inflation, the Russia-Ukraine war, increasing energy costs and climbing interest rates), along with the effects of subdued demand, put pressure on prices in 2022.

In 2023, we have seen higher demand from China in particular, as the negative impact of strict zero-COVID policies started to ease off.

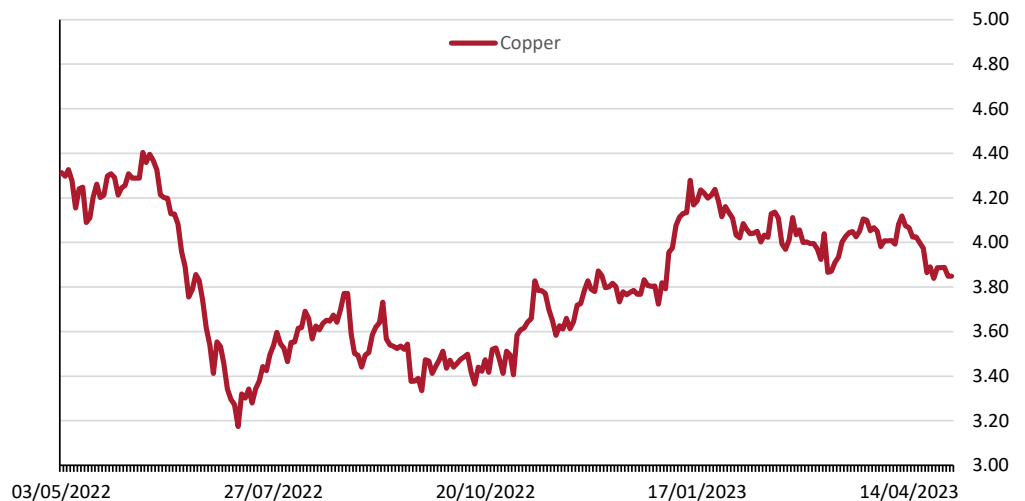
Copper stocks are already around historical lows, and there is concern for another year of below-trend supply growth where water shortages, lower-ore grades and other disruptions could hamper production for the world's top producers. The market is becoming increasingly reliant on countries that have been unstable and chaotic in the recent past, with the Democratic Republic of Congo (DRC) a particular concern. The DRC now accounts for 11% of global mine output, and there are lots of projects in the pipeline in the country that are due to come onstream in 2024 and 2025. Production difficulties experienced in 2022 in two of the world's biggest producers, Chile and Peru, will remain among the biggest challenges for copper supply in 2023.

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Copper is a key to the electrification and decarbonisation thematic.

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**Figure 17: Copper price, 12 months**



Source: Factset.

## The bigger demand picture: electrification

Copper has high conductivity and is a key metal used in electrical applications. The current decarbonisation and electrification thematic supports strong demand and pricing fundamentals for copper as the electrification of vehicles advances and household heating converts from natural gas to air-to-water heat pumps, while populations in warmer climates expand their use of air conditioning. The main use of refined copper is in electrical applications, but it is also used in housing (pipes and fittings), cars, telecommunication and industrial machines.

Annualised growth (2009–2020) in global refined copper demand has been around 3%. China has for many years been the key driver of demand growth. Going forward, India's electrification and urbanisation will begin to play a bigger role, creating a more steady and diversified demand picture.

The medium- to long-term picture for copper remains strong. Some key points driving this are:

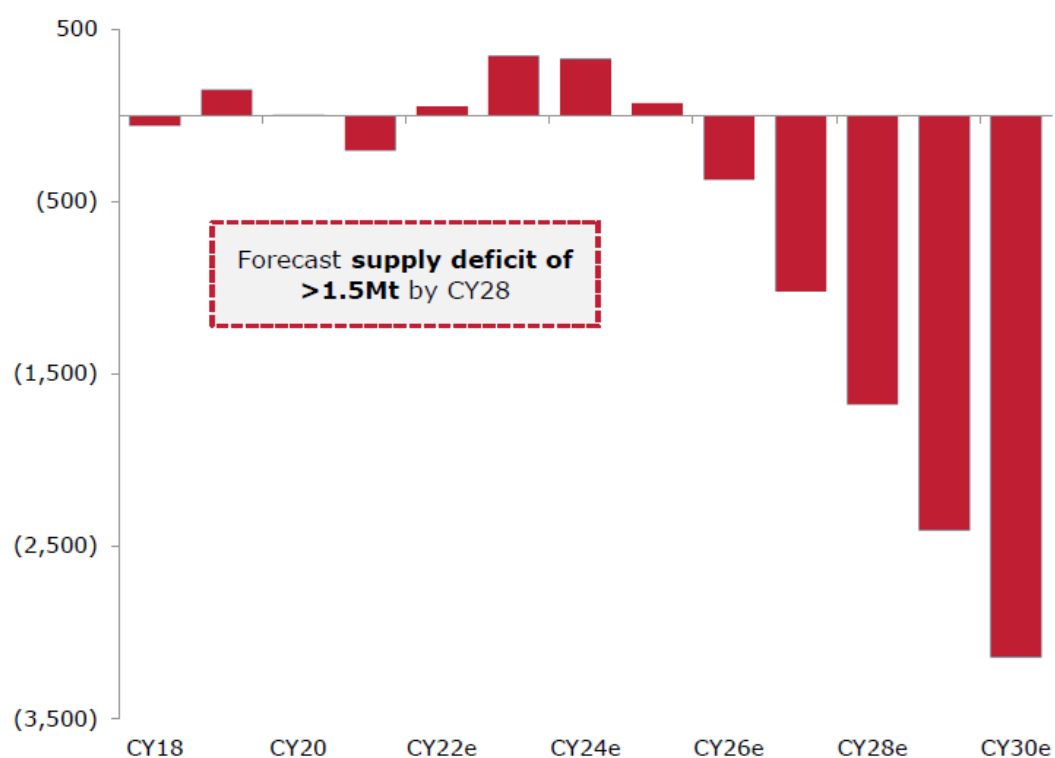
- Copper will maintain its key role within the energy transition. Demand growth will be shaped by copper's role in creating a greener, more sustainable world economy. For example, an EV uses 80kg of copper (vs. 22kg in a petrol engine car).
- Base-case global mine supply looks to be contracting while demand growth, shaped by decarbonisation, remains robust.
- As a result of the renewed interest in public healthcare and hygiene, the application of copper is likely to be expanded in medical equipment.
- Electrical network needs are increasing.

## The bigger supply picture: massive issues

The copper market faces large supply issues and is fundamentally undersupplied as a result of a weak project pipeline, including the following factors:

- a lack of new large-scale discoveries globally
- increased capital intensity to bring new operations into production due to depth, geological complexity and water scarcity
- the trend of declining head grades
- increased regulation and approval time frames.

**Figure 18: The demand-supply balance for copper – the demand-supply balance for copper – supply tightening**



Source: Macquarie / RXM.

# The Right Projects – Further Growth Options

The Hillside Project, as it stands with its current Resource, presents RXM with a potential 30-year mine life.

However, RXM has further growth options available, with more exploration potential at Hillside and surrounds, as well as the Hog Ranch Gold asset in Nevada, USA.

