

Rex Minerals Ltd

June 4, 2024



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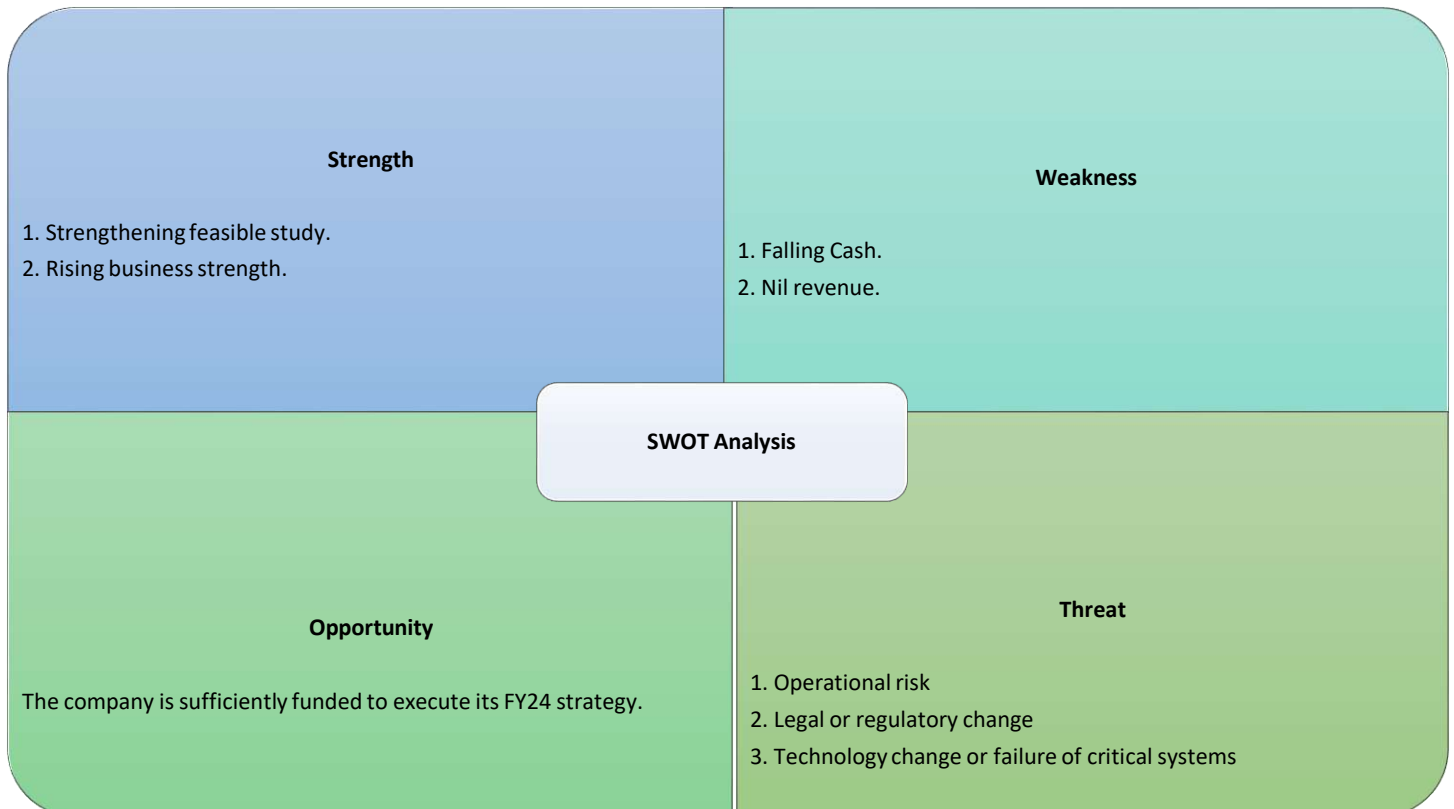
<p>Rex Minerals Ltd</p> <p>Kapitales Research Rating ★★★★★</p> <p>Recommendation Speculative Buy</p> <p>Current Market Price AU\$0.270</p> <p>Risk High</p>	<p>Equity Analysis</p> <p>52 Week Range (AUD)</p> 
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Average volume	0.652 million	52 Week Range (AU\$)	0.148-0.275
Shares outstanding	767.90 million	Dividend amount (AU\$)	-
Free float	587.95 million	Dividend Yield	0%
P/E (TTM)	-	Ex-date	-
Market cap (AU\$)	199.65 million	Record date	-
EPS (TTM)(AU\$)	-0.031	Pay date	-
ROE	-46.81%	Franking	-

