ASX Release: 31 October 2022

# September 2022 Quarterly Activities Report

## HIGHLIGHTS

- **Positive scoping study for Cummins Range shows potential for sustainable, long-life rare earths project**
  - **Strong financials with attractive NPV, IRR and payback period and low cash costs**
  - **Based only on current 2021 Indicated and Inferred Resources with 85% of the mine plan in the Indicated category**
  - **Board approves commencement of Pre-Feasibility Study**
- **2022 growth drilling program is confirming scale and significance of Cummins Range for both rare earths and phosphate with an extensive mineral system emerging**
  - **CDX0020 - 384.4m at 4% $P_2O_5$ and 0.3% TREO and multiple high-grade rare earths intersections cumulatively 43m at 1.7% TREO including 11.6m at 1.9% TREO**
  - **CDX0022 - 455.6m at 5% $P_2O_5$ and 0.5% TREO and multiple high-grade rare earths intersections cumulatively 100.4m at 1.9% TREO including 17m at 2.4% TREO**
  - **CDX0027 - 326.4m at 4% $P_2O_5$ and 0.4% TREO with multiple high-grade rare earths intersections cumulatively 60.5m at 1.8% TREO including of 6.2m at 4.2% TREO**
  - **2022 drill program now complete with assays pending**
- **Preliminary metallurgical testwork has delivered a premium phosphate concentrate from Cummins Range with results highlighting potential to produce a valuable co-product used in phosphate fertilisers**
  - **Greater than 39% $P_2O_5$ phosphate mineral concentrates produced with excellent recovery**
  - **Conventional phosphate flotation circuits tested, supporting a simple and proven beneficiation flowsheet for phosphate mineral recovery**
- **Preliminary metallurgical testwork shows promising ore sorting performance with a high REE recovery to Ore Sort Product and good mass rejection**
  - **Primary flotation testwork now underway both in Australia and with world experts, Baotou Mengrong Fine Material Co. Ltd**
- **Cash and Investments of $6.4m**

For more information, please contact:

Investors: Jeremy Robinson, Managing Director Ph: +61 8 6383 6593

Media: Nicholas Read, Read Corporate Ph: +61 8 9388 1474

## CUMMINS RANGE RARE EARTHS PROJECT

During the quarter, the Company advised that it has built on the outstanding start to the 2022 resource drilling program at its 100%-owned **Cummins Range Rare Earths Project (Project)** in Western Australia, with drilling significantly extending the known mineralisation at depth. The Company also released the results of the positive scoping and ongoing metallurgical testwork that is confirming the potential of the emerging rare earths and phosphate mineral system at Cummins Range.

## Exploration

The first assays for a complete diamond drill hole were received for CDX0020, which returned an impressive intercept of **384.4m at 4% $P_2O_5$ and 0.3% TREO** and a high-grade rare earths zone of **11.6m at 1.9% TREO**.

Assays were also received for six reverse circulation (**RC**) drill holes which returned wide and high-grade phosphate and rare earths intercepts including **153m at 11% $P_2O_5$ and 0.4% TREO** from hole CDX0081.

Results for CDX0022 and CDX0027 were released subsequent to the end of the quarter with both holes returning very wide rare earths and phosphate intersections. These results included **455.6m at 5% $P_2O_5$ and 0.5% TREO** and multiple high-grade rare earths intersections **cumulatively 100.4m at 1.9% TREO including 17m at 2.4% TREO** from CDX0027; and **326.4m at 4% $P_2O_5$ and 0.4% TREO** with multiple high-grade rare earths intersections **cumulatively 60.5m at 1.8% TREO including of 6.2m at 4.2% TREO** from CDX0022.

These two drill holes have been drilled on the same drill section down-dip from the JORC 2012 Indicated and Inferred Mineral Resource Estimate (at a 0.5% TREO cut-off) of 18.8 million tonnes at 1.15% TREO and 10% $P_2O_5$, highlighting the strong potential to expand and upgrade the current MRE.

### Diamond Drill-Hole CDX0020

CDX0020 has intersected numerous phosphate and rare earths zones including 384.4m at 4% $P_2O_5$ and 0.3% TREO. The wide zone is centred around the 80m wide Rare Dyke, as shown on Figure 1.

The Rare Dyke and hanging wall/footwall positions have abundant coarse disseminations of apatite with 26 monazite/bastnasite mineralised zones ranging from 0.3m to 11.6m. These zones accumulate to a total of 43m at 1.7% TREO (significant intercepts shown in Table 1). The strongest mineralised zone of 11.6m at 1.9% TREO and 7% $P_2O_5$ is located on the hanging wall contact of the Rare Dyke. Multiple rare earth zones above are hosted in carbonatite bands proximal to the Rare Dyke.

Figure 1 shows phosphate intercepts for the drill-holes completed up-dip of hole CDX0020. All of these drill holes have strong phosphate and rare earths mineralisation including CRX0063, which intersected 121m at 7% $P_2O_5$ and 1.2% TREO.

All of the drill holes completed up-dip have been stopped in strong phosphate mineralisation, with the footwall position of the Rare Dyke remaining wide open.