## Yorke Peninsula exploration potential – another Hillside?

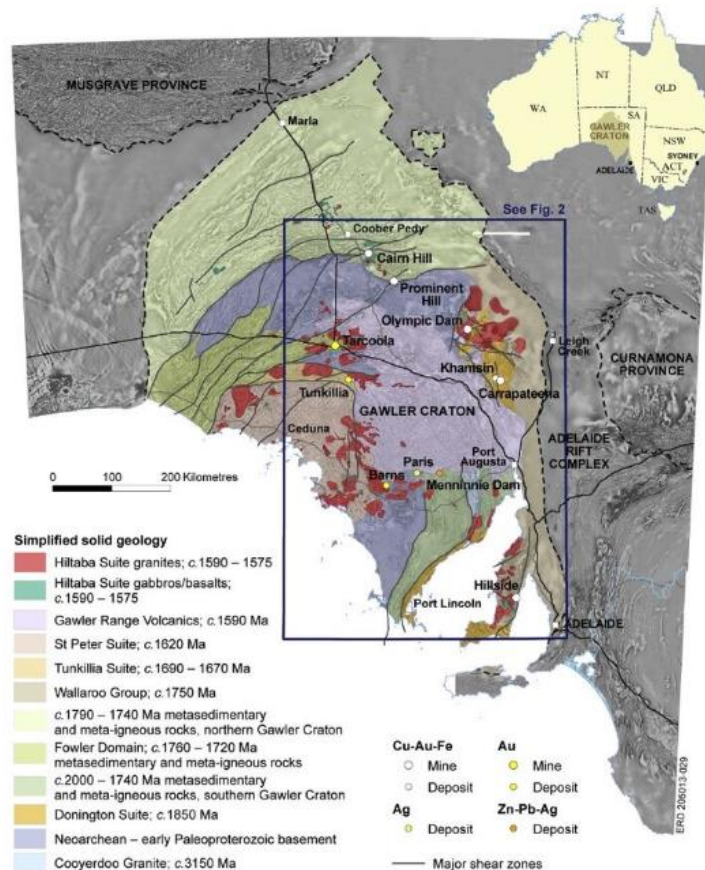
RXM believes that the potential to make another copper discovery on the Yorke Peninsula is high, with the belief that the underlying Yorke Peninsula rocks could host multiple large-scale copper-gold ore deposits. The Hillside Project was the first test of this theory and RXM believes there could be other similar, or possibly larger, deposits that remain hidden underneath a thin layer of cover rocks.

The regional targeting rationale adopted by RXM has been to break down the many potential targets on the Yorke Peninsula and prioritise those that RXM feels have the potential for near-term growth opportunities that can leverage off the Hillside Project.

RXM's broader tenement package lies within the Olympic Copper Gold Province. The province hosts all the major iron oxide-copper-gold (IOCG) deposits of the eastern Gawler Craton including Olympic Dam, Carrapateena and Prominent Hill.

The associated Palaeoproterozoic Wallaroo Group sediments, in the Moonta-Wallaroo area, commonly include broad zones of mineral alteration zoning, calcsilicates and magnetite alteration. Granite, syenogranite, syenite and gabbroic rock types intrude the Wallaroo Group. Co-mingled gabbroic and syenitic intrusions are intimately associated with the Hillside mineralisation.

**Figure 19: Simplified regional geology around Hillside**



Source: RXM.

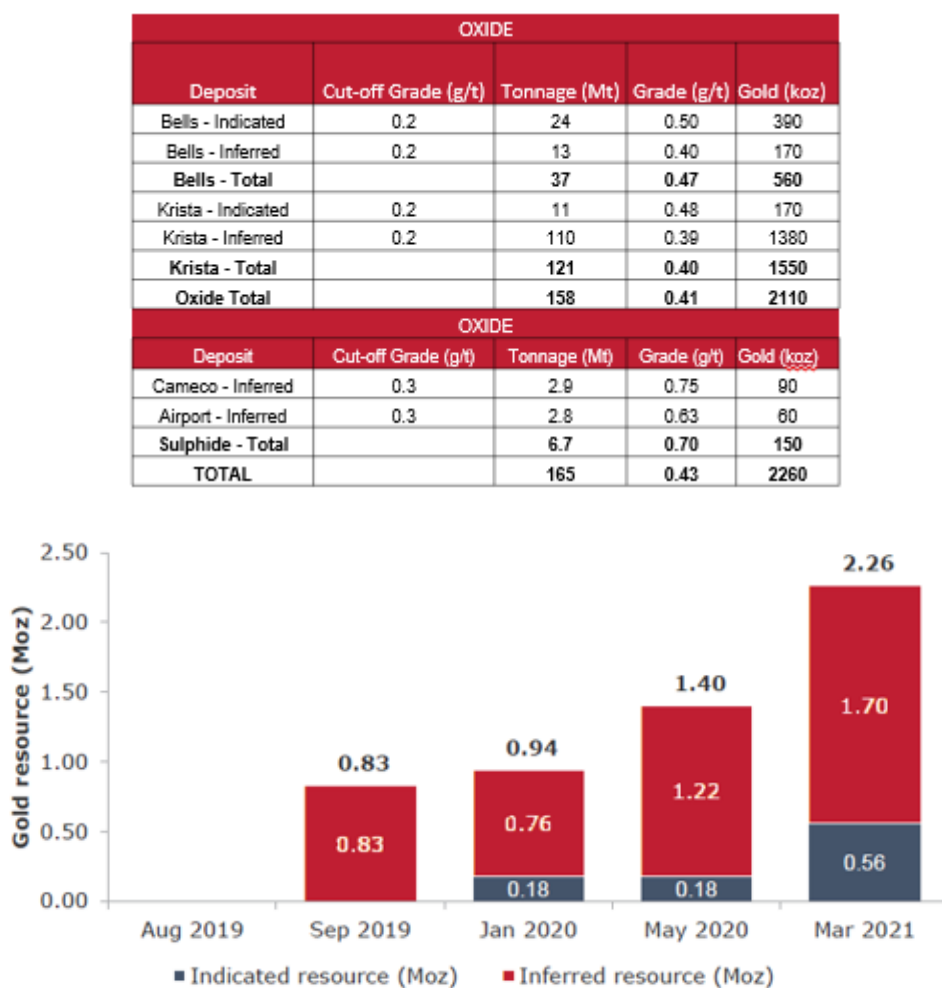
## Hog Ranch – a different country, and all gold – but interesting

Acquired by RXM in August 2019, Hog Ranch is a large-scale epithermal gold asset in Nevada, USA, that was mined from 1988 to 1992. The geological environment that has led to the creation of the gold mineralisation at Hog Ranch is an epithermal style of gold deposit which formed close to the surface, similar to a modern-day hot spring setting. There are also numerous similar epithermal gold deposits close to Hog Ranch which have all been dated and interpreted to have formed at the same time.

### Mineral Resource of 2.3Moz Au

RXM has taken the Mineral Resource from zero to 2.3Moz within 18 months of ownership at a cost of US\$0.69/oz.

Figure 20: Hog Ranch: Mineral Resource (top) and growth in Mineral Resource (bottom)



Source: RXM.

The gold mineralisation at Hog Ranch is contained within four separate deposits. The gold mineralisation at Krista and Bells is all classified as oxide where the rocks have been weathered and the associated gold mineralisation has been demonstrated (by historical mining and more recent test work) to be amenable to low-cost open pit and heap leach mining. The gold mineralisation at the Cameco and Airport deposits are sulphide, where heap leach testing information to date indicates that lower gold recoveries will occur and therefore higher cut-off grades have been used in the reporting of the Mineral Resource.

### Potential for further exploration success

The geological setting at Hog Ranch is interpreted to be a large caldera complex which has the potential to host multiple styles of gold mineralisation at multiple locations throughout the caldera.

The current Mineral Resource estimate is solely based on shallow disseminated gold mineralisation which is amenable to open pit mining and heap-leach processing. RXM has interpreted that there are further extensions to this style of gold mineralisation at Hog Ranch and other potentially very large-scale gold mineralisation styles.

