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Quarterly Activities and Cash Flow Report

for the Quarter Ended 30 September 2020

27 October 2020

HIGHLIGHTS

- **Reprocessing of the high-resolution, aerial electromagnetic and magnetic geophysical data over the Deflector Extended Project was completed.**
- **Numerous anomalous areas were identified and further ground geophysical surveys to be undertaken at the Deflector Extended Project.**
- **Completion of a detailed geological interpretation and target generation exercise on the high-resolution airborne geophysics produced 30 potential targets at the Daltons Project area.**
- **Subsequent to the quarter end, MinRex also announced the acquisition of consolidated position of gold and base metal projects in the highly prospective East Lachlan Fold Belt of NSW including 4 project areas and farm-in rights to an additional 2 project areas from various vendors. MinRex also secured an exclusive 9-month option from Argent Minerals Ltd (ASX: ARD) to acquire Argent's farm-in rights in the exploration area of the Sunny Corner project.**

MinRex Resources Limited (ASX: MRR) ("MinRex" or "the Company") is an exploration company, listed on the Australian Securities Exchange, with five gold and base metal projects in Western Australia. Four of the projects are located in the East Pilbara Region of WA, all of which are 70% owned and comprise the Daltons Gold Project, the Bamboo Creek Gold Project, the Marble Bar North Gold Project and the Marble Bar South Gold Project (see Figure 1). The fifth project, the Deflector Extended Gold Project, located at Gullewa in Western Australia and is 4km along strike, to the northeast of the Silver Lake Resources Limited (ASX:SLR) Deflector Mine and is 100% owned (see Figure 1).

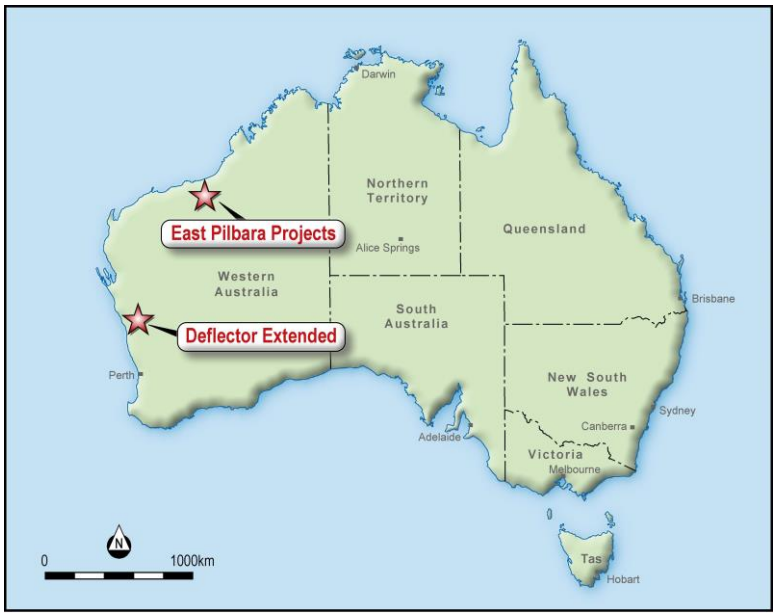


Figure 1: Location of MinRex Project Areas

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The Company is pleased to provide the following report on its activities during the September 2020 quarter.

Exploration Updates

Deflector 2020 Open-File Geophysics Interpretation Program

The results were received from the appraisal of the available open-file geophysical data over MinRex's Deflector Extended Project (E59/1657). This project area lies 4km, along strike, to the northeast of the Silver Lake Resources Limited (ASX: SLR) Deflector Mine, where copper-gold occurs as high-grade lode mineralisation, associated with abundant disseminated to massive sulphide mineral bearing veins, in shear zones in meta-basalt. The geophysical data from several previous high-resolution aeromagnetic, EM and other surveys, at Gullewa, were compiled, merged and processed to better define bedrock and surficial geology, major structures and AEM responses.

The use of detailed geophysics in the Deflector Extended Project area is considered invaluable as about 85% of the lease area is covered with young (Cenozoic) cover sediments which obscure the underlying geology.

