



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**RAREX LIMITED
ABN: 65 105 578 756
AND CONTROLLED ENTITIES**

**FINANCIAL STATEMENTS
FOR HALF YEAR ENDED
31 DECEMBER 2023**

RAREX LIMITED AND CONTROLLED ENTITIES



CORPORATE DIRECTORY

DIRECTORS

Mr Jeremy Robinson
Non-Executive Chairman

Mr John Young
Non-Executive Director

Mr Danny Goeman
Non-Executive Director

Mr Shaun Hardcastle
Non-Executive Director

Mr Cameron Henry
Non-Executive Director

COMPANY SECRETARY

Ms Oonagh Malone

CHIEF EXECUTIVE OFFICER

Mr James Durrant

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

Level 1, 338 Barker Road
Subiaco
Western Australia 6008

Telephone: (08) 6383 6593
Website: www.rarex.com.au

ASX CODES: REE, REEO

AUDITOR

SW Audit
Level 18, 197 St Georges Terrace
Perth
Western Australia 6000

SHARE REGISTRY

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
Australia

Telephone: 1300 288 664

For personal use only

RAREX LIMITED AND CONTROLLED ENTITIES



TABLE OF CONTENTS

| | |
|---|----|
| DIRECTORS' REPORT | 1 |
| AUDITOR'S INDEPENDENCE DECLARATION | 3 |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 4 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION..... | 5 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 6 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 7 |
| NOTES TO THE FINANCIAL STATEMENTS | 8 |
| DIRECTORS' DECLARATION..... | 18 |
| INDEPENDENT AUDITOR'S REPORT | 19 |

For personal use only



DIRECTORS' REPORT

The Board of Directors have pleasure in presenting its interim consolidated report of RareX Limited (**RareX or the Company**) and its controlled entities (**the Group or consolidated entity**) for the half year ended 31 December 2023.

1. DIRECTORS

The names of the Company's Directors in office during the half year and until the date of this report are set out below. Directors were in office for this entire period.

Mr John Young
Mr Jeremy Robinson
Mr Danny Goeman
Mr Shaun Hardcastle
Mr Cameron Henry

2. PRINCIPAL ACTIVITIES

The principal activities of the Group are mineral exploration and development. No significant change in the nature of these activities occurred during the half year.

3. REVIEW OF OPERATIONS

During the half year, the Company continued its exploration programs at the Cummins Range Rare Earths Project, Western Australia, with key points being:

- Updated the positive scoping study for the Cummins Range Project.
- Continued exploration activities including drilling and geophysics at the Cummins Range Project and regional assets.
- Continued metallurgical programs and flowsheet development for the Cummins Range Project.
- Entered into an infrastructure sharing agreement for bulk loading at Wyndham Port and secured land for product storage and transfer.

4. FINANCIAL RESULTS

The loss of the Group for the period ended 31 December 2023 was \$709,160 (six months to 31 December 2022: loss of \$4,091,878). During the half year, total expenses amounted to \$3,937,114 (six months to 31 December 2022: \$6,264,530).

Unrestricted cash and cash equivalents amounted to \$851,904 as at 31 December 2023 (30 June 2023: \$4,310,622).

5. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no matters or circumstances which have arisen since the end of the half year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than:

- On 10 January 2024, the Company announced a binding term sheet executed with Newhaul Pty Ltd for the formation of a joint venture company to provide haulage services to the Cummins Range Project.
- On 16 January 2024, the Company confirmed it has received a \$1.97 million research and development tax offset in relation to the 30 June 2023 financial year.
- On 25 January 2024, the Company updated its Mineral Resource Estimate (MRE) for the Cummins Range Rare Earths & Phosphate Project, totalling 524Mt at 0.31% TREO and 4.6% P₂O₅ including a higher-grade TREO resource of 44Mt at 1.02% TREO and 5.8% P₂O₅ based on 6,500 TREO cut.
- On 4 February 2024, the Company announced that 40,500,000 performance rights had lapsed.



6. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 3 and forms part of the Directors' Report for the half year ended 31 December 2023.

This report is made in accordance with a resolution of the Directors.

On behalf of the Directors.

Jeremy Robinson
Non-Executive Chairman
Signed this 15th day of March 2024.