# ESG – Doing the Right Things

Environmental, social and governance (ESG) factors play an integral role in many investors' decision-making. RXM's overall ESG profile is strong with a clear sustainability policy in place to ensure that all key ESG factors are covered. RXM strongly believes in the contribution that metals (and thus mining) make to modern society, with the growth in renewable technologies further increasing the demand for metals such as copper. While mining contributes significantly to employment and state and national economies, responsible mining can also provide sustainable benefits for the communities in which it occurs. RXM is committed to working in partnership with local stakeholders and communities to identify and achieve these benefits.

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ESG a key focus for RXM.  
Creation of 500  
construction and 400  
operational jobs, relatively  
low environmental impact.

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RXM has stated that it is committed to being a responsible member of communities in which it operates while delivering value to all stakeholders through:

- maintaining an economically sustainable and responsible business
- open and inclusive stakeholder engagement
- contributing to the local, regional, state and national economy
- partnering with local stakeholders and communities to enhance community capacity
- contributing to local environmental sustainability.

## Environmental

Our assessment of RXM's environmental credentials falls into two categories:

- environmental assessment of the company's operations and process
- environmental assessment of RXM's key product, copper.

### Environmental impact of the projects: relatively low due to helpful terrain, permitting and approvals underway

RXM's has concluded there is inherently low ESG risk at the current mine site location, due to the surrounding environment being predominantly pastoral, relatively flat terrain and with permitting and approvals process established and achievable.

#### Key environmental risks for the projects

The key identified environmental risks for RXM are:

- waste management
- tailings disposal
- water requirements and management
- dust control
- power supply
- rehabilitation.

**Waste management:** The terrain is relatively flat, with few limitations on the dump locations apart from economics. The waste dumps (called Rock Storage Facilities) are located to the south, north and west of the pit. The west facility acts as extra protection around the Tailings Storage Facility (TSF). These dumps were placed inside the Mining Lease and outside the conceptual pit shells.

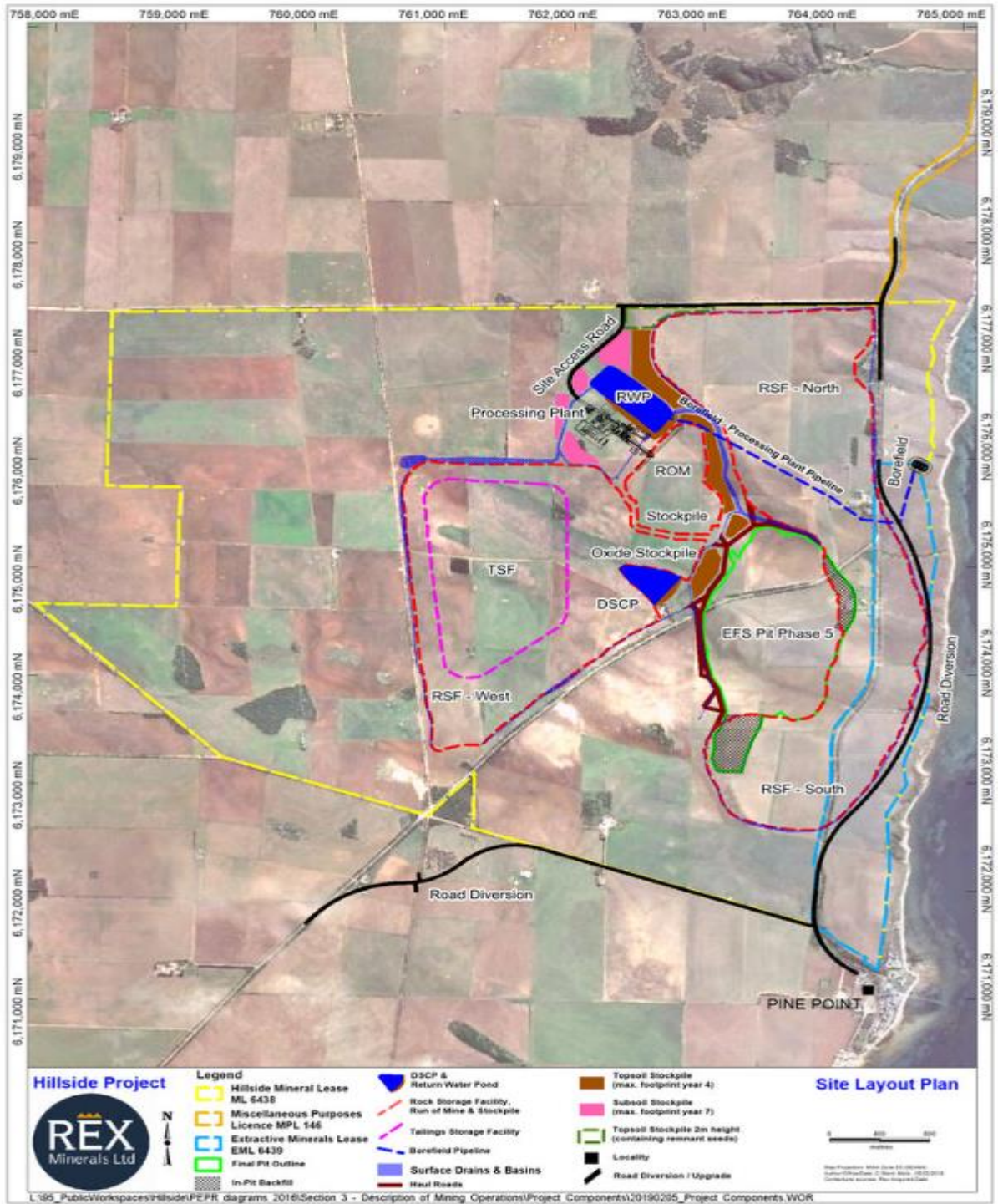
**Tailings disposal:** The TSF has been designed ~1.2km south-west of the plant site. The tailings dam has been surrounded by waste dumps to add protection in the unlikely scenario of a breach or collapse. In addition, the TSF has been specifically designed so that if there is an issue, the tailings will run into the pit and will not go off site.

**Water requirements and management:** Hillside will be connected to SA Water's infrastructure. However, by year 3, the project will be run 50% from pit water and 50% from a bore field (saline). The processing plant has been designed to be able to be run on salt water.

**Dust control:** As Hillside is relatively close to a major highway, farming communities and the township of Ardrossen, dust control from the pit and waste dumps will be a key focus for RXM, and will be tightly monitored and controlled. Dust issues may affect production if operations need to be ceased because of dust blowing into the nearby township.

**Power supply:** The 132kV (Electranet) power network is located within 10km of the site. Stage 1 will require approximately 26MW, which will be supplied from the SA grid. 70% of the SA electricity grid is renewable, moving to 85% in 2025/26 and 100% by 2030. Hillside can underpin some of the current and future energy transition underway, and is targeting 100% renewables to optimise the site power requirements.