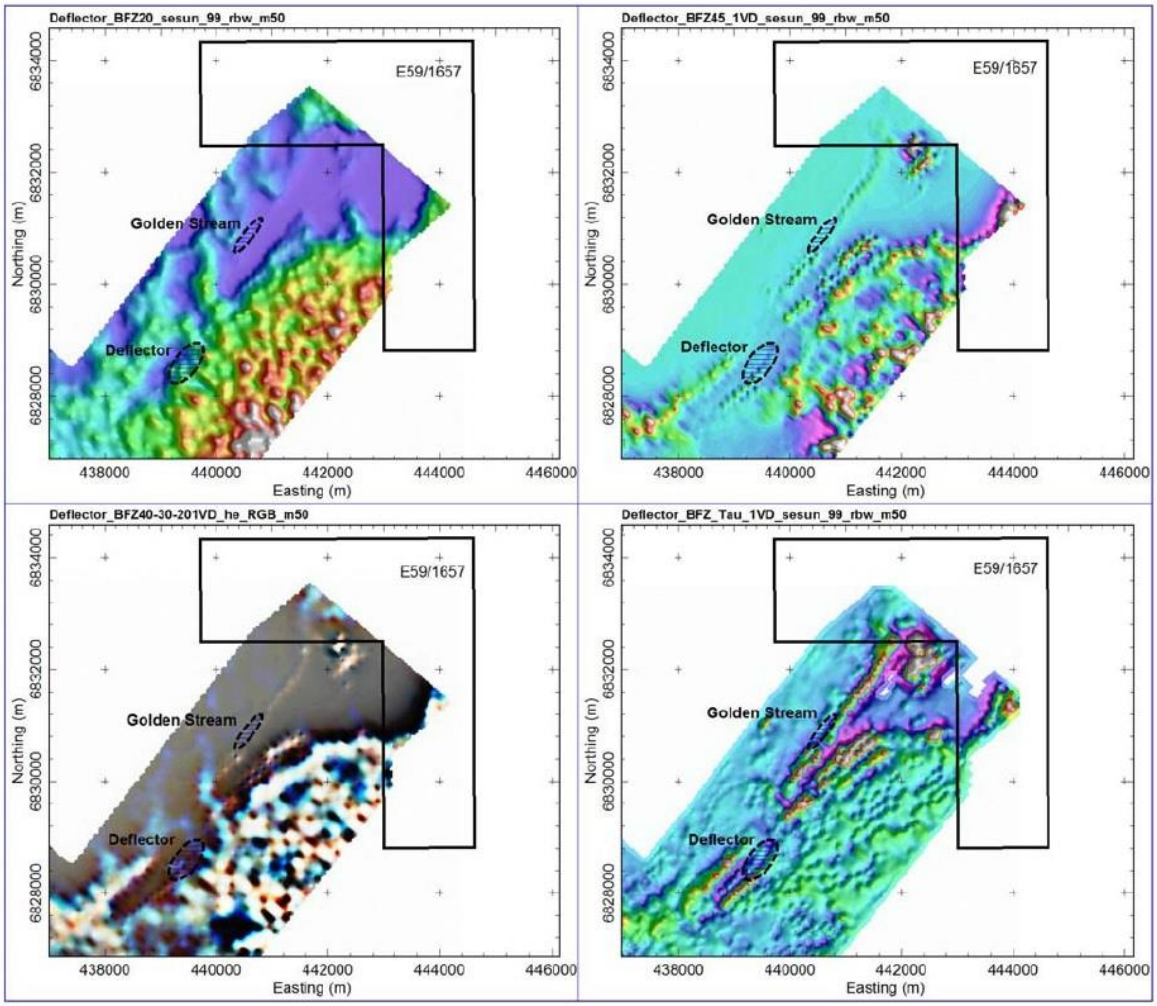


Figure 2: Aeromagnetic composite plots showing the location of the Deflector and Golden Stream Mines and that both trend towards the Deflector Extended Project area (E59/1657)

The assessment of the magnetic data reveals a number of north-south to north northeast trending structures and magnetic responses that clearly correlate to anomalous geochemistry at the "Corner Creek" and Eastern Dolerite prospects, which show differences from the current interpretation. The

magnetic imagery also clearly defines the extension of the mineralised structure that controls the Golden Stream deposit into the project licence area.

The airborne electromagnetic survey data highlights several strike extensive conductors which are likely to represent shear zones and sediment/shale horizons, with both the Deflector and Golden Stream mines being located along such structures.