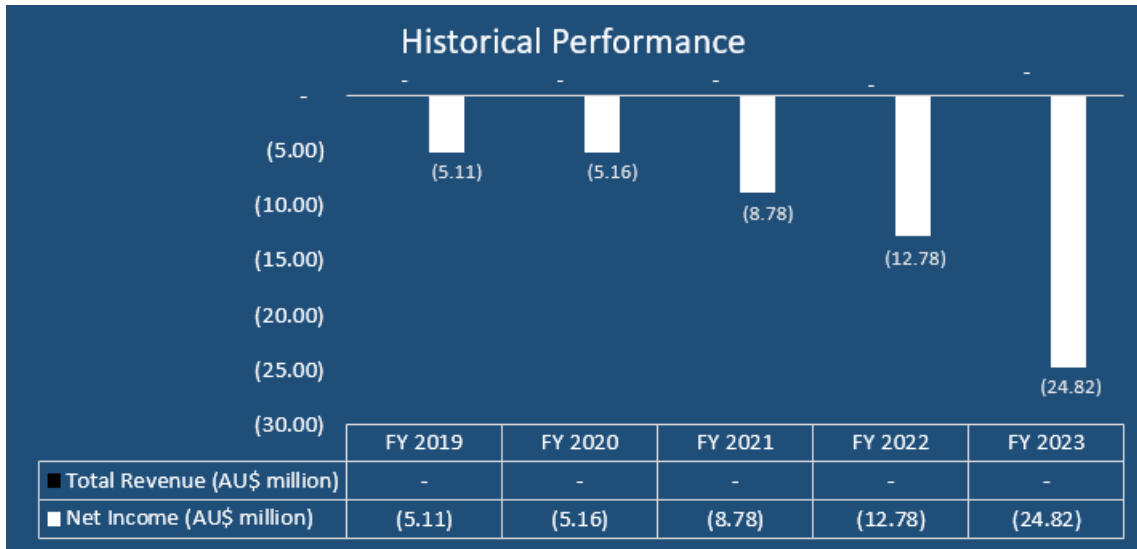
Source: (ASX and Koyfin), Analysis by Kapitales Research

Rex Minerals Ltd (ASX: RXM) is an Australia-based company, which is engaged in minerals exploration, evaluation and development. The Company's projects include Hillside Project and Hog Ranch Project. The Hillside Project is located 165 kilometers (kms) from Adelaide and 12 km south of the Ardrossan township on the Yorke Peninsula, South Australia. The Hillside Project is an iron oxide copper gold (IOCG) deposit, under shallow cover, in the Gawler Craton, which collectively hosts the largest copper producing projects in Australia. The Hillside Project has a resource that contains approximately 1.9 Mt of copper (Cu) and 1.5 million ounces (Moz) of gold (Au) and is one of the most significant projects in Australia.