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF RAREX LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

For personal use only

SW Audit

SW Audit
Chartered Accountants

Richard Gregson

Richard Gregson
Partner

Perth, 15 March 2024

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



RAREX LIMITED AND CONTROLLED ENTITIES



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| | Notes | Consolidated | |
|--|-------|---------------------------------------|---------------------------------------|
| | | 6 months ended 31 December 2023 \$ | 6 months ended 31 December 2022 \$ |
| Income | | | |
| Other income | 3 | 1,251,057 | 30,898 |
| Grant Income | 3 | 1,976,898 | 2,141,754 |
| Total Income | | 3,227,955 | 2,172,652 |
| Expenses | | | |
| Administration expenses | | (296,765) | (555,795) |
| Consultants & management expenses | | (1,227,134) | (852,818) |
| Depreciation, amortisation and impairment expense | | (82,302) | (63,936) |
| Finance costs | | (6,756) | (9,441) |
| Legal expenses | | (119,353) | (10,640) |
| Share based payments expense | 16 | (126,539) | (446,669) |
| Exploration expenses | | (1,746,380) | (4,076,038) |
| Foreign exchange (loss)/gain | | (438) | (963) |
| Gain on revaluation of financial assets | | 54,662 | 12,058 |
| Share of loss from associate | 8 | (386,110) | (260,288) |
| Total expenses | | (3,937,114) | (6,264,530) |
| Loss from continuing operations before income tax expense | | (709,160) | (4,091,878) |
| Income tax expense | | - | - |
| Loss from continuing operations after income tax expense | | (709,160) | (4,091,878) |
| Other comprehensive income | | | |
| Exchange rate differences on translating foreign operations | | (1,270) | (214) |
| Total comprehensive loss attributable to owners of the parent | | (710,430) | (4,092,092) |
| Loss per share | | | |
| - basic and diluted | | (0.10) cents | (0.79) cents |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

RAREX LIMITED AND CONTROLLED ENTITIES



CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| | Notes | Consolidated | |
|--|-------|---------------------|------------------|
| | | 31 December 2023 | 30 June 2023 |
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 851,904 | 4,310,622 |
| Other financial assets – term deposits | 5 | 56,942 | - |
| Trade and other receivables | 6 | 2,224,121 | 474,737 |
| Total Current Assets | | 3,132,967 | 4,785,359 |
| Non-current Assets | | | |
| Financial assets at fair value | 7 | 2,659,292 | 1,404,631 |
| Investment in associate | 8 | 583,812 | 969,922 |
| Plant and equipment | | 245,942 | 282,975 |
| Right of use asset | 9 | 172,317 | 216,574 |
| Total Non-current Assets | | 3,661,363 | 2,874,102 |
| TOTAL ASSETS | | 6,794,330 | 7,659,461 |
| | | | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 1,059,878 | 1,805,816 |
| Employee provisions | | 75,792 | 97,321 |
| Lease liability | 11 | 92,149 | 91,532 |
| Total Current Liabilities | | 1,227,819 | 1,994,669 |
| Non-Current Liabilities | | | |
| Lease liability | 11 | 103,211 | 148,589 |
| Employee provisions | | 37,977 | - |
| Total Non-Current Liabilities | | 141,188 | 148,589 |
| TOTAL LIABILITIES | | 1,369,007 | 2,143,258 |
| NET ASSETS | | 5,425,323 | 5,516,203 |
| | | | |
| EQUITY | | | |
| Contributed equity | 12 | 50,442,073 | 49,739,062 |
| Reserves | 13 | 9,739,350 | 9,824,081 |
| Accumulated losses | | (54,756,100) | (54,046,940) |
| TOTAL EQUITY | | 5,425,323 | 5,516,203 |

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.