Figure 3: Aeromagnetic image of Deflector Extended Project with significant structures/trends

As announced by MinRex on 19 October 2020 subsequent to the quarter end, MinRex will complete on-ground geophysical work at the Deflector Extended Project using IP and the coverage of high-resolution magnetics will be extended using ground magnetic surveys to further define structures that may be controlling gold mineralisation in the project area. These work programs are expected to be completed during November and December 2020. The results of these programs will be used to guide further exploration programs at the Deflector Extended Project.

Daltons 2020 Geophysics Detailed Interpretation Program

Detailed processing and interpretation work has now been completed on the geophysical data generated by the high-resolution airborne magnetic and radiometric geophysical survey program at the Daltons Project area.

This more detailed litho-structural interpretation has shown structural elements within the prospective mafic/ultramafic rocks of the Kelly Group, considered prospective for copper-gold mineralisation. Geological interpretation used a combination of the TMI second vertical derivative and various radio-element images, to produce an improved delineation of granitoids, gabbro, mafic and mafic/ultramafic rocks and felsic volcaniclastic rocks and intrusions. The subsequent targeting

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exercise has found strong links between structures and the known mineralisation and then used the new data to generate a list of 30 potential target areas. The target areas generated will assist with field exploration in the future.

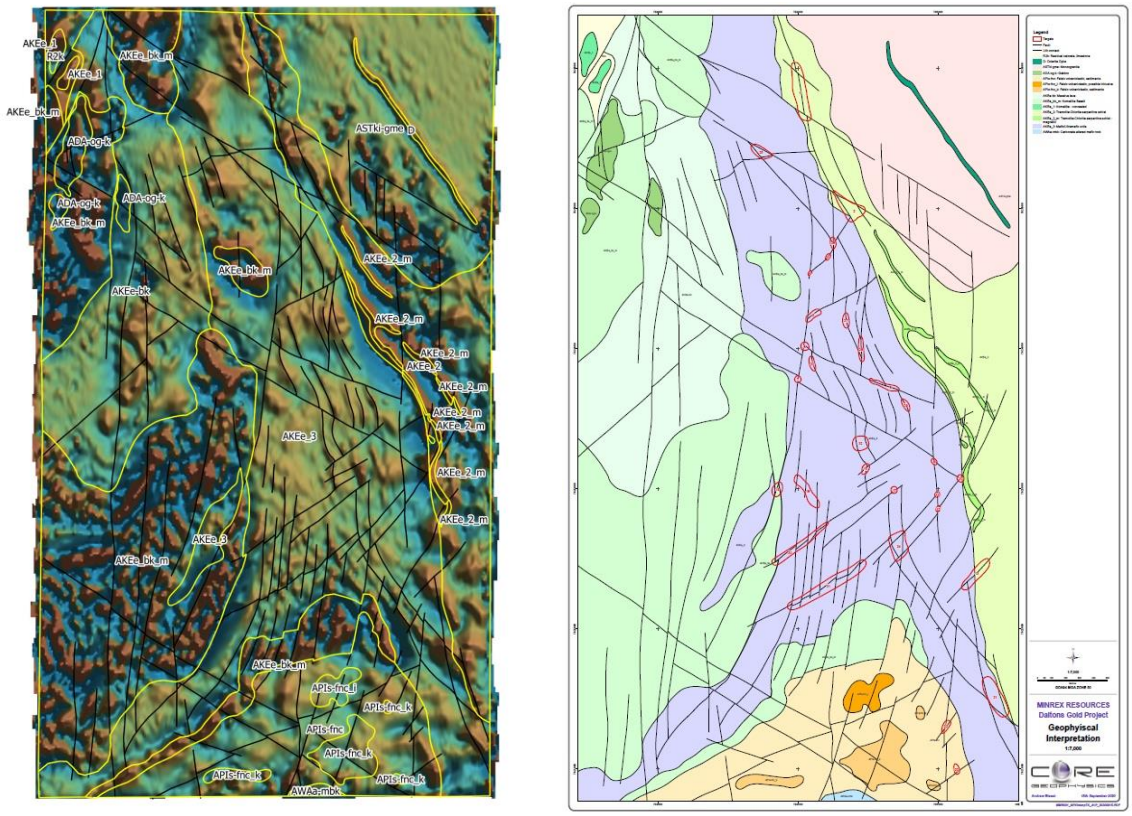


Figure 4: Daltons Project – lithological boundaries and structural elements (left) and location of principal interpreted target zones (right)

Corporate

Business Development

During the quarter the Company continued to pursue and assess new business opportunities in the resources sector, with a particular focus on gold and base metals exploration, to complement the Company's existing mineral projects.