Figure 21: Hillside site layout – designed for minimal environmental impact and TSF safety



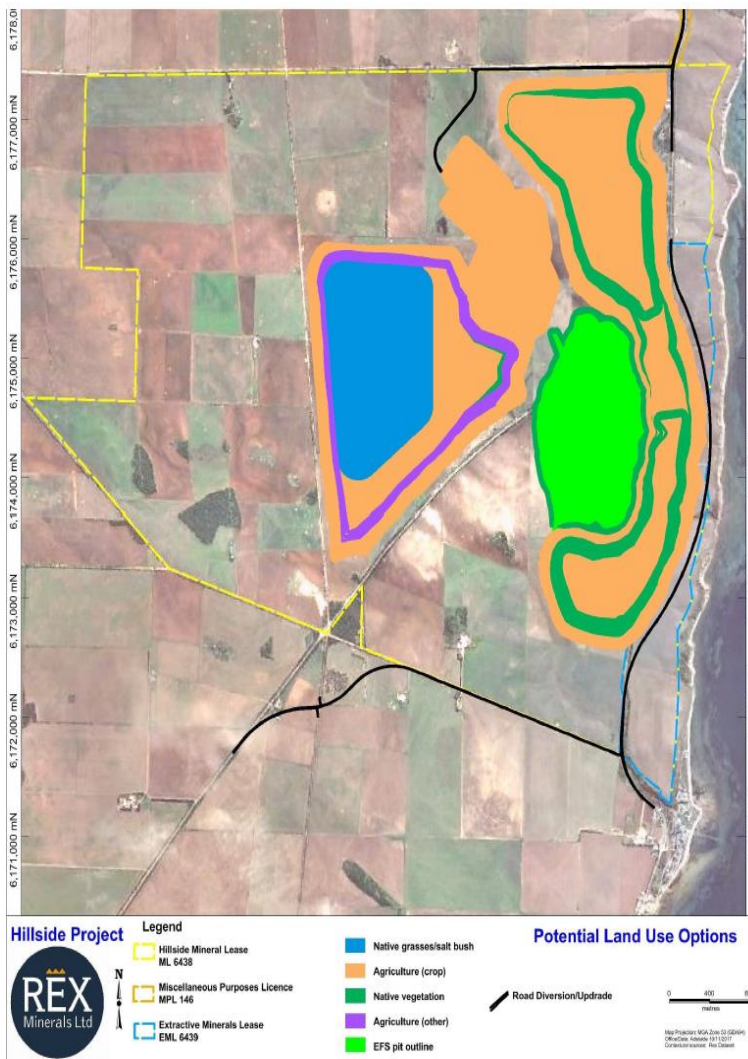
Source: RXM.

**Rehabilitation:** The Mineral Lease is 2,998Ha, of which 1,283Ha will be disturbed by Stage 1.

RXM is focused on ensuring that there is minimal long-term environmental disturbance from Hillside and has a comprehensive rehabilitation plan in place. The key details are as follows:

- 97% of the land had been cleared for agriculture
- replacement of topsoil and subsoil starts within first year of clearing
- by the time the pit is complete, 65% of final rehabilitation by area will be complete
- 65% of the land is returned to broadacre cropping
- pit lake does not require rehabilitation (12% of the disturbed area).

Figure 22: RXM rehabilitation site plan



Source: RXM.

Figure 23: Typical Hillside landscape – flat, pastoral terrain



Source: MST.

## Environmental impact of the copper smelting and refining process

Copper concentrate is typically processed as follows:

- The copper concentrates are fed through the flash smelting furnace with oxygen-enriched air. In the furnace, the concentrates are instantly oxidised, after which they melt and separate by their own reaction heat into (1) copper matte with a grade of 65% and (2) slag consisting of iron oxide, silica, and other compounds.
- The matte produced by the flash smelting furnace is transferred to the converter furnace. Oxygen-enriched air is blown into the converter furnace to oxidise the matte further, creating blister copper with a grade of approximately 99%.
- Butane gas is blown into the anode furnace as a reductant to remove the oxygen in the blister copper, which is refined to a purity of approximately 99.5%.
- Anode plates and stainless-steel cathode plates are alternately set into the electrorefining cell, where a proper level of DC current is supplied. Dissolved copper from the anode is electrolytically deposited on the stainless-steel cathode plate. After about 10 days of electrolysis, the cathode is lifted out and stripped from the stainless-steel plate, resulting in the completion of refined copper (with grade of 99.99%) as a final product.
- Gases expelled from the flash smelting furnace and converter furnace include highly concentrated SO<sub>2</sub> gas, which is first recovered from the waste heat boiler. After electrostatic precipitators remove dust particles in the gases, the gas is captured and processed at the sulphuric acid plant.
- Sulphuric acid is used in the manufacture of fertilisers, pigments, dyes, drugs, explosives, detergents, and inorganic salts and acids, as well as in petroleum refining and metallurgical processes.

The processes involved in producing copper affect the environment in two key areas:

- energy-intensive process – the process uses a large amount of electricity
- carbon emissions – for every tonne of copper produced, 2.6 tonnes of CO<sub>2</sub> is produced.

Smelting and refining of sulfidic copper ores produces large amounts of sulphur dioxide, with every tonne of copper producing 2 tonnes of SO<sub>2</sub>. These emissions are typically captured and reused for on-site sulphuric acid production.

### **Environmental impact of the product: copper a key contributor to decarbonisation and electrification**

Simply put, copper is the critical mineral when it comes to decarbonisation and electrification.

Electric vehicles (EVs), renewable energy and electric storage all use large amounts of copper. Due to copper's unique properties, it is an excellent conductor of electricity and can be easily made into flexible wires required in the manufacturing of mobile phones, heating, green technology and infrastructure.

Renewable energy sources, such as wind turbines and solar panels, require up to six times more copper than fossil fuels and EVs require around 3.6x more than an internal combustion vehicle. Additional copper is then needed for energy storage and to connect these sources to the grid. Government policies are driving the requirement for renewable energy, which consequently drives increased copper use.

### **Social**

RXM is committed to operating in partnership with the local communities and creating positive impacts.

#### **Key features of RXM's social programs**

- the creation of transformative local employment opportunities
- partnership with the Narungga Aboriginal community
- the benefit of strong support from the Yorke Peninsula community with a formal Hillside Community Engagement Plan (CEP) in place
- a commitment to health and safety, with RXM aiming to ensure all personnel work in an environment that is safe and healthy and to create a diverse and inclusive workspace
- paying over \$200m in State Royalties
- investment in local infrastructure such as water, power and roads
- the employment of a direct workforce of over 400 people (over \$600m in payroll in Stage 1) and over 500 people during construction

#### **Strong community support – although one landholder still has issues**

The Hillside project has strong community support as the project will generate significant employment and revenue into the local district. Local farming landholders have been supportive and have chosen to sell their farms to RXM where the footprint of Stage 1 and 2 will be. If RXM moves to a Stage 3 they will be required to acquire more land.

One farmer continues to object to the project, and his objections are clear to see in the region with a number of signs posted along the main highway. RXM continues to negotiate with the resident, so far without resolution. The company will, however, need to solve the issue prior to any Stage 3 expansion decision.

### **Governance**

The Board of RXM is committed to following the corporate governance guidelines and recommendations set out by the *ASX Corporate Governance Principles and Recommendations* (ASX Guidelines).

RXM has employed good practices to ensure that the business operates ethically and transparently. Its sustainability performance is monitored by the board of RXM.

The board has 5 members, 3 of which are independent. This satisfies the ASX Guidelines of having at least 50% independent directors. We would expect as RXM grows and approaches production that the board will appoint additional appropriately qualified independent directors.



# Management: Lots of Experience in All the Right Places

RXM has put together an exceptional management team, with experience that covers everything required to fund, develop and operate a large Cu–Au project in Australia.

## Board of Directors

**Ian Smith – Independent Non-Executive Chairman:** Mr Smith is a mining engineer with more than 40 years' experience in the mining and services sector. He has been CEO of Orica and Newcrest. During his tenure, Newcrest grew to become Australia's (and one of the world's) largest gold mining companies, including Cadia, a large open pit and underground copper gold mine in NSW.

**Richard Laufmann – Chief Executive Officer and Managing Director:** Mr Laufmann is a founding director of RXM, and has been CEO since April 2015. He was CEO of ASX-listed Indophil Resources which had ownership in and management of one of the world's largest undeveloped copper projects (Tampakan). Mr Laufmann was the General Manager of Gold for Western Mining Corporation (WMC), with some of the largest and most diverse surface and underground operations in the country.