RAREX LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| CONSOLIDATED | Notes | Ordinary Shares | Options Reserve | Share Based Payments Reserve | Foreign Currency Translation Reserve | (Accumulated Losses) | Total Equity |
|---|-------|-------------------|------------------|------------------------------|--------------------------------------|----------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2023 | | 49,739,062 | 5,874,212 | 3,954,370 | (4,501) | (54,046,940) | 5,516,203 |
| Currency translation differences | | - | - | - | (1,270) | - | (1,270) |
| Total comprehensive income for the period, net of tax | | - | - | - | - | (709,160) | (709,160) |
| Share issues | 12 | 500,000 | - | - | - | - | 500,000 |
| Transaction costs | 12 | (6,989) | - | - | - | - | (6,989) |
| Share based payments | 16 | - | - | 126,539 | - | - | 126,539 |
| Conversion of Performance Rights | | 210,000 | - | (210,000) | - | - | - |
| At 31 December 2023 | | 50,442,073 | 5,874,212 | 3,870,909 | (5,771) | (54,756,100) | 5,425,323 |
| At 1 July 2022 | | 45,715,177 | 6,163,712 | 2,414,702 | (3,497) | (44,725,100) | 9,564,994 |
| Currency translation differences | | - | - | - | (214) | - | (214) |
| Total comprehensive income for the period, net of tax | | - | - | - | - | (4,091,878) | (4,091,878) |
| Transactions with owners in their capacity as owners | | | | | | | |
| Share issues | | 289,500 | (289,500) | - | - | - | - |
| Transaction costs | | (4,543) | - | - | - | - | (4,543) |
| Share based payments | | - | - | 446,669 | - | - | 446,669 |
| At 31 December 2022 | | 46,000,134 | 5,874,212 | 2,861,371 | (3,711) | (48,816,978) | 5,915,028 |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| | Notes | Consolidated | |
|--|-------|------------------------------------|------------------------------------|
| | | 6 months to 31 December 2023 | 6 months to 31 December 2022 |
| | | \$ | \$ |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (3,927,405) | (8,640,999) |
| Interest received | | 33,120 | 3,972 |
| Interest paid | | (6,756) | (9,441) |
| Other income | | 11,540 | 2,168,679 |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | | (3,889,501) | (6,477,789) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | | (1,011) | (9,922) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (1,011) | (9,922) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from share issue | | 500,000 | 40,000 |
| Costs of share issue | | (6,989) | (4,544) |
| Share application funds | | (14,500) | - |
| Reduction in finance lease liabilities | | (44,761) | (40,577) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | 433,750 | (5,121) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (3,456,762) | (6,492,832) |
| Cash and cash equivalents at beginning of period | | 4,310,662 | 8,232,977 |
| Effect of movement in exchange rate | | (1,956) | (80) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 5 | 851,904 | 1,740,065 |
| Add: Other financial assets – term deposits at bank | | 56,942 | - |
| CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS – TERM DEPOSITS AT END OF PERIOD | | 908,846 | 1,740,065 |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023****1. CORPORATE INFORMATION**

The consolidated financial report of RareX Limited (**the Company**) for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 15th March 2024.

RareX Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The principal activities during the year of the entities within the consolidated entity were mineral exploration and development.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The general purpose consolidated financial statements for the interim half year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for 'for-profit' orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim consolidated financial report does not include all notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(a) Basis of Preparation

In the half year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to the Group's operations and effective for annual reporting periods commencing on or after 1 July 2023.

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to accounting policies.

Future effects of the implementation of these standards will depend on future details.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

Going concern

As at 31 December 2023, the Group had net current assets of \$5,425,323 (30 June 2023: \$5,516,203) and returned a loss attributable to owners of \$710,430 (31 December 2022: \$4,092,092). The ability of the Group to continue as a going concern is dependent upon the future successful raising of the necessary funding through disposal of assets, equity and/or debt and the successful exploitation of the Group's tenements. In the event that the Company is unable to secure sufficient funding, there is a material uncertainty relating to the Group's ability to continue as going concern and it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

The Directors believe it is appropriate to prepare the Financial Statements on a going concern basis as the Group has sufficient funds available to meet its committed and required expenditure over the following year. The Group has a strong historical record of raising funds and can raise working capital through the issue of debt or equity securities and/or other funding over the next 12 months. Additionally, the Group can revise the scope of their exploration activities in line with the funds available to the Group.

These Financial Statements have been prepared on the basis that the Group can meet its commitments as and when they fall due and can therefore continue normal business activities and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Changes in accounting policies**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2023.

The Group has adopted all mandatory new and amended standards and interpretations applicable for the current period. The adoption of these standards and interpretations had no material impact on these financial statements or on the financial position or performance of the Group.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective. Certain amounts in the comparative financial statements have been reclassified to conform to the current period presentation.

(c) Basis of consolidation

The half year consolidated financial statements comprise the financial statements of RareX Limited and its controlled subsidiaries.

(d) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates**(i) Impairment – general**

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Where impairment has been triggered, assets are written down to their recoverable amounts.