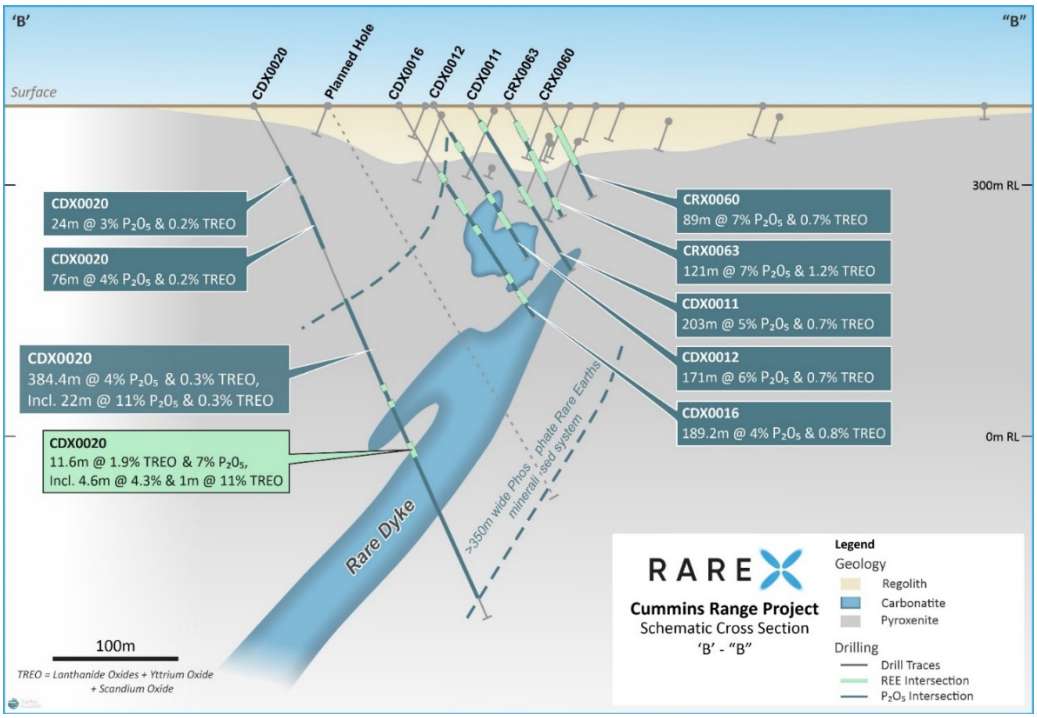


**Figure 1. Drill section showing phosphate and rare earths intercepts for CDX0020. Location of section is shown on Figure 7.**


**Figure 2. CDX0020 447-456m: rare earths and phosphate mineralised intersection of 11.6m at 1.9% TREO and 7% $P_2O_5$ including 1.2m at 11.4% TREO and 8% $P_2O_5$.**

## CDX0022

All assays have been received for CDX0022, which was drilled through the Pendant Dyke and Rare Dyke and stopped in the footwall at 439.4m.

20 rare earths mineralised zones were intersected with a cumulative width of 60.5m at 1.8% TREO. The zones are hosted in the hanging wall position and within the Rare Dyke.

The most mineralised zone in the hanging wall position is 27.7m at 1% TREO including 5.2m at 3.1% TREO and within the Rare Dyke is 6.15m at 4.2% TREO. Negligible uranium and thorium oxide was seen with an average combined total of 37ppm over the 20 mineralised zones.

Consistent phosphate mineralisation was seen in most of CDX0022, with a large intersection starting at the Pendant dyke and finishing at the end-of-hole with 326.4m at 4% $P_2O_5$ and 0.4% TREO. The disseminated coarse apatite is low in uranium and thorium with a combined average of 52ppm.

A scissor hole, CDX0033, was drilled to confirm the geological model and strike and dip of structures, rock fabrics and mineralised zones.

## CDX0027

Assay results have been received for the diamond portion of CDX0027. The assays for the upper 198m of RC are still outstanding. The drill hole passed through the Pendant Dyke, Rare Dyke and was stopped short of the Phos Dyke.

A total of 24 rare earths mineralised zones were intersected with a cumulative width and grade of 100.4m at 1.9% TREO. Zones ranged in width from 0.5m to 17m and in grade from 0.6% to 5.8% TREO. The uranium and thorium oxide content is ultra-low with an average of 39ppm for the 24 mineralised zones.

A majority of the mineralised zones are located in the hanging wall position proximal to, or on contact zones with the Rare Dyke, including 17m at 2.4% TREO from 492.2m. Mineralisation within the Rare Dyke is also strong with intercepts of 3.6m at 4.5% TREO and 12m at 2.4% TREO.

The phosphate alteration around the Rare Dyke is extensive with a significant intercept of 455.6m at 5% $P_2O_5$ and 0.5% TREO from 197.8m. This phosphate intercept is likely to expand up-hole once RC assays are received for the top 197.8m.

The hole was stopped in strong phosphate mineralisation with the last 87.9m assaying at 9% $P_2O_5$ and 0.4% TREO. The combined uranium and thorium oxide for the 455.6m intersection was very low at 69 ppm.