SWOT Analysis



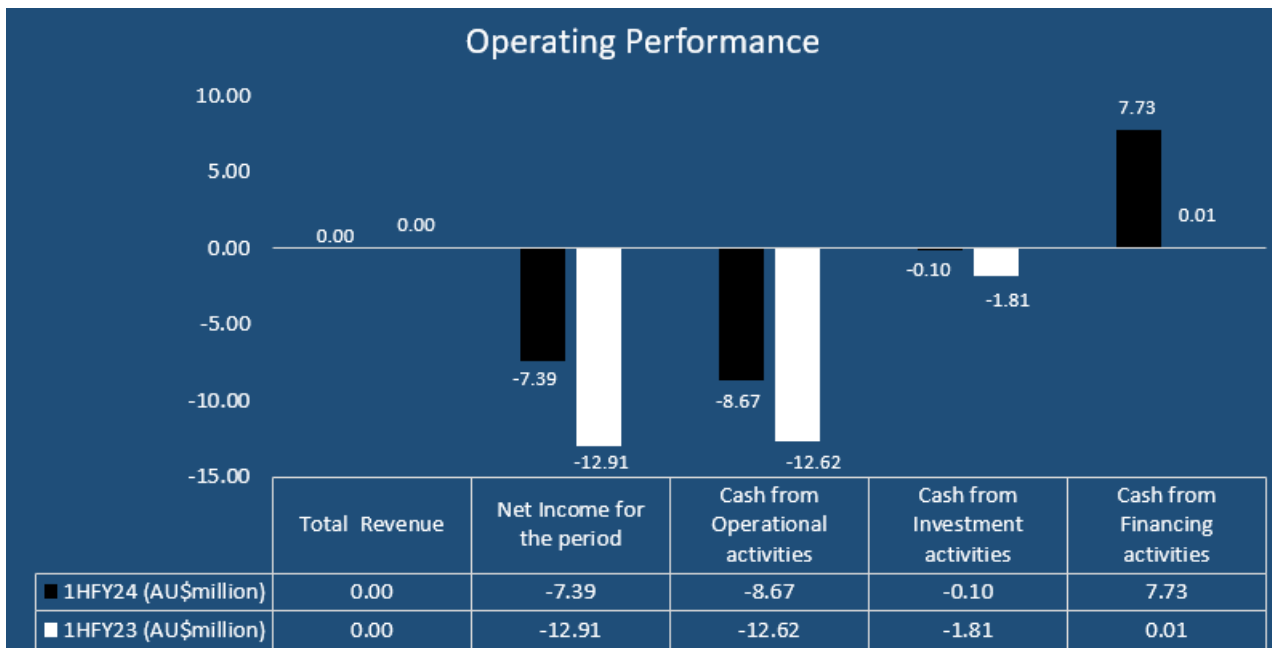
Historical Performance



Source: Koyfin, Analysis by Kapitaless Research

Between FY2019 and FY2023, the company's did not generate any revenue.

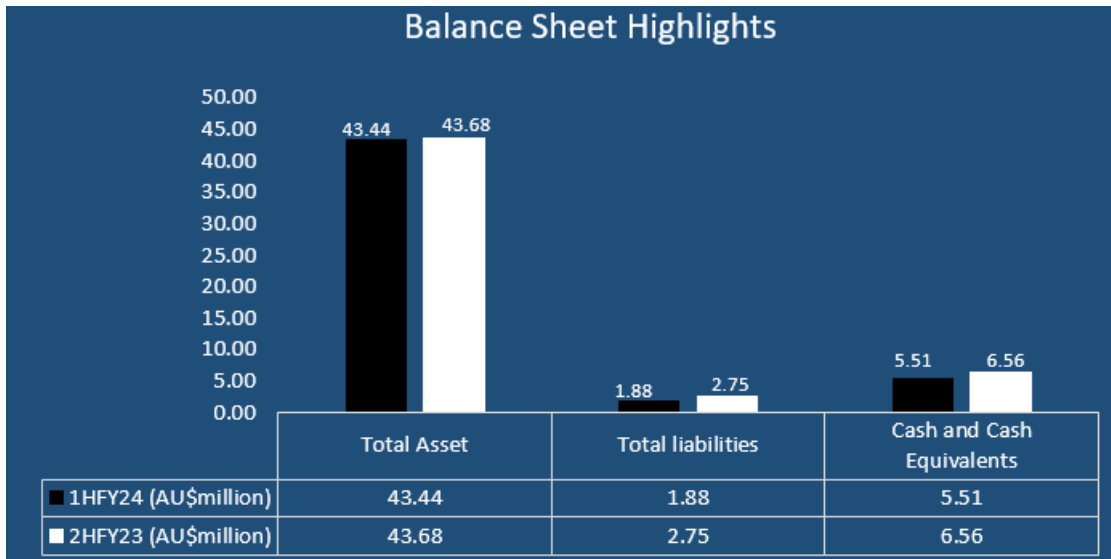
Operating Performance (period ended 31 December 2023)