(ii) Options and Share Based Payments value

The options and share based payments issued by the Group during the half year (refer Note 16) have been valued by the Directors using the Monte Carlo model based on the inputs shown at Note 16.

(iii) Tenement acquisition costs

The Directors have elected to expense certain tenement acquisition costs in relation to the Cummins Range Rare Earths Project.

(iv) Investment in Cosmos

The Group has assessed its investment in Cosmos as an investment in an associate and has accounted for under the equity method. The assessment has included consideration of the fact that the Company has a board representation in Cosmos and the director appointed by RareX is also the executive director of Cosmos, and as such exercises significant influence over this entity.

(v) Investment in Kincora

The Group has invested 44 million CDIs in Kincora, representing 18.20% of the total issued shares (notes 4 and 7). The Group has a board representation on the Kincora board. Despite the presence of board representation, the Group's influence on Kincora is limited, given that the Group's appointed director also has a personal interest in Kincora. Furthermore, there is no management involvement, and there are no material transactions between the Group and Kincora. On the basis of the foregoing, the Group has assessed its investment in Kincora as a financial instrument and has recognised the carrying value at its fair value.

Kincora's shares are listed on both the ASX and TSXV. To determine the fair value of the investment, the Group is required to determine which of the aforementioned markets is the principal market. The ASX has been determined to be the principal market, as it has higher trading volumes. In addition, Kincora's most recent capital raising was performed on the ASX.



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) New Standards and Interpretations

In the half year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods commencing on or after 1 July 2023. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to accounting policies.

Future effects of the implementation of these standards will depend on future details.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

3. OTHER INCOME

| | Consolidated | |
|--|---|---|
| | 6 months ended 31 December 2023 \$ | 6 months ended 31 December 2022 \$ |
| Interest received | 33,120 | 3,972 |
| Sundry income | 17,937 | 26,926 |
| Gain on disposal of tenements (note 4) | 1,200,000 | - |
| Total other income | 1,251,057 | 30,898 |
| R&D grant credit | 1,976,898 | 2,141,754 |
| Total income | 3,227,955 | 2,172,652 |

4. GAIN ON DISPOSAL OF TENEMENTS

| | \$ |
|---|-----------|
| CDIs at fair value (40 million Kincora Copper Limited CDI @ \$0.03) | 1,200,000 |

During the period, the Group disposed of 35% of its asset level interests in the Trundle, Fairholme, Jemalong, Cundumbul and Condobolin exploration licences in NSW to Kincora Copper Limited (**Kincora**) for consideration comprising of 40 million Kincora Chess Depository Interests (**CDIs**) and a 1% Net Smelter Return Royalty.

As the Group had previously expensed its exploration expenditure on the tenements and had no capitalised exploration and expenditure asset for these tenements, the fair value of the entire consideration received of 40 million Kincora CDIs has been brought to account as a profit from the sale of the tenements.

As at the end of the period, the Group held 44,983,333 Kincora CDIs with a fair value as follows:

| | \$ |
|--|-----------|
| CDIs at fair value (44,983,333 Kincora Copper Limited CDI @ \$0.041) | 1,844,317 |
| Unrealised gain recognised on financial assets recognised in the profit & loss | 360,318 |



NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

5. CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS – TERM DEPOSITS

| | Consolidated | |
|---------------|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Cash at bank | 851,904 | 4,310,622 |
| Term deposit* | 56,942 | - |
| | 908,846 | 4,310,622 |

* Term deposits are restricted cash used as security for credit cards and leases.

6. TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|-----------------|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Trade Debtors | 16,578 | 9,095 |
| Other Debtors * | 2,207,543 | 465,642 |
| | 2,224,121 | 474,737 |

* Includes an accrual for \$1,976,898 Research and Development grant that was received post 31 December 2023.

7. FINANCIAL ASSETS

For all financial instruments held as at 31 December 2023, the carrying value approximates fair value.

| | Consolidated | |
|---|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Financial assets at fair value through profit or loss | | |
| Non-Current | | |
| Shares in listed corporations, at fair value | | |
| - Kincora Copper Ltd (ASX: KCC) (44,983,333 CDIs; 2023 4,983,333 shares) | 1,844,317 | 283,999 |
| - Canada Rare Earth Corp (TSXV: LL.V) (24,579,658 shares; 2023 24,579,658 shares) | 814,975 | 1,120,632 |
| Investment in Atlas Management Sarl (20% interest) | 507,084 | 507,084 |
| Less: Impairment | (507,084) | (507,084) |
| | 2,659,292 | 1,404,631 |

For personal use only



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

8. INVESTMENT IN ASSOCIATE

In accordance with AASB 128, the Group has recognised its initial investment in Cosmos Exploration Ltd less its share of Cosmos' post divestment loss. At disposal of subsidiary, RareX have sold their tenements (6) to Cosmos and consideration was received by shares.