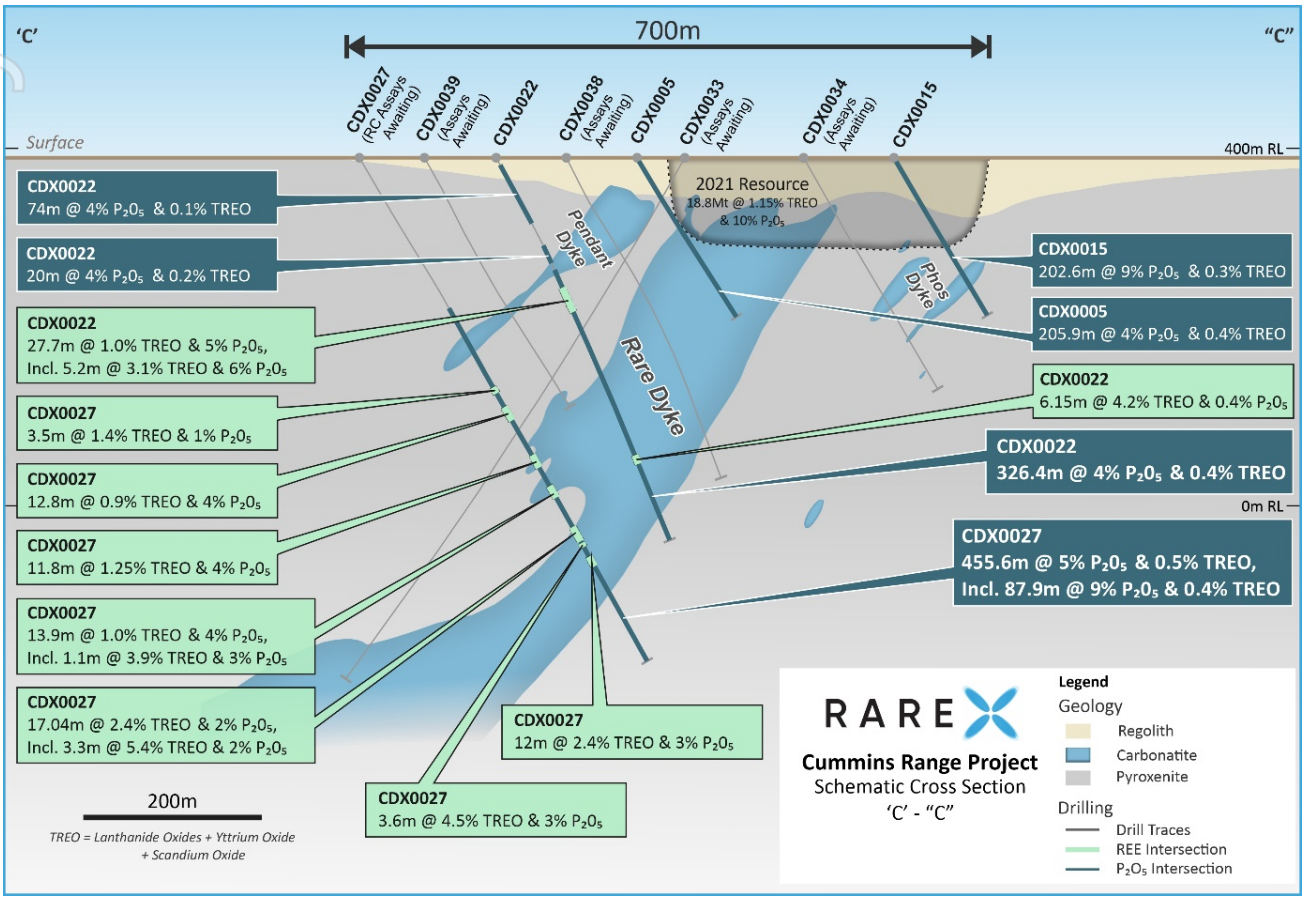


**Figure 3. Section showing drill results for CDX0027 and CDX0022. Location of section shown on Figure 6.**

The phosphate occurs as disseminated apatite in the carbonatite and altered pyroxenite. Higher grade phosphate of >7%, for example hole CDX0015 in Figure 2, occurs in phoscorite, which is an ultramafic rock composed of coarse apatite-magnetite-phlogopite and diopside. The footwall position of CDX0027 is mostly phoscorite with the same geochemical composition as the Phos Dyke phoscorite.

## Phos Dyke RC Results

Assays for the first three drill holes at the Phos Dyke (CRX0074, CRX0075 and CRX0081) have been received with all three generating intercepts of more than 100m of high-grade phosphate.

The most mineralised was CRX0081, which intersected **153m at 11% $P_2O_5$ and 0.4% TREO**, including 20m at 25% $P_2O_5$ and 0.82% TREO and 10m at 31% $P_2O_5$ and 1% TREO. The drill intercepts are shown on Figure 3 and the Percent Metre Contour plan is shown in Figure 6.