Acquisition of East Lachlan Fold Belt Projects

Subsequent to the quarter end, on 22 October 2020 the Company announced that it entered into binding agreements to acquire a number of gold and base metal projects in the highly prospective East Lachlan Fold Belt of NSW as well as farm-in rights over additional project areas in the same region.

East Lachlan Fold Belt

The East Lachlan Fold Belt is a high profile mining and exploration region that contains several major gold, copper-gold and silver deposits. These include Newcrest Mining Ltd's Cadia-Ridgeway Mine, Evolution Mining Ltd's Lake Cowal Mine, China Molybdenum Co. Ltd's Northparkes Mine, Alkane Resources Ltd's Tomingley Mine and Silver Mines Ltd's Bowdens deposit.

Investor interest in the region has increased further with the discovery of significant gold-copper porphyry mineralisation at Alkane Resources Ltd's Boda Prospect. The US Geological Service recently estimated that between four and ten porphyry systems remain to be found in the Lachlan Fold Belt.

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This has led to a number of companies acquiring ground in the region, including Newmont Mining Ltd, Freeport-McMoRan Inc, and Fortescue Metals Group Ltd. In addition to porphyry-style mineralisation, there are also orogenic gold deposits such as Tomingley and Hill End, and silver-lead skarn deposits such as Bowdens.

The East Lachlan Fold Belt is within the Sofala Region, which is located 180km Northwest of Sydney, NSW. An overview of the region is shown in Figure 5 below.