RareX's shareholding of Cosmos as at 31 December 2023 is 17.40%.

| | Consolidated | |
|--|---------------------------|-----------------------|
| | 31 December 2023 \$ | 30 June 2023 \$ |
| Cosmos Exploration Ltd (10,000,000 shares) | 2,000,000 | 2,000,000 |
| Less: Loss brought forward | (1,030,078) | (468,606) |
| Less: Loss for the period | (386,110) | (561,472) |
| | 583,812 | 969,922 |

9. RIGHT OF USE ASSET

| | Consolidated | |
|-----------------|---------------------------|-----------------------|
| | 31 December 2023 \$ | 30 June 2023 \$ |
| Opening balance | 216,574 | 305,090 |
| Additions | - | - |
| Amortisation | (44,257) | (88,516) |
| | 172,317 | 216,574 |

10. TRADE AND OTHER PAYABLES

| | Consolidated | |
|--------------------------|---------------------------|-----------------------|
| | 31 December 2023 \$ | 30 June 2023 \$ |
| Trade and other payables | 957,335 | 1,657,184 |
| Accrued Expenses | 102,543 | 148,632 |
| | 1,059,878 | 1,805,816 |



NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

11. LEASE LIABILITIES

| | Consolidated | |
|----------------------------------|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Current liability | 92,149 | 91,532 |
| Non-current liability | 103,211 | 148,589 |
| | 195,360 | 240,121 |
| Maturity | | |
| Within 1 year | 92,149 | 91,532 |
| 1-2 years | 71,221 | 73,962 |
| 2-5 years | 31,990 | 74,897 |
| Over 5 years | - | - |
| | 195,360 | 240,121 |
| Opening balance | 240,121 | 323,132 |
| Initial recognition of new lease | - | - |
| Interest | 6,756 | 17,575 |
| Principal | (51,517) | (100,586) |
| | 195,360 | 240,121 |

12. CONTRIBUTED EQUITY

| | Consolidated | |
|-----------------|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Ordinary shares | 50,442,073 | 49,739,062 |
| | 50,442,073 | 49,739,062 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

| Movement in ordinary shares on issue | 6 months ended 31 December 2023 | | 12 months ended 30 June 23 | |
|--|------------------------------------|------------|-------------------------------|------------|
| | Number of shares | \$ | Number of shares | \$ |
| As at beginning of period: | 668,775,762 | 49,739,062 | 569,926,537 | 45,715,177 |
| Shares issued on exercise of options | - | - | 500,000 | 30,000 |
| Issue of shares to Directors | - | - | 9,460,038 | 289,500 |
| Shares issued via placement | 11,111,111 | 500,000 | - | - |
| Shares converted to performance rights | 3,500,000 | 210,000 | - | - |
| Shares issued via placement | - | - | 88,888,887 | 4,000,000 |
| Less: Transaction costs | - | (6,989) | - | (295,615) |
| As at end of the period: | 683,831,612 | 50,422,073 | 668,775,462 | 49,739,062 |



NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

13. RESERVES

| | Consolidated | |
|--------------------------------------|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Options reserve | 5,874,212 | 5,874,212 |
| Share-based payment reserve | 3,870,909 | 3,954,370 |
| Foreign currency translation reserve | (5,771) | (4,501) |
| | 9,739,350 | 9,824,081 |

| | Options | Performance Rights |
|---|--------------|--------------------|
| | (Number) | (Number) |
| Balance as at 1 July 2023 | 65,944,474 | 58,000,000 |
| Movements during the period: | | |
| Conversion of Performance Rights to Ordinary Shares | - | (3,500,000) |
| Issue of Performance Rights | - | 1,500,000 |
| Issue of free attaching Options exercisable at \$0.0675 | 5,555,556 | - |
| Expiry of Options | (17,000,000) | - |
| Balance as at 31 December 2023 | 54,500,030 | 56,000,000 |