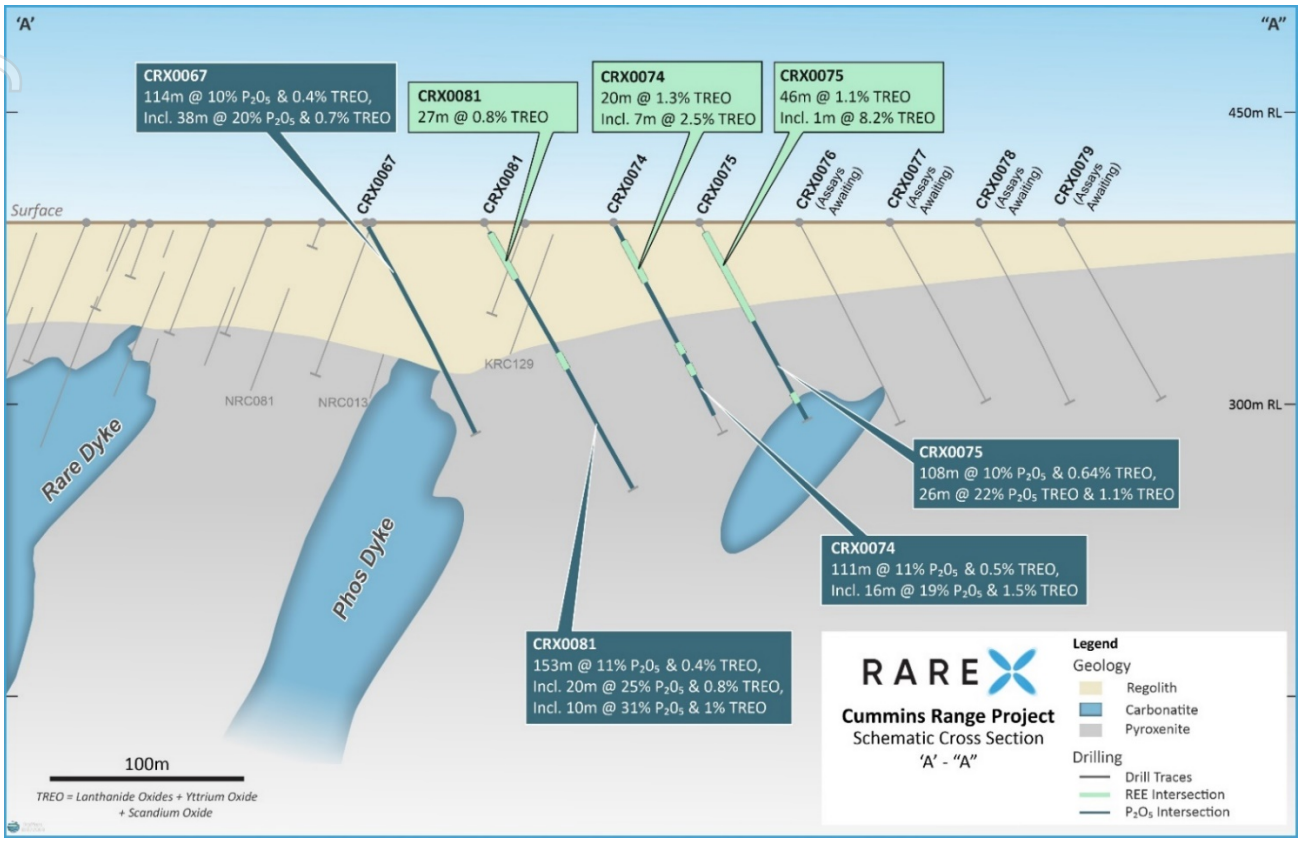


**Figure 4. Section showing results from the first 3 RC holes into the Phos Dyke. Location of section is shown on Figure 7.**