Source: Company Reports, Chart Prepared by Kapitaless Research

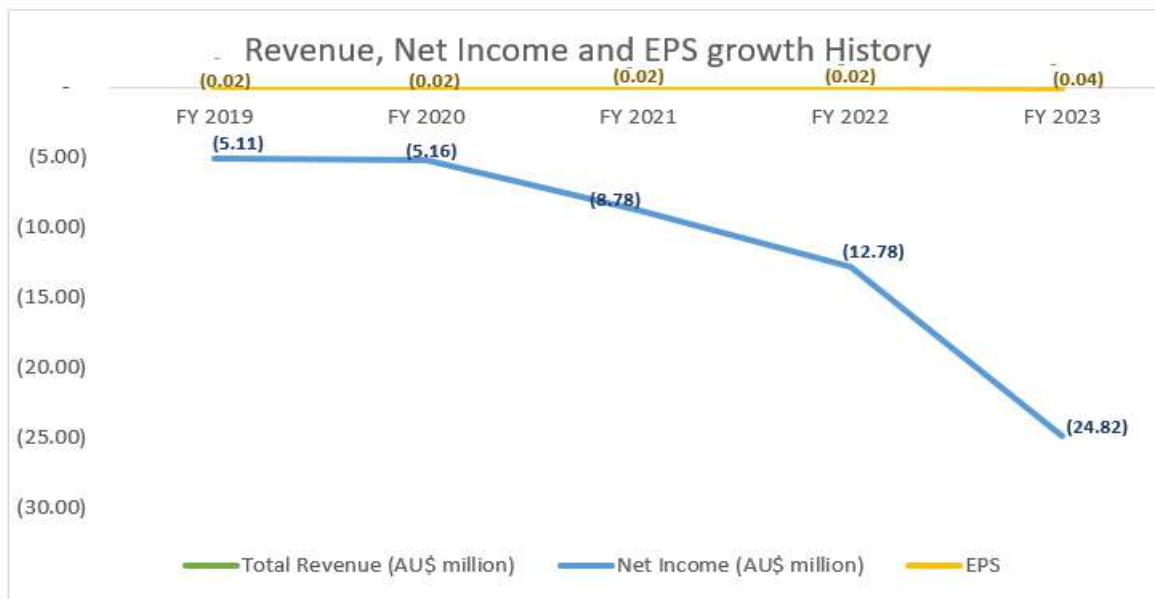
Subsequent to the end of the Half-Year, the Company completed an equity raising comprising a strategic placement and a partially underwritten 1 for 6 accelerated non-renounceable pro-rata entitlement offer. On 18 January 2024, the Company announced the strategic placement and accelerated component of the institutional entitlement offer raised a total of \$15.5 million.

Balance Sheet Highlights (period ended 31 December 2023)



Source: Company Reports, Chart Prepared by Kapitaless Research

Revenue, Net Income and EPS growth History



Source: Koyfin, Analysis by Kapitaless Research

Fiscal Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Growth Trend
Total Revenue (AU\$ million)	-	-	-	-	-	
Net Income (AU\$ million)	(5.11)	(5.16)	(8.78)	(12.78)	(24.82)	▬ ▬ ▬ ▬ ▬
EPS	(0.02)	(0.02)	(0.02)	(0.02)	(0.04)	▬ ▬ ▬ ▬ ▬