**Amber Rivamonte – Chief Financial Officer and Executive Director of Finance:** Ms Rivamonte has over 25 years' experience in the resources industry covering the fields of commercial, strategic and risk management, corporate governance and financial management experience. Her experience covers all aspects of managing resources companies, including project acquisition, mergers, demergers, takeovers, schemes and various forms of fund raisings.

**Gregory Robinson – Independent Non-Executive Director:** Mr Robinson has extensive executive experience in the finance and resources industries. He is a former CEO of Newcrest Mining Limited (including six years as CFO & Finance Director) and former CEO of Lattice Energy Limited. Prior to joining Newcrest, Mr Robinson was on the Executive Committee and held senior executive roles in the Petroleum and Energy Division of BHP (including five years as CFO). He was also a Director of Investment Banking at Merrill Lynch & Co, where he headed the Australia/Asia Pacific resources team.

**Andrew Seaton – Independent Non-Executive Director:** Mr Seaton has over 30 years' business experience across a range of finance, engineering, project management, investment banking and senior executive roles. He was previously CFO of Santos Limited, Australia's largest producer of domestic natural gas and a key supplier of LNG into Asia.

Experienced Board and Management ideal for development of a large copper / gold project.

Figure 24: Directors' experience

| Experience Skills and Attributes                   | Directors |               |               |                  |                 |
|--|-----------|---------------|---------------|------------------|-----------------|
|  | Ian Smith | Greg Robinson | Andrew Seaton | Richard Lauffman | Amber Rivamonte |
| <b>Professional and Tertiary Skills</b>            |           |               |               |                  |                 |
| Geology  | ✓         |               |               | ✓                |                 |
| Engineering  | ✓         |               |               | ✓                |                 |
| Commerce and Business                              | ✓         | ✓             | ✓             | ✓                | ✓               |
| Law  |           | ✓             |               |                  |                 |
| Financial/Accounting and Governance                |           | ✓             | ✓             |                  | ✓               |
| Member of professional body in field of expertise  | ✓         | ✓             | ✓             | ✓                | ✓               |
| <b>Industry Experience:</b>                        |           |               |               |                  |                 |
| Resource industry (resources, mining, exploration) | ✓         | ✓             | ✓             | ✓                | ✓               |
| Risk management and compliance                     | ✓         | ✓             | ✓             |                  | ✓               |
| Corporate Governance                               | ✓         | ✓             | ✓             | ✓                | ✓               |
| Capital raising                                    | ✓         | ✓             | ✓             | ✓                | ✓               |
| Financial acumen                                   | ✓         | ✓             | ✓             | ✓                | ✓               |
| Safety, environment and community relations        | ✓         | ✓             | ✓             | ✓                | ✓               |
| Strategy   | ✓         | ✓             | ✓             | ✓                | ✓               |
| Leadership   | ✓         | ✓             | ✓             | ✓                | ✓               |

Source: RXM, MST.

## Senior Management

**Peter Bird – EGM Investor Relations & Business Development:** Mr Bird is a professional leader with extensive knowledge in relation to the operation, improvement and marketing of listed and unlisted mining companies. He is well known and highly respected within the Australian mining industry and the broader equity markets. Prior to his current role, Mr Bird was the Executive Chairman of Zenith Minerals, before which he led Asiamet Resources as CEO. He was Non-Executive Chairman of Excelsior Gold and prior to that was a joint founder of Heemskirk Consolidated, firstly as EGM Corporate & Executive Director Corporate and then leading the company as Managing Director prior to its divestment and international relocation.

**Jason Schell – EGM, SA:** Mr Schell is a senior executive with extensive operational expertise across a 30-year career in mining and mineral processing, including the disciplines of hydrometallurgy, smelting, refining, steel manufacturing and large complex EPCM/EPC capital projects. Mr Schell also has experience in the SA Government Departments of the Premier & Cabinet and Treasury Finance.

**Peter Larsen – EGM Legal and Corporate:** Mr Larsen is a legal and governance executive with over 25 years of experience in the energy, mining and resources sectors. He has worked extensively on major and transformational transactions including mergers, acquisitions, divestments, financing and restructuring, and broader corporate legal matters. Before joining Rex Minerals, Mr Larsen was General Counsel and Company Secretary for Rincon, where he acted in the 2021 sale of Rincon's Salar del Rincon lithium deposit to Rio Tinto PLC, and prior to that was Group General Counsel and Company Secretary for downstream petroleum retailer and distributor United Petroleum. Mr Larsen also held senior legal and governance roles over a number of years at Newcrest, including as General Manager Secretariat and Land Tenure.

**Ronald Douglas – Owners' Team (Hillside Project):** Mr Douglas will be RXM's representative to drive the engineering, procurement and construction services for the process plant and associated infrastructure at the Hillside Copper-Gold Project in SA. Mr Douglas has over 35 years' global experience in project delivery and resources sector management. His previous roles have included Global Head of Projects and Technology for Orica and Executive General Manager Projects and Studies for Newcrest.

**John Burgess – Project Manager:** Mr Burgess is a Process and Environmental Engineer with over 45 years' base metal and precious metal experience in operations, design and construction within Australia and Africa. Mr Burgess consulted widely within the mining industry in relation to optimising processing performance at various operations in Australia and Africa on various base metal and gold operations.

**Steve Olsen – Geology Director:** Mr Olsen has over 25 years' experience in the resources industry. His principal profession is as a geologist, with experience in the discovery and delineation of mineral deposits covering the commodities of copper, nickel, gold and silver throughout Australia and Canada. He was the founding Managing Director of Rex Minerals and responsible for the discovery of the Hillside copper-gold deposit in SA.

**Gavan Collery – Manager Corporate Affairs:** Mr Collery has worked in the minerals industry for more than 35 years and was a member of senior management at Indophil Resources NL for more than a decade, before which he was an integral member of the Western Mining Corporation team for 14 years. Prior to that, he was with Elders Resources NZFP. Mr Collery began his career as a professional journalist.

**Jo Barrie – Manager, Community Relations:** Ms Barrie has extensive experience in stakeholder and community engagement, communication, business development, marketing and collaboration.

# Valuation: DCF-Driven SOTP for Per-Share Valuation of A\$0.87

## SOTP valuation largely driven by Hillside

### Methodology – risked NPV of A\$0.87/share (Unrisked A\$1.11 for 70% Ownership)

We value RXM using a sum-of-the-parts (SOTP) methodology. Our base-case, risked NPV-based valuation for RXM is A\$0.87/share on a fully diluted basis (see Figure 25). The most material component of our overall RXM valuation is the Hillside project, which we value using DCF. This is added to our Hog Ranch valuation, which we estimate using EV/Resources, to obtain our overall SOTP-based valuation.

We believe RXM shares are currently trading at a substantial discount to fair value based on our assessment of the fundamental value of the flagship Hillside project as well as broader portfolio optionality which is present in Hillside as well as the Hog Ranch Gold project in Nevada.