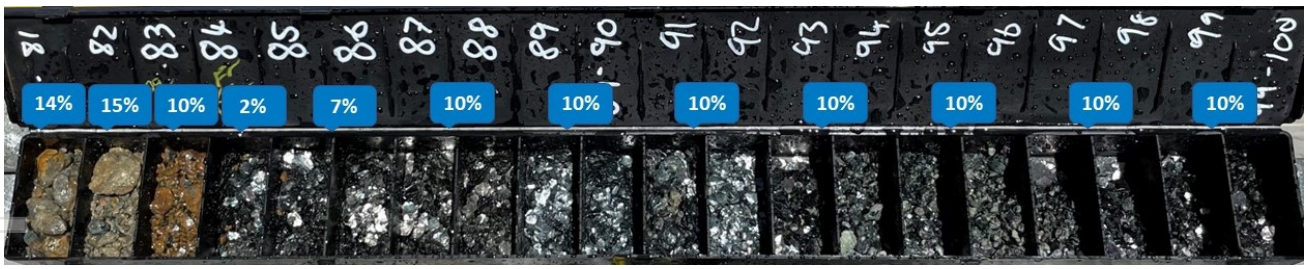


**Figure 5. RC drill chips 80-100m. Showing phosphate percent in the phlogopite-apatite rich phoscorite.**

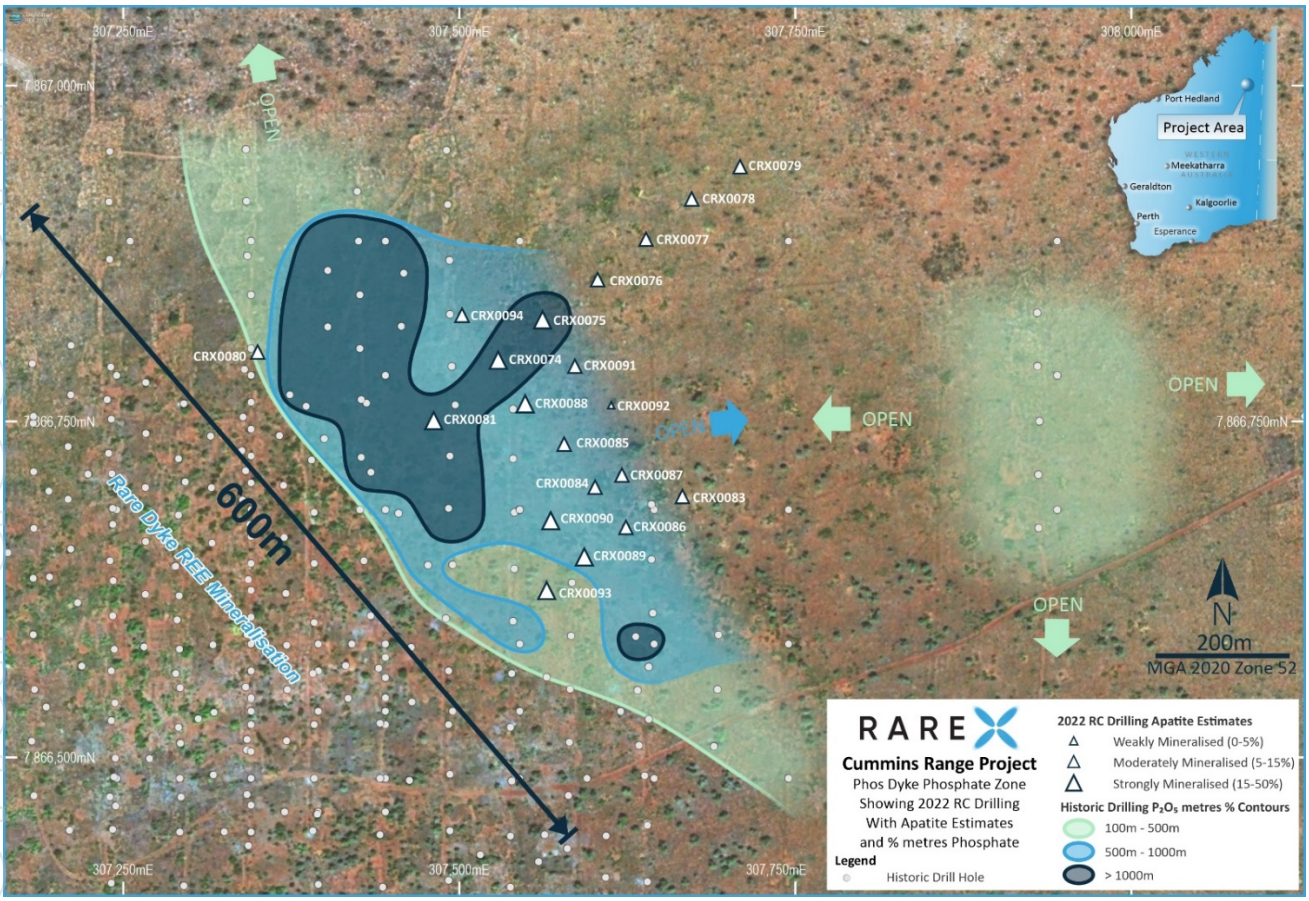


**Figure 6. Plan view showing Contoured Percent Metres of $P_2O_5$ over the Phos Dyke and locations of 2022 drill holes**

An additional rare earths domain is also emerging to the north of the Phos Dyke, with the widest intersections being 46m at 1.1% TREO including 1m at 8.2% TREO in hole CRX0075.

A higher-grade zone of 7m at 2.5% TREO was also intersected in the upper 30m of hole CRX0074. Assays are pending for surrounding drill holes to support this new development.

## Northwest Rare Dyke RC Results

Assays have also been received for the three RC drill holes (CRX0071, CRX0072 and CRX0073) drilled in the north-western extent of the Rare Dyke, testing along strike of hole CDX0013, which intersected 26m at 2.3% and 13% $P_2O_5$ (ASX: 18 January 2022). The location of these holes can be found on Figure 7.

Numerous mineralised zones were intersected in hole CRX0071, including 7m at 1.9% TREO and 6% $P_2O_5$, 29m at 0.9% TREO including 5m at 2% and 4m at 2% TREO. All of these intersections are located within a larger phosphate intersection of 98m at 8% $P_2O_5$ and 0.7% TREO.

CRX0072 was drilled in front of CRX0071 and intersected 76m at 5% $P_2O_5$ and 0.5% TREO, with rare earth intercepts of 4m at 1.4% TREO and 14m at 0.9% TREO.

CRX0073 had narrower rare earths mineralisation and weaker phosphate. The weaker mineralisation likely marks the north-western edge of the Rare Dyke.

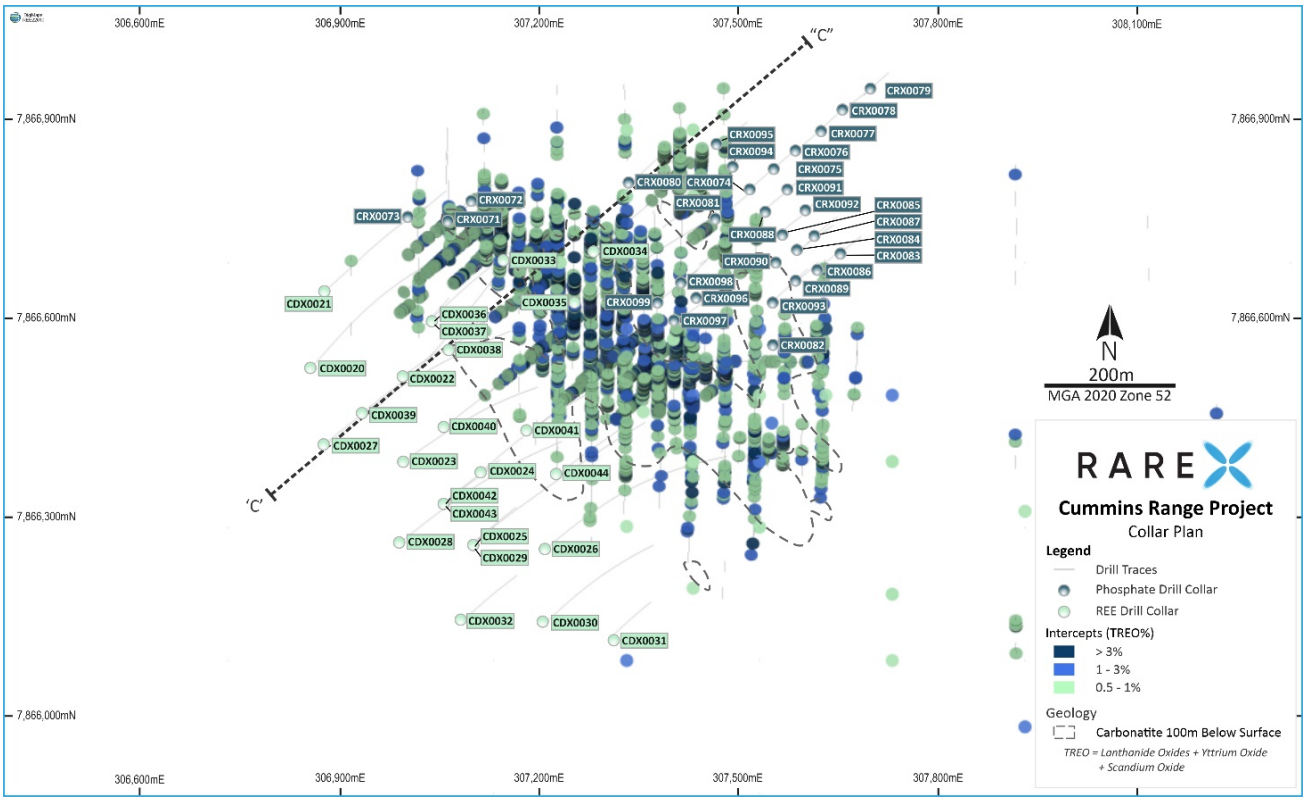


**Figure 7. Drill hole locations of 2022 drill program. Showing TREO % mineralisation and location of drill Section 'C' – "C".**