14. COMMITMENTS AND CONTINGENCIES

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below:

(a) Exploration Expenditure Commitments

| | Consolidated | |
|---|---------------------|-----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Estimated commitments for which no provisions were included in the financial statements are as follows: | | |
| Payable | | |
| - not later than one year | 362,792 | 320,792 |
| - later than one year and not later than five years | 816,287 | 772,287 |
| | 1,179,079 | 1,093,079 |

(b) Contingent liabilities

As the Company has not completed a positive bankable feasibility (BSF) within 36 months of the acquisition of the Cummins Range Rare Earths Project, the further deferred consideration of \$1,000,000 payable in cash or shares to Element 25 Ltd has been replaced by a royalty of 1% of the net smelter return on commercial production. As this royalty is subject to commercial production at the Cummins Range Rare Earths Project, it is disclosed as a contingent liability and has not been brought to account as a liability in the financial statements as at 31 December 2023.



15. SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Group as the Board of directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. RareX has reports its segmental information in accordance with AASB 8 Operating Segments,

At 31 December 2023, the Group had the following segments:

| | Operating Profit/(Loss) | | Total Assets | | Total Liabilities | |
|---------------------------------------|-------------------------|------------------|------------------|------------------|-------------------|------------------|
| | 31/12/2023 \$ | 31/12/2022 \$ | 31/12/2023 \$ | 31/12/2022 \$ | 31/12/2023 \$ | 31/12/2022 \$ |
| Rare Earths (Western Australia) | (1,746,380) | (4,219,865) | 253,668 | 172,413 | (613,288) | (189,474) |
| Gold (Western Australia) | - | - | - | 505,032 | - | - |
| Cobalt (Morocco) | (17,313) | (10,479) | 142 | 3,976 | - | - |
| Corporate | 1,054,533 | 138,466 | 6,945,369 | 6,316,045 | (782,028) | (892,964) |
| | (709,160) | (4,091,878) | 7,199,179 | 6,997,466 | (1,395,316) | (1,082,438) |



16. SHARE BASED PAYMENTS

Performance rights valuation

During the period the company issued 1.5m performance rights to an employee and 3.5m class D performance rights that were vested were converted to 3.5m fully paid ordinary shares.

The following performance rights, which were issued to Directors, key management personnel and employees, were recorded at their fair value in the share-based payment reserve. The performance rights have been valued by the Directors at the closing share price on the grant date, less discounts to reflect the effects of any market based vesting conditions as detailed in the below table. The expected vesting period for each performance right for performance-based vesting conditions is the period until expiry of the performance right.