Figure 25: RXM valuation summary

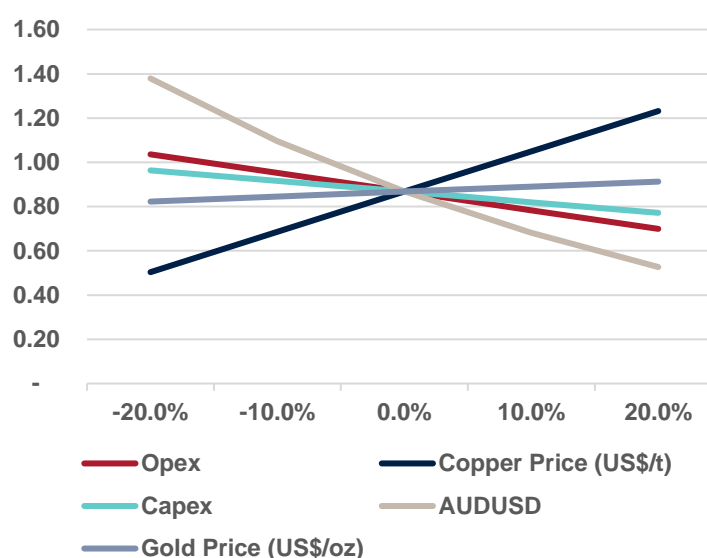
| NPV OF PROJECTS                  | A\$M Valuation (Unrisked 100% Ownership) | Ownership % | Risk Probability | A\$M Risked Valuation (70% Ownership) | Equity Value A\$/Share Fully Diluted | Valuation Methodology  |
|----------------------------------|--|-------------|------------------|---------------------------------------|--------------------------------------|------------------------|
| Hillside - Stage 1               | 840                                      | 70%         | 90%              | 529                                   | 0.51                                 | Risked Project NPV     |
| Hillside - Stage 2               | 682                                      | 70%         | 60%              | 287                                   | 0.28                                 | Risked Project NPV     |
| Hog Ranch                        | 94                                       | 100%        | 100%             | 94                                    | 0.09                                 | EV/ Resource Multiple  |
| <b>ENTERPRISE NPV</b>            | <b>1,616</b>                             |             |                  | <b>910</b>                            | <b>0.88</b>                          |                        |
| Add: Cash                        | 13                                       | 100%        | 100%             | 13                                    | 0.01                                 | As at 31 March 2023    |
| <b>EQUITY VALUE PRE SG&amp;A</b> | <b>1,629</b>                             |             |                  | <b>923</b>                            | <b>0.90</b>                          |                        |
| SG&A                             | (30)                                     | 100%        | 100%             | -30                                   | -0.03                                | NPV of Corporate Costs |
| <b>EQUITY VALUE</b>              | <b>1,599</b>                             |             |                  | <b>893</b>                            | <b>0.87</b>                          |                        |

Source: MST estimates.

### Key sensitivities: commodity prices, forex, costs, discount rate

The key sensitivities for our valuation are copper and gold prices and the AUD/USD exchange rate. To a lesser extent, our valuation is also sensitive to capital and operating costs. Figure 26 illustrates how our base-case valuation changes from a variation in these assumptions.

Figure 26: Key sensitivities for our valuation



Source: MST estimates.

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Hillside the key to RXM valuation. Risked NPV of Stage 1 and Stage 2.

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## Hillside valuation

### Base-case for Hillside component: DCF

We apply a risk-weighted discounted cash flow (DCF) analysis for Hillside, which represents the primary value driver for the company. The project is well advanced, with an Optimised Feasibility and Definition Phase Engineering Study (OFS) completed.

The OFS outlines a robust project with an 11-year mine life for Stage 1. The Ore Reserve supports a significantly longer mine life of 20 years. The Mineral Resource is substantially larger and, if converted to a Reserve, could support a mine life of some 30 years. The company has completed a PFS on Stage 2 (details not released publicly). We have assumed that Stage 2 will be executed and will begin production in FY2032. The project also has strong exploration potential.

RXM is actively pursuing a suitable funding package via a structured process to align with the OFS.

FID is targeted for mid-CY23 and RXM is looking to introduce a partner only should it enhance the value of the project. We have assumed that RXM will sell 30% of the project for RXM's NPV valuation of Stage 1 (allowing the partner to participate in Stage 2 upside) and that, going forward, RXM will own 70% of the project.

Our risked NPV includes a 90% probability for Stage 1 and a 60% probability for Stage 2.

Based on the existing Ore Reserve and using the production profile defined under the OFS as well as our own assumptions on the Stage 2 project, Stages 1 and 2 we model a combined mine life of 25 years. Given the scale of the existing Mineral Resource, further mine life extension is probable at Hillside; however, we have not taken that into consideration in our valuation of RXM.

### Key assumptions for Hillside DCF valuation

Our base-case NPV valuation is built upon a mine plan which aligns with the recently published OFS for Stage 1. The key headline assumptions in our valuation are as follows:

- construction to take place across FY2024 and FY2025, with the first full year of production in FY2026
- 8mtpa throughput capacity until 2036, expanding to 10mtpa thereafter with Stage 2 commencing
- A\$854m Stage 1 capex, A\$100m Stage 2 capex (mine cut-back, additional plant tankage)
- operation life to 2050
- ~42ktpa average copper production (Stage 1), ~45ktpa average copper production (Stage 2)
- ~30kozpa average gold production (Stage 1), ~20kozpa average gold production (Stage 2)
- AISC of ~A\$2.56/lb (life-of-mine).

We have used a 10% discount rate, 0.70 AUD/USD, copper price of US\$4.00/lb and a gold price of US\$1,700/oz.

We assume funding of \$900m raised with 50% debt funding (A\$450m), 30% project selldown (A\$250m) and a \$140m equity capital raise (at A\$0.35 per share)

Our valuation does not incorporate the benefit of any additional exploration upside which may increase the grade, production and lower unit costs.

**Figure 27: Key assumptions for our Hillside valuation**

| Assumptions                                    |       |
|--|-------|
| <b>PROJECT ASSUMPTIONS</b>                     |       |
| Project Ownership (%)                          | 70%   |
| Strip Ratio (waste : ore)                      | 6.90  |
| Grade (% Cu)                                   | 0.62% |
| Average Production (ktpa)                      | 12.5  |
| Mine Life (years)                              | 11.0  |
| Capex (A\$m, real)                             | 854   |
| Ore Reserve (mt)                               | 186   |
| Ore Reserve Grade (% Cu)                       | 0.53% |
| <b>COST &amp; FINANCING ASSUMPTIONS</b>        |       |
| Discount Rate (%)                              | 10.0% |
| Inflation Rate (%)                             | 2.5%  |
| AISC (US\$/lb)                                 | 2.56  |
| Pre-Tax NPV (A\$m)                             | 1,360 |
| Post-Tax NPV (A\$m)                            | 840   |
| <b>PRICING &amp; EXCHANGE RATE ASSUMPTIONS</b> |       |
| AUDUSD   | 0.70  |
| Copper Price (US\$/lb)                         | 4.00  |
| Gold Price (US\$/oz)                           | 1,700 |
| Corporate Tax Rate (%)                         | 30.0% |

Source: MST estimates.

### Alternative valuation for Hillside component: EV/Resources (valuation = A\$430m)

A common tool used to assess the value of mining companies in their pre-production phase is to compare the enterprise value (EV) to the resource base to see what value the market places on the company's resource and its potential.

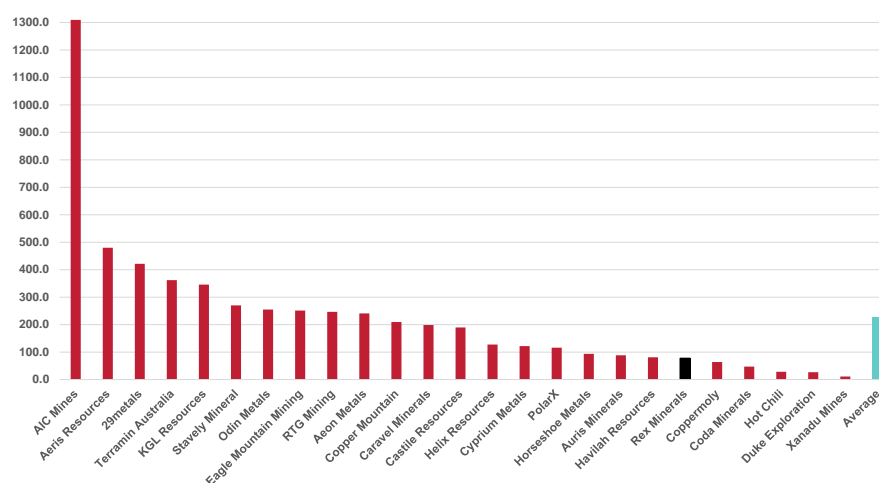
Our alternative valuation for Hillside looks at the average EV/Resource multiples paid by the market for a broader section of Australian-listed copper explorers and developers. We have used the average EV/Resource, calculated at A\$226/kt of Cu Resource.