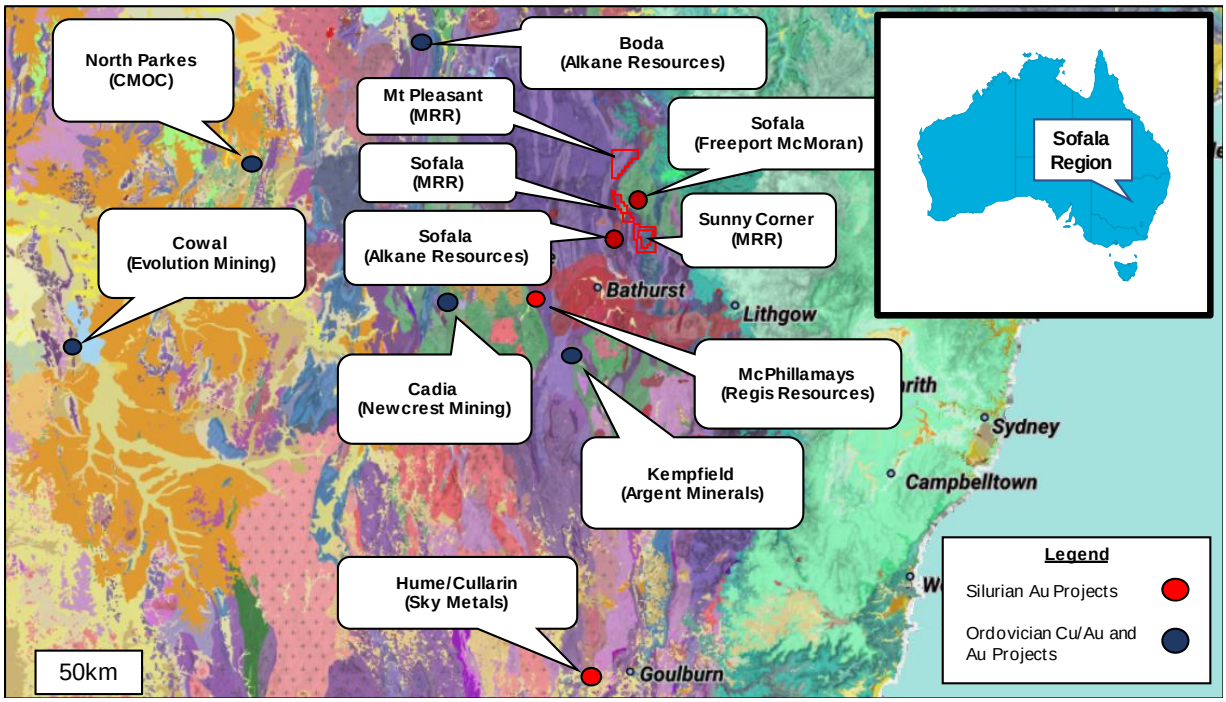


Figure 5 – Overview of the Sofala Region, NSW

Projects to be acquired by MinRex

MinRex will acquire 100% of NSW mining authorities ELA5954, ELA5986, ELA6142 and EL8976; an option to farm-in to NSW mining authorities EL7974 and EL7423 to earn up to an 80% interest in these projects; and an option to acquire the farm-in rights of Argent Minerals Ltd (Argent) to earn up to a 90% interest in the exploration area of NSW mining authority EL5964 (known as Sunny Corner).

MinRex groups the above mining authorities into four project areas, ***Mt Pleasant*** (EL5954), ***Sofala*** (EL7423 & EL7974), ***First Find*** (EL8976) and ***Sunny Corner*** (Sunny Corner North: EL5964 & ELA5986; Sunny Corner South: ELA6142). The location of these project areas is shown in Figure 6 below.

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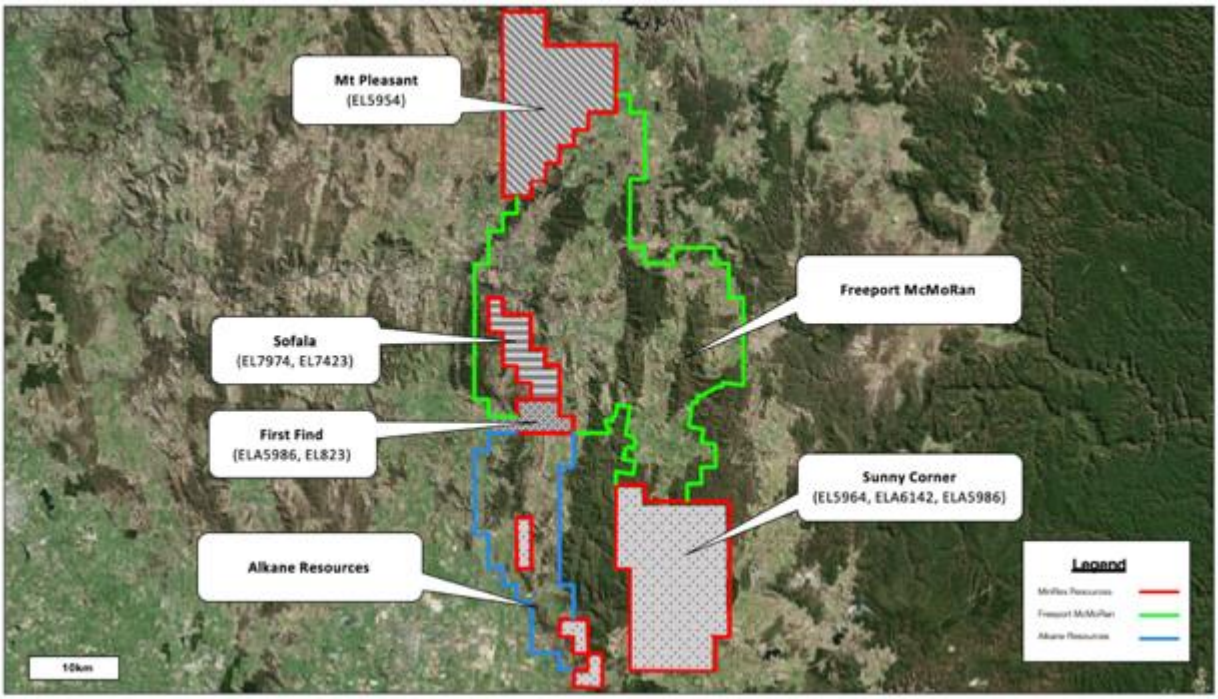


Figure 6 – Location of East Lachlan Fold Belt projects to be acquired by MinRex

The projects are highly prospective for both gold-rich, alkali, gold-copper porphyry (Cadia-style) mineralisation and paleo-placer gold mineralisation. These projects are complementary to MinRex's existing project portfolio of gold projects in Western Australia as MinRex looks towards diversifying its gold and base metals exploration activities in additional world class areas within Australia. Refer to the Company's announcement of 22 October 2020 for further details on the projects and farm-in rights to be acquired by MinRex. MinRex will provide further details on the East Lachlan Fold Belt projects in the coming weeks..