| KMP | Class | Grant date | No. of performance rights | | | Fair value per performance right (\$) | Total fair value of performance rights issued (\$) | Expense to Statement of Profit or Loss for period end 31 Dec 2023 (\$) |
|-----------------|-------|------------|---------------------------|------------|------------|--|---|---|
| | | | Issued | Converted | Balance | | | |
| | | | | | | | | |
| J Young | A | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0782 | 117,300 | - |
| | B | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0738 | 110,700 | - |
| | C | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0703 | 105,450 | - |
| | | | 4,500,000 | - | 4,500,000 | | 333,450 | - |
| J Robinson | A | 26/5/2021 | 5,000,000 | - | 5,000,000 | 0.0782 | 391,000 | - |
| | B | 26/5/2021 | 5,000,000 | - | 5,000,000 | 0.0738 | 369,000 | - |
| | C | 26/5/2021 | 5,000,000 | - | 5,000,000 | 0.0703 | 351,500 | - |
| | | | 15,000,000 | - | 15,000,000 | | 1,111,500 | - |
| S Hardcastle | A | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0782 | 117,300 | - |
| | B | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0738 | 110,700 | - |
| | C | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0703 | 105,450 | - |
| | | | 4,500,000 | - | 4,500,000 | | 333,450 | - |
| C Henry | A | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0782 | 117,300 | - |
| | B | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0738 | 110,700 | - |
| | C | 26/5/2021 | 1,500,000 | - | 1,500,000 | 0.0703 | 105,450 | - |
| | | | 4,500,000 | - | 4,500,000 | | 333,450 | - |
| J Durrant | A | 1/7/2022 | 1,500,000 | - | 1,500,000 | 0.0094 | 14,100 | - |
| | B | 1/7/2022 | 1,500,000 | - | 1,500,000 | 0.0068 | 10,200 | 3,396 |
| | C | 1/7/2022 | 1,500,000 | - | 1,500,000 | 0.0051 | 7,650 | 1,928 |
| | D | 10/02/2023 | 2,000,000 | 2,000,000 | - | 0.0600 | 120,000 | 10,000 |
| | E | 10/02/2023 | 2,000,000 | - | 2,000,000 | 0.0600 | 120,000 | 10,000 |
| | F | 10/02/2023 | 2,000,000 | - | 2,000,000 | 0.0600 | 120,000 | 10,000 |
| | | | 10,500,000 | 2,000,000 | 8,500,000 | | 391,500 | 35,324 |
| Other Employees | A | 5/2/2021 | 2,500,000 | - | 2,500,000 | 0.1224 | 224,800 | - |
| | B | 5/2/2021 | 2,500,000 | - | 2,500,000 | 0.1061 | 212,200 | - |
| | C | 5/2/2021 | 2,500,000 | - | 2,500,000 | 0.1011 | 202,200 | - |
| | D | 10/02/2023 | 4,000,000 | 1,500,000 | 2,500,000 | 0.0600 | 240,000 | 30,000 |
| | E | 10/02/2023 | 3,500,000 | - | 3,500,000 | 0.0600 | 240,000 | 30,000 |
| | F | 10/02/2023 | 4,000,000 | - | 4,000,000 | 0.0600 | 240,000 | 30,000 |
| | G | 8/12/2023 | 500,000 | - | 500,000 | 0.0280 | 14,000 | 405 |
| | H | 8/12/2023 | 500,000 | - | 500,000 | 0.0280 | 14,000 | 405 |
| | I | 8/12/2023 | 500,000 | - | 500,000 | 0.0280 | 14,000 | 405 |
| | | 20,500,000 | 1,500,000 | 19,000,000 | | 1,401,200 | 92,215 | |
| Total | | 59,500,000 | 3,500,000 | 56,000,000 | | 3,905,000 | 126,539 | |

For personal use only



16. SHARE BASED PAYMENTS (continued)

The 1.5m performance rights issued during the year have the following conditions:

| Class | Vesting Conditions | Expiry | Number |
|-------|--|-------------|---------|
| G | Granting of Mining Licence at Cummins Range and 24 months of service | 10 Feb 2026 | 500,000 |
| H | Positive PFS for Cummins Range and 24 months of service | 10 Feb 2026 | 500,000 |
| I | Positive DFS for Cummins Range and 24 months of service | 10 Feb 2026 | 500,000 |

On meeting the vesting conditions, each performance right will convert into one ordinary share at the request of the holder with no further consideration. Performance rights were valued at the closing share price on the grant date. The expected vesting period for each performance right for performance-based vesting conditions is the period until expiry of the performance right.

17. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no matters or circumstances which have arisen since the end of the half year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than:

- On 10 January 2024, the Company announced a binding term sheet executed with Newhaul Pty Ltd for the formation of a joint venture company to provide haulage services to the Cummins Range Project.
- On 16 January 2024, the Company confirmed it has received \$1.97 million research and development tax offset in relation to the 30 June 2023 financial year.
- On 25 January 2024, the Company updated its Mineral Resource Estimate (MRE) for the Cummins Range Rare Earths & Phosphate Project, totalling 524Mt at 0.31% TREO and 4.6% P₂O₅ including a higher-grade TREO resource of 44Mt at 1.02% TREO and 5.8% P₂O₅ based on 6,500 TREO cut.
- On 4 February 2024, the Company announced that 40,500,000 performance rights had lapsed.



DIRECTORS' DECLARATION

In the opinion of the Directors of RareX Limited:

1. The financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 31 December 2023 and of the performance for the half year ended on that date of the Company.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Jeremy Robinson
Non-Executive Chairman

Signed this 15th day of March 2024

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF RAREX LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of RareX Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of RareX Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (a) in the interim financial report, which indicates that the Group incurred a net loss of \$710,429 and net cash operating cash outflows of \$3,887,545 during the period ended 31 December 2023. As stated in Note 1(a), these events and conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors' for the Financial Report

The directors of RareX Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

SW Audit

SW Audit
Chartered Accountants

Richard J Gregson

Richard Gregson
Partner

Perth, 15 March 2024

For personal use only