## Cummins Range Project Development

During the quarter, the Company continued to make considerable progress on early-stage approvals work for the development of the Cummins Range Project including flora and fauna surveys, water bore monitoring and community engagement as well as releasing a positive scoping study.

**Cautionary statement**

The Scoping Study referred to in this release was completed to determine the viability of a combined mine, beneficiation, and hydrometallurgical processing plan in the Wyndham East Kimberly region of Western Australia, using rare earth deposits at Cummins Range to produce rare earth products. It is a preliminary technical and economic study of the potential viability of the Project.

The Scoping Study referred to in this release is based on low-level technical and economic assessments and is insufficient to support an estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Further evaluation work and appropriate studies are required before RareX will be in a position to estimate any ore reserves or to provide any assurance of an economic development case. This scoping study is an order of magnitude technical and economical assessment and is partially supported by Inferred Mineral Resources[1].

The Study is based on the material assumptions outlined below. These include assumptions about the availability of funding. While RareX considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct of that the range of outcomes indicated by the Study will be achieved. To achieve the range of outcomes indicated in the Study, funding of approximately AU$430m will likely be required. Investors should note that there is no certainty that RareX will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive or otherwise affect the value of RareX's existing shares. It is also possible that RareX could pursue other value realisation strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce RareX's proportionate ownership of the Project. The Study includes appropriate assessment of realistically assumed modifying factors together with other relevant operational factors.

The Study is based on indicated resources 85% and inferred resources 15%, which underpin the production target disclosed in the Study. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The Scoping Study (**Study**)demonstrates a potentially viable project and has given the Board of RareX the confidence to approve the commencement of a Pre-Feasibility Study (**PFS**). Full details of the Study is set out in the Company's announcement of 12 September 2022 with key metrics as set out below.

[1] ASX Announcement 19 July 2021: RareX delivers major resource upgrade at Cummins Range Rare Earths Project.

**Table 1: Key Project Metrics**

| Financial | Units | Value |
|---|---|---|
| **Total Capital Expenditure** | AU$ million | 430 |
| **Discount Rate (pre-tax, nom)** | % | 8.0 % |
| **$NPV_8$** | AU$ million | 633 |
| **IRR (pre-tax, nom)** | % | 29 % |
| **Payback** | Yrs | 2.8 |
| **LOM EBITDA** | AU$ billion | 1.9 |
| **Products** | **Units** | **Volume** |
| **MREC Product (dry)** | Ktpa | 8.9 |
| **Phosphate Concentrate Produced (dry)** | Ktpa | 128.8 |
| **Phosphoric Acid Produced** | Ktpa | 13.5 |
| **Capex split**2F[2] | **Units** | **Value** |
| **Cummins Range Mine Site and Beneficiation** | AU$ million | 200 |
| **Wyndham Port Refinery Facility** | AU$ million | 229 |
| **Opex** | **Units** | **Value** |
| **Cash Costs** | AU$/kg TREO in MREC | 26.63F[3] |
| **By-Product Credit** | AU$/kg TREO in MREC | (20.5)4F[4] |
| **Cash Costs (after credit)** | AU$/kg TREO in MREC | 6.15F[5] |
| **Product price** | **Units** | **Value** |
| **Basket price** (ex $Sc_2O_3$) | US$/t | 29,310 |
| **MREC Price (FOB)** | US$/t | 13,580 |
| **Phosphate Price inc. REO Credit (FOB)** | US$/t | 405 |
| **Phosphoric Acid Price (FOB)** | US$/t | 926 |

Note:
TREO = Total Rare Earth Oxides
MREC = Mixed Rare Earth Carbonate
REO = Rare Earth Oxide
LoM = Life of Mine

[2] Beneficiation and Refinery capital costs include non-process infrastructure owner's costs, indirect costs and a nominal 20% contingency to direct costs.
[3] Total LoM C1 cash cost: AU$1.6b by total TREO produced in the MREC product: 60.6kt
[4] Total revenue of phosphate mineral concentrate (inc RE credit) and phosphoric acid: US$832 by total TREO produced in MREC product: 60.6kt.
[5] Cash costs per kg TREO in MREC less by-product credit per kg TREO in MREC.

## Metallurgical Testwork

Subsequent to the end of the quarter, the Company reported on the progress of the various metallurgical testwork that is underway on the Cummins Range material.

### Flotation Results

To investigate the potential of phosphate minerals recovery, a sighter flotation program was undertaken at Auralia Metallurgy in Perth.

The primary goal of this metallurgical testing program was to demonstrate that a high grade, commercially viable phosphate mineral concentrate could be produced using a simple flotation process.

The sighter testwork program was centred on the production of a phosphate mineral concentrate, with testwork undertaken on two composite samples collected from the Cummins Range Project, namely:

1. CDX0015 Phosphate Zone Fresh Composite
2. CDX0015 Phosphate Zone Regolith Composite

Both composite samples were subjected to a flotation test with the same circuit configuration, i.e., 3-stage rougher flotation followed by 2-stage cleaner flotation. A summary of the flotation testwork results are shown in Table 2.