Key acquisition terms

The consideration payable by MinRex to the various vendors to acquire its Eastern Lachlan Fold Belt position comprises a total of $420,000 in cash payments, up to 252,500,000 shares (with up to 80,000,000 shares to be issued as deferred consideration subject to the exercise of the Sunny Corner option) and a 2% net smelter royalty in respect of all mineral production from the projects. Completion of the acquisitions is conditional on a number of conditions precedent including MinRex shareholder approval and completion of further due diligence by MinRex.

MinRex will seek shareholder approvals for the acquisitions at its Annual General Meeting. Refer to the Company's announcement of 22 October 2020 and the Company's Notice of Annual General Meeting for further details on the acquisitions.

Placement

MinRex is also proposing to conduct a placement to sophisticated and professional investors to raise $2.9 million (before costs) via the issue of 145,000,000 shares at 2c per share, together with a 1:2 free attaching option exercisable at 4c on or before 8 April 2023 (Placement), subject to shareholder approval, to provide funding for the cash consideration due at completion of the acquisition of the Lachlan Fold Belt projects, exploration and development activities under MinRex's initial farm-in obligations, including in relation to Sunny Corner should the Sunny Corner option be exercised, and to provide general working capital.

MinRex will also seek shareholder approvals for all securities to be issued in connection with the Placement at its Annual General Meeting. Refer to the Company's announcement of 22 October 2020 and the Company's Notice of Annual General Meeting for further details on the placement.

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Director Placement

Further to its announcement on 17 July 2020, following shareholder approvals obtained at the Company's General Meeting held on 10 September 2020 the Company completed a placement of 26,666,667 shares at an issue price of $0.012 and 6,666,666 unlisted free attaching options (each exercisable at $0.04 on or before 30 months from issue) to directors to raise a total of $320K before costs. The placement was completed on 9 October 2020.

Cashflows for the Quarter

Attached to this report is the Appendix 5B containing Company's cash flow statement for the quarter. The significant cashflows relating to the quarter included $52k spend on exploration and evaluation expenditure (June'20 Quarter $81k), which was primarily associated with the costs relating to the geophysical reprocessing of open-file data completed at Deflector Extended Project and the detailed geophysical interpretation of the Dalton's Project area, $81K administration and corporate cost, of which $16k related to the payments made to related parties, also noted under section 6.1 of Appendix 5B, for directors fees paid during the quarter.

As at 30 September 2020, the Company had available cash of $370K. Subsequent to the end of the quarter, the Company received $320K from the director placement and had available cash of approximately $690K.

Issued securities

As at the date of this report the Company has 233,637,055 ordinary shares, 42,023,170 unlisted options (exercisable at $0.04) and 15,000,000 performance rights (expiring on 16-Sep-2025) on issue.

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

-ENDS-

For further information, please contact:

James Bahen
Non-Executive Director
MinRex Resources Limited
T: +61 8 9481 0389
info@minrex.com.au

Competent Persons Statement:

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

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SEPTEMBER 2020 QUARTER–- ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

MRR to acquire Projects in Lachlan Fold Belt, NSW	22 October 2020
MRR to commence Geophysical work at Deflector Extended	19 October 2020
MinRex Completes Geophysical Work	22 September 2020
MRR to commence Geophysical Work	26 August 2020

These announcements are available for viewing on the Company's website www.minrex.com.au under the Investor Relations tab. MinRex confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

Tenement information as required by the Listing Rule 5.3.2

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MINREX RESOURCES LIMITED and its Controlled Entities

ABN	Quarter ended ("current quarter")
81 151 185 867	**30 September 2020**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(52)	(52)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(81)	(81)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(133)**	**(133)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Proceeds from unissued unsecured convertible note)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	504	504
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(133)	(133)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**371[1]**	**371**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	371	371
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**371[1]**	**371**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	16
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amounts reported in item 6.1 relate to payments to directors non-executive fees paid for the quarter.

[1] Subsequent to the end of the quarter the Company received ~$320K from a Director placement announced on 17 July 2020

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(133)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(133)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	371
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	371
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	2.8

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2020

Authorised by: By the Board of MinRex Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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