Source: Koyfin, Analysis by Kapitaless Research

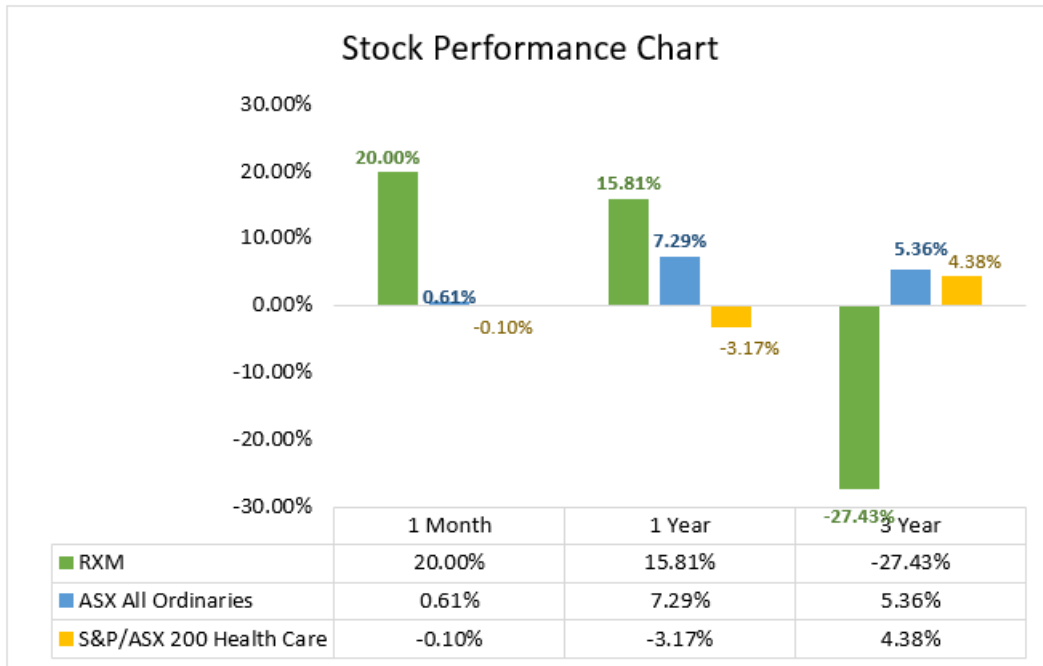
Ratio Analysis

Fiscal Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Return on Assets	-12.46%	-12.85%	-17.70%	-16.64%	-28.50%
Return On Equity %	-22.40%	-25.02%	-35.52%	-26.83%	-46.81%
Return on Total Capital	-13.06%	-13.41%	-18.48%	-17.22%	-29.79%
EBITDA Margin %	-	-	-	-	-
Gross Profit Margin %	-	-	-	-	-
Net Income Margin %	-	-	-	-	-
Asset Turnover	-	-	-	-	-
Inventory Turnover (Average Inventory)	-	-	-	-	-
Current Ratio	3.0	0.6	8.1	23.5	3.7
Days Sales Outstanding (Average Receivables)	-	-	-	-	-
Days Payable Outstanding (Avg)	-	-	-	-	-
Cash Conversion Cycle (Average Days)	-	-	-	-	-

Source: Koyfin, Analysis by Kapitales Research

During FY23, the company’s current ratio fell to 3.7x from 23.5x in FY22.

Price Performance



Source: Investing.com, Analysis by Kapitales Research

When assessing RXM shares against both ordinary shares and sector performance, RXM shares exhibited robust performance in the span of one month and one year’s timeframe. Notably, RXM shares delivered noteworthy return of 20.00% and 15.81% in past one month and one year timeframes, respectively.

Outlook

The global outlook for copper demand continues to strengthen with most consensus price forecasts being adjusted upwards. Consensus price forecasts range from US\$3.90 to over US\$5.50 per pound (lb) with the average clearly well north of US\$4.00/lb.

Key Risks and Uncertainties

The company has exposure to the following risks-

- Operational risk
- Market Volatility
- Regulatory and Legal Risk

Technical Analysis



Source: TradingView, Analysis by Kapitales Research

Company Name	Ticker	Sector	CMP (AU\$)	Advisory Date	Rating	Target 1 (AU\$)	Target 2 (AU\$)	Stop Loss (AU\$)
Rex Minerals Ltd	RXM	Materials	0.270	4 June 2024	Speculative Buy	0.295	0.325	0.245

The stock of RXM settled at AU\$0.270 on 04 June 2024 with a gain of ~3.85% from the previous day's closing. It is currently trading near its 52-week high price level. The stock is trading above the significant exponential moving averages (EMA) of 20, 50, and 200 days on a daily time frame, indicating bullishness for the near term. The stock is trading above the central pivot (AU\$0.225), holding a bullish momentum on a daily time frame chart.

Sector: Materials
Industry: Metals & Mining
04 June 2024

Based on these facts, buying can be initiated at the current market price (CMP) level for the potential targets of AU\$0.295 and AU\$0.325 in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).

Investors are advised to keep a strict stop loss at or below AU\$0.245 (previous swing support) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.

Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.

Investment Summary

Rex continues to actively pursue funding via a structured finance process for the Hillside Project. The introduction of a strategic partner is a key element of the funding solution. Hence, after considering the facts mentioned above, investors are advised to have a "Speculative Buy" rating on the stock of RXM at the closing price of AU\$0.270 on 04 June 2024.

Note: Kapitales Research Rating Star has been decided over the quantitative analysis of the stock. Maximum number of stars can be 5, with 5 for the top rating and 1 for the lowest rating.

Technical Indicators Defined:

EMA: Exponential Moving Average is the moving average that puts more weight on the most recent data points. $EMA = \text{Closing price} * \text{multiplier} + EMA(\text{previous day}) * (1 - \text{multiplier})$. For a 200-day exponential moving average, the multiplier can be calculated with the formulae i.e. $[2/(200+1)] = 0.0095$.

RSI: Momentum indicator, Relative Strength Index is used to evaluate the overbought or oversold nature of an asset by measuring the magnitude of its recent price changes.

Bollinger Band: A technical analysis tool that uses two parameters i.e. period (default is 20) and standard deviations, forming a kind of price envelope depicting a range of upper price band and lower price band. This price band shifts according to the volatility swings, and it helps in identifying whether the underlying asset is in the overbought zone or oversold zone.

Support: This is a level or zone where the stock finds good demand indicating the buyer's strength.

Resistance: This is a level or zone where the stock finds a good supply indicating the seller's strength.

Stop-loss: This is the level from where the investors should exit their positions to prevent any further losses in case of unfavorable movement in the stock prices.

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Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e., Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.

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