RXM is currently trading well below its peers' average EV/Resource multiple. If we apply the average market multiple to RXM, we obtain a valuation of A\$430m compared to the current EV of RXM of A\$148m.

We note that this comparison is not exactly precise due to the different natures of the ore bodies, the comparative stages of development (exploration vs operational), relative cost bases, and Cu grade.

A breakdown of the comparable companies' EV/Resources multiples can be seen in Figure 28.

**Figure 28: EV/Resources comparables for Hillside**



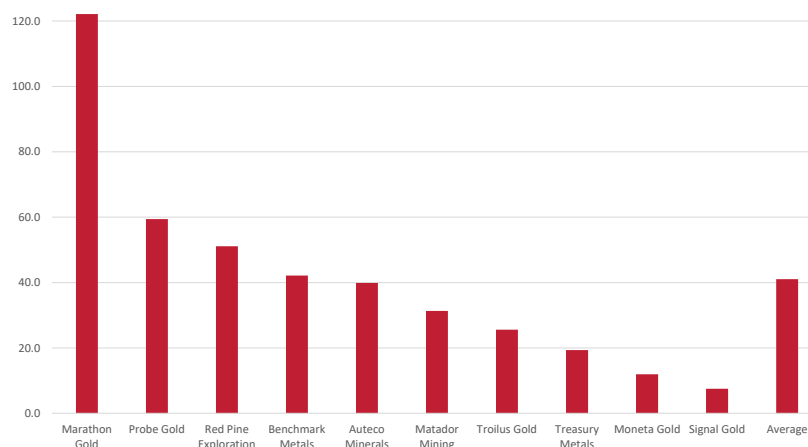
Source: Company reports, MST estimates.

## Hog Ranch valuation: EV/Resources (valuation = A\$94m)

The Hog Ranch Project is at an early stage but has a Mineral Resource. As described above, a common tool used to assess the value of mining companies in their pre-production phase is to compare the enterprise value (EV) to the Resource base to see what value the marketplaces on the company's Resource and its potential. Hog Ranch has a 2.3moz gold Resource, at a cost of US\$0.69/oz.

We have compared the EV/Resource valuations for similar Australian and Canadian-listed gold companies to obtain our valuation for Hog Ranch, based on the market multiples paid for similar projects. The average multiple paid for the selected assets is A\$41/oz. Using this multiple, the Hog Ranch asset has a valuation of \$94.3m or A\$0.07/share on a fully diluted basis.

**Figure 29: Canadian (most relevant) comps, EV/Resource – Hog Ranch**



Source: Company reports.

## Positive catalysts for share price and valuation: strategic partner, FID could propel RXM shares higher

We believe that RXM has significant potential for further share price and valuation upside and highlight a number of key milestones/catalysts which may deliver valuation upside over the near term.

### Strategic partner for Hillside

RXM is seeking a strategic partner to invest at a project level, and take an interest of around 30%. A strategic partner investment would give a see-through value for Hillside, inject cash into RXM and reduce the upfront capex to be funded by RXM.

### Total funding for Hillside

Hillside has a large upfront capex. In addition to the strategic partner, RXM will require both debt and equity funding. We believe the completion of a funding package would be a catalyst for positive share price appreciation.

### Hillside FID Stage 1

RXM expects FID for Hillside Stage 1 in 3QCY23. Completion of FID would be a positive for the share price, in our view.

### New discoveries or high-grade extensions at Hillside

Further exploration success at Hillside would accelerate the potential to develop the project and provide further optionality, as well as potentially improve the valuation if the grade and production profile can be increased as a result.

### Early project delivery

The early commencement of the projects relative to the currently outlined timeline of development would provide earlier cash flows and reflect positively on the management team, which would likely increase the valuation.

### Stage 2 PFS for Hillside

We have included Stage 2 in our valuation but have risked it at 50%. We consider Stage 2 as a significant value add for RXM. The release of the PFS would enable the market to be better informed on inputs such as capex and opex.

### Stage 2 FID Hillside

Stage 2 FID would be a positive for the valuation and a significant de-risking event.

Hog Ranch a valuable option for RXM.

### **Successful exploration results at Hillside**

Exploration success at Hillside would be a significant positive for the stock, extending mine life and possibly grade.

### **Price increases in key commodities**

The valuation is sensitive to the underlying commodity prices (copper and gold). Price increases would have a positive effect on the valuation and share price.

### **Capital and operating cost optimisation**

Capital and operating cost savings would have a positive impact on margins, cash flows and the valuation and would be a positive reflection on the company's management team. As the project advances, there is an opportunity to optimise and improve on the current estimates provided in the Scoping Study and this could lead to an increase in the project valuation.

### **Hog Ranch development**

The Hog Ranch project in Nevada already has a significant Mineral Resource. However, any further developments such as an increase to Resources, conversion to Reserve, feasibility studies or potential sale could be a positive for the share price and valuation.

## **Risks to share price and valuation: offset by low technical complexity, strong projected returns**

The project's location in SA with beneficial access to existing critical infrastructure, as well as the simple technical aspects of the mining/processing, are all notable positives for the project and provide an offset to the risk inherent to a mining development in general as well as project-specific risks identified.

Risks to our valuation and share price are detailed below.

### **Concentrated commodity exposure**

The asset base has a concentrated commodity exposure. We believe this risk is offset by:

- the company's operations in a Tier 1 jurisdiction
- significant exploration prospectivity and project expansion opportunity
- strong ESG fundamentals
- the fully permitted project.

### **Inability to attract strategic partner**

Attracting a strategic partner to the project is a key pillar to the delivery of the Hillside project. The inability to attract such a partner is the most significant risk to Hillside's development.

### **Other funding risk for Hillside**

Hillside has a large upfront capex. In addition to the strategic partner, RXM will require both debt and equity funding. The inability to complete a funding package would be a significant negative for RXM.

### **Hillside FID delay**

RXM expects FID for Hillside in 3QCY23. We believe any delay in completion of FID would be a negative for the share price.

### **Project delivery delay**

The later-than-expected commencement of the projects relative to the currently outlined timeline of development would provide delay cash flows and reflect negatively on the management team, which would likely decrease the valuation.

### **Stage 2 PFS delay or non-delivery**

We have included Stage 2 in our valuation but have risked it at 50%. We consider Stage 2 as a significant value add for RXM and any delay or non-delivery of PFS to the market would be a negative for the shares.

### **Stage 2 FID delay or non-delivery**

A delay or non-delivery Stage 2 FID would be a negative for the valuation and a significant de-risking event.

### **Price decreases in key commodities**

The valuation is sensitive to the underlying commodity prices (copper and gold). Price decreases would have a negative effect on the valuation and share price.

### **Capital and operating cost increases**

Capital and operating cost increases have a negative impact on margins, cash flows and the valuation and would be a negative reflection on the company's management team.

# Financials – Strategic Partner and Project Funding Focus; A\$12.8m in Bank

RXM has indicated that approximately A\$854m in funding will be required to bring Hillside into production as defined under the OFS. The company is actively pursuing a suitable funding package via a structured process to align with detailed engineering, construction and operational readiness plans. In order to secure this funding a number of project funding options will be considered.