**Table 1: Flotation Results Summary**

| Product | CDX0015 Fresh | | CDX0015 Regolith | |
|---|---|---|---|---|
| | $P_2O_5$ | | $P_2O_5$ | |
| | Grade % | Recovery % | Grade % | Recovery % |
| Rougher Concentrate | 31.0 | 94.4 | 23.8 | 94.3 |
| **Cleaner Concentrate FINAL** | **39.1** | **80.3** | **34.1** | **85.7** |
| Head Grade | 13.4 | - | 12.8 | - |

As demonstrated in the table above, excellent results were achieved from the testwork program, exceeding the primary goal of producing a phosphate mineral concentrate of greater than the benchmark 31% $P_2O_5$ grade. The $P_2O_5$ grade in the cleaner concentrate was 39% and 34% for the CDX0015 Fresh Composite and CDX0015 Regolith Composite respectively. The $P_2O_5$ recoveries were also promising for both samples. These results have further demonstrated the potential of producing a premium phosphate mineral concentrate co-product from the Cummins Range deposit.

Following these initial positive flotation results, the next phase of the phosphate mineral beneficiation testwork will focus on grind size optimisation, further gangue suppression, flotation conditions and circuit configuration optimisation to ensure the technical and economic feasibility of the beneficiation flowsheet.

## Ore Sorting Program

Sighter ore sorting testwork was performed on a composite collected from the primary zone of the Cummins Range deposit at TOMRA Sorting Solution in NSW. The composite was crushed to a $P_{100}$ grind size passing 30mm and screened at 10mm to prepare the feed for the ore sorting testwork.

This work was aimed at assessing the amenability of the Cummins Range material to ore sorting and producing a high TREO product fraction with as-high-as-possible TREO recovery by way of high-density REE-bearing inclusion product ejection.

The sorter used for this testwork was TOMRA's COM Tertiary XRT (X-Ray Transmission). To set up/train the sorter and to parameterise the software, images were taken of the samples while samples were exposed to high energy X-rays. The X-ray sensor signal depends on atomic density and material thickness and gives information on the inner composition of the particles. By combining two energy levels simultaneously, it is possible to differentiate particles by their atomic densities.

**Figure 8: TOMRA COM Tertiary Sorter**

Based on changes in the X-ray intensity, the images were mapped and classified as either high atomic density (blue and black) or low atomic density (red) using proprietary TOMRA Sorting image processing software, and the sorting-task algorithms specific for the Cummins Range ore were developed.

The +10-30mm material was fed through the trained ore sorter with a single pass to sort into the product (REE-bearing ore) and waste. A summary of the ore sort results is included in Table 3.

93% of the total rare earths in the feed material was successfully maintained in the Ore Sort Product while rejecting 48% of the mass as waste. This is a very encouraging result, demonstrating the amenability of the Cummins Range material to ore sorting technology. The results have shown excellent potential to significantly reduce the plant size and transport requirements from mine to the

beneficiation plant while maintaining the rare earth product tonnage through the inclusion of an ore sorting circuit to reject the gangue minerals upfront.

**Table 3: Ore Sort Results Summary**

| Element | Mass | | TREO + Y | |
|---|---|---|---|---|
| | Kg | % Distribution | Grade (%) | % Distribution |
| **Feed, Calculated Assay** | 134.00 | 100% | 2.18 | 100% |
| **Ore Sort Waste** | 64.00 | 48% | 0.34 | 7% |
| **Ore Sort Product** | 70.00 | 52% | 3.87 | 93% |

Given these positive results, further ore sorting testwork will be undertaken to improve on the current results and optimise the ore sort circuit. This next phase of testwork will be carried out at both a batch scale and at a larger scale using representative samples from the deposit.

## NSW COPPER-GOLD PROJECT

The Trundle Gold-Copper Project Joint Venture, located in the Macquarie Arc of the Lachlan Fold Belt in NSW, Australia, is a 65%/35% joint venture between RareX and Kincora Copper Ltd (**Kincora**) (TSXV: KCC) and includes the Trundle and Fairholme Projects.

During the quarter, Kincora reported results of re-assaying on TRDD032 at the Trundle Project with highlights being:

- Highest grade primary mineralisation interval ever drilled at the Trundle Project from only the fourth hole (TRDD032) at the emerging Southern Extension Zone (SEZ) discovery within the Trundle Park prospect
- Duplicate assays undertaken to confirm the metal tenor from the zone which hosts a probably porphyry vein with chalcopyrite-pyrite-quartz
- 2m at 19.9 g/t gold and 2.43% copper – original assay 12.6 g/t gold and 2.32% copper – within a broader zone containing 34m @ 1.45 g/t gold and 0.25% copper

At the Fairholme Project, Kincora reported that a successful air-core program has converted two anomalies into highly prospective targets and extended the mineralised system strike at the Gateway target to over 1.6km and fully open to the south. The second phase Kincora drilling program has returned anomalous gold and copper results in all nine holes, including grades of up to 3.35g/t gold. A 900m additional mineralised footprint strike has been confirmed by air-core drilling (and open), with noteworthy results along the most southern trend:

- 10m at 1 g/t gold and 0.34% copper (hole FHAC008)
- 30m at 0.17% copper and 0.12g/t gold (FHAC011)

At the Driftway C target, all three holes returned broad anomalous end of hole copper with a highlight being 18m at 0.11% copper (hole FHAC020).

At the Anomaly 2 target, drilling intersected intrusion related anomalous copper with results of:

- 20m at 0.11% copper (hole FHAC003)
- 6m at 0.13% copper (FHAC001)

The Fairholme Project hosts a number of large mineralised systems across a 16km strike located adjacent and on strike from Evolution Mining's flagship Cowal mine and wider regional exploration portfolio.

Kincora have advised that follow up air-core and diamond drilling is being planned to expand the open near surface footprints and evaluate the untested potential for underlying porphyry gold-copper related systems at shallow to moderate depths.

## WELD NORTH

No work was undertaken on the Weld North tenements during the quarter.

## MOROCCAN COBALT PROJECTS

No work was undertaken on the Moroccan projects during the quarter. The Company is in the process of divesting these assets.

## LEOGANG PROJECT, AUSTRIA

The Company advises that its interest in the Leogang Project have now lapsed.

This Quarterly Report has been approved for release by the Board of RareX Limited.

**Competent Person's Statement**

The Cummins Range exploration results in this announcement were reported by the Company in accordance with listing rule 5.7 on 9 August, 31 August, 20 September, 4 October, 5 October and 11 October 2022. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement. The Cummins Range mineral resource estimate in this announcement were reported by the Company in accordance with listing rule 5.8 on 19 July 2021. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed. The exploration results for the Trundle Project were reported by Kincora Copper Limited on18 August 2022 and the Company is not aware of any new information or data that materially affects this information.

## Appendix 1: RareX Limited Interests in Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 2022. There were no acquisitions during the quarter and the Company advises that its interests in the Leogang Project, Austria lapsed.

| Australian Tenement Schedule | | | | |
|---|---|---|---|---|
| **State** | **Project** | **Lease No** | **RareX Interest** | **Note** |
| **WA** | Cummins Range | E80/5092 | 100% | |
| **WA** | Cummins Range Extension | E80/5372 | 100% | |
| **WA** | Weld North | E38/3455 | 100% | |
| **WA** | Weld North | E38/3530 | 100% | |
| **WA** | Weld North | E38/3531 | 100% | |
| **WA** | Mt Mansbridge | E80/5430 | 100% | |
| **WA** | Hong Kong | EL47/3566 | 100% | |
| **NSW** | Condobolin | EL 7748 | 35% | Kincora JV |
| **NSW** | Cundumbul | EL 6661 | 35% | Kincora JV |
| **NSW** | Fairholme | EL 6552 | 35% | Kincora JV |
| **NSW** | Fairholme | EL 6915 | 35% | Kincora JV |
| **NSW** | Trundle | EL 8222 | 35% | Kincora JV |
| **NSW** | Jemalong | EL 8502 | 35% | Kincora JV |

| Moroccan Tenement Schedule | | | |
|---|---|---|---|
| **Licence Name** | **Licence No** | **RareX interest** | **Note** |
| **Tizi Belhaj** | 234 08 79 | 20% | Earning up to 100% |
| **Bou Amzil** | 233 88 04 | 20% | Earning up to 100% |
| **Imdere** | 233 94 05 | 20% | Earning up to 100% |
| **Bou Amzil Extension** | PR 384 22 26 | - | 100% on completion |

## Appendix 2: Disclosures in relation to Quarterly Cashflow Report

In line with its obligations under ASX Listing Rule 5.3.5, RareX Limited notes that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 30 September 2022, pertain to payments to the managing director for salary and superannuation and non-executive director fees.

During the quarter ended 30 September 2022, the Company spent approximately $2.3m on project and exploration activities. The exploration expenditure relates primarily to RC and diamond drilling activities at the Cummins Range, assaying of core from the ongoing drilling program and metallurgical test work.

# Appendix 5B

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

Name of entity

**RareX Limited**

| ABN | Quarter ended ("current quarter") |
|---|---|
| **65 105 578 756** | **30 September 2022** |

| **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 | (2,305) | (2,305) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (464) | (464) |
| | (e) administration and corporate costs | (328) | (328) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 2 | 2 |
| 1.5 | Interest and other costs of finance paid | (5) | (5) |
| 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** | **(3,100)** | **(3,100)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (10) | (10) |
| | (d) exploration & evaluation | - | - |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| 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 (Refund of security deposit) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(10)** | **(10)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 40 | 40 |
| 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 | (4) | (4) |
| 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 (Reduction in finance lease liability) | (20) | (20) |
| **3.10** | **Net cash from / (used in) financing activities** | **16** | **16** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | **8,233** | **8,233** |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,100) | (3,100) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (10) | (10) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 16 | 16 |

| 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** | **5,139** | **5,139** |

| 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 | 5,139 | 8,233 |
| 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)** | **5,139** | **8,233** |

| 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 | 261 |
| 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.*

| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*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– Instalment arrangement | - | - |
| 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) | (3,100) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (3,100) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 5,139 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 5,139 |
| 8.7 | **Estimated quarters of funding available (item 8.6 divided by item 8.3)** | 1.7 |

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

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

8.8.1 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: The Company expects to have a lower level of net operating and exploration & evaluation cash flows for the next quarter due to the completion of its major drilling campaign, however, will continue to review ongoing activities and has the ability to adjust expenditure according to available funding, if necessary.

8.8.2 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: The Company will continue to monitor its available cash levels and can reduce its operating and exploration expenditure going forward, if needed. If required, the Company may seek to raise capital for its ongoing activities, noting that it has a portion of its LR7.1 capacity available and all of its LR7.1A capacity available, if required. The Directors also have a strong track record of being able to raise funds if required.

| | |
|---|---|
| 8.8.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| Answer: | Yes, the Company expects to continue its operations and exploration activities. These ongoing activities will be reviewed and adjusted according to available funding. |

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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: 31 October 2022

Authorised by: The Board of RareX Limited

**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.