RXM is targeting funding of approximately 50–60% senior debt, with the remaining capital to be funded via a combination of minority asset selldown and equity.

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Strategic project partner a focus for RXM and funding of project.

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## Current cash position strong

Overall, we believe that the company is in a strong position to secure the project finance required to take Hillside into production. The company has cash in hand of A\$12.8m (31 March 2023), which provides sufficient funding for ongoing corporate expenses, working capital and funds required to take Hillside to FID. The cash balance reduced from \$29m in December as RXM spent \$10m on capital items (ordering long lead items for the project) and A\$2.8m in exploration.

## Project funding options

### Strategic partner investment in project

Potential strategic partnerships via a minority interest are being pursued by RXM. We expect that RXM would look to sell approximately 30% of the project and retain 70%. RXM has stated that it will only introduce a partner should it enhance the value of the project.

We consider that RXM would seek around NPV for the payment from the partner. RXM's post-tax NPV for the project is A\$847m, meaning a figure of around A\$250m would represent the likely consideration for a 30% stake.

The key benefits of introducing a strategic partner to the project is that it would significantly reduce the funding burden on RXM:

- cash is received from the partner into RXM
- RXM would only need to fund 70% of the project
- a smaller equity raise would be required.

### Senior debt: targeting 50–60%

RXM is targeting funding of approximately 50–60% senior debt (at the 50% level, this would mean \$427m for the project but we assume A\$450m).

The company has received strong interest from a range of external financiers, traditional and non-traditional lenders, equipment suppliers and major copper smelters and metal trading companies.

### Equity raising

We estimate the balance of RXM's equity contribution would be around A\$140m.

**Figure 30: Funding Breakdown for RXM Hillside (Assume 30% Selldown and \$900m Funding)**

| FINANCING ASSUMPTIONS         |      | A\$m       |
|-------------------------------|------|------------|
| Project Debt                  | 50%  | 450        |
| Project selldown              | 30%  | 250        |
| Equity - RXM share only       | 0.35 | 140        |
| <b>TOTAL FUNDING REQUIRED</b> |      | <b>900</b> |

Source: MST Assumptions



# Appendix 1: Hillside Site Visit

MST attended an RXM site visit in February 2023. The site visit was well attended by the investment community including buy side analysts and portfolio managers as well as brokers.

Our key takeaways from the site visit were:

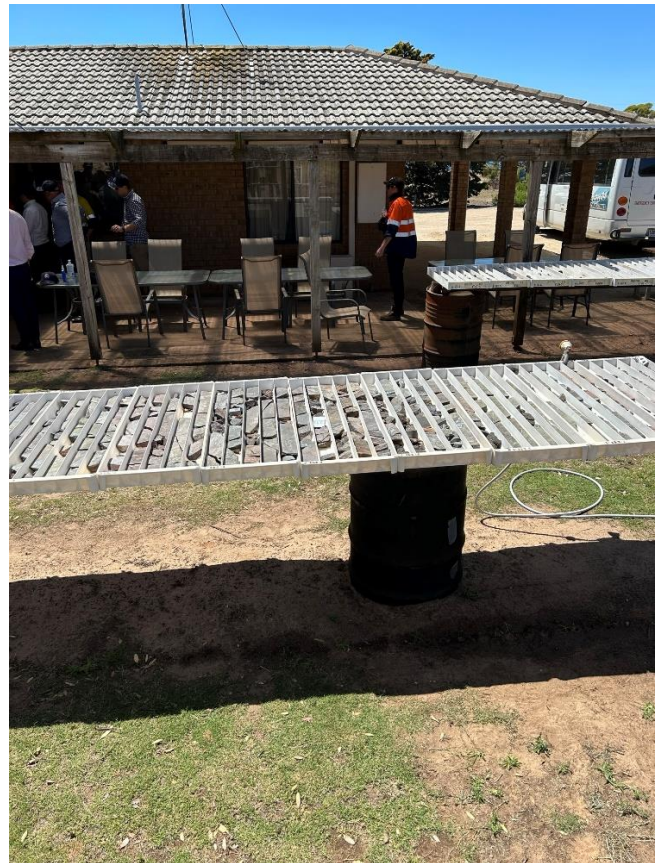
- a strong, engaged and enthusiastic management team, with a deep knowledge of the geology of Hillside and the project details
- a sense of community engagement including a senior full-time community affairs manager
- established infrastructure and a history of mining in the district
- ease of access to and around the site
- a well-established site office, core sheds and administration

**Figure 31: Mine site view from core shed**



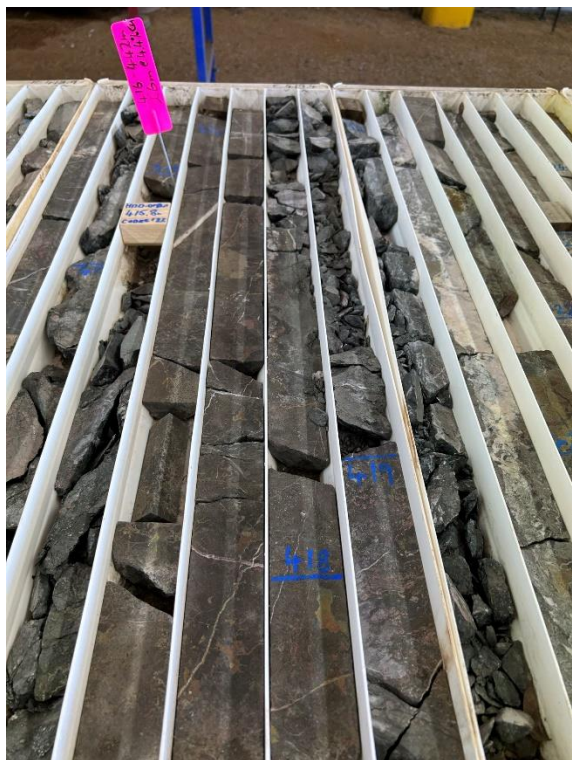
Source: MST.

**Figure 32: Core at site office**



Source: MST.

**Figure 33: Core from Hillside discovery hole**



Source: MST.

**Figure 34: Typical Hillside topography**



Source: MST.

**Figure 35: Hillside core shed**



Source: MST.

**Figure 36: Mining history near Ardrossen**



Source: MST.

## Appendix 2: Resources and Reserves Definition

Figure 37: Resources and Reserves Definition

### A quick definition of a Resource and a Reserve

A **Mineral Resource** is a concentration or occurrence of material of intrinsic economic interest in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into the categories of Inferred, Indicated and Measured.

- An **Inferred Mineral Resource** is the part of a Mineral Resource for which quantity, grade (or quality) and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological or grade continuity.
- An **Indicated Resource** is simply an economic mineral occurrence that has been sampled (from locations such as outcrops, trenches, pits and drill holes) to a point where an estimate has been made, at a reasonable level of confidence.
- A **Measured Resource** is an Indicated Resource that has undergone enough further sampling that a 'competent person' (defined by the norms of the relevant mining code, usually a geologist) has declared it to be an acceptable estimate, at a high degree of confidence.

A **Mineral Reserve** is the economically mineable part of a Measured Mineral Resource and/or Indicated Mineral Resource.

- A **Probable Mineral Reserve** is the economically mineable part of an Indicated Mineral Resource, and in some circumstances, a Measured Mineral Resource. It includes diluting material and allowances for losses which may occur when the material is mined. A Probable Mineral Reserve has a lower level of confidence than a Proved Mineral Reserve but is of sufficient quality to serve as the basis for a decision on the development of a deposit.
- A **Proved Mineral Reserve** is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which occur when the material is mined.

Source: Industry

# Methodology & Disclosures

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