ASX / MEDIA ANNOUNCEMENT **4 February 2021**

RareX Executes Landmark MoU with Global Rare Earths Producer Shenghe Resources

MOU opens up exciting growth opportunities for RareX in the rare earths industry

HIGHLIGHTS

- **Non-binding MoU executed with US$4.6B global rare earths producer, Shenghe Resources.**
- **Establishes the framework for the formation of a jointly-owned Rare Earths Trading Company sourcing rare earths concentrates globally (ex-China).**
- **Potential for Shenghe investment in RareX's flagship Cummins Range Rare Earths Project.**
- **Potential for joint investment by RareX and Shenghe in existing or proposed rare earth refineries located outside of China.**

Australian rare earths exploration and development company, RareX Limited ("**RareX**" or "**the Company**") (**ASX: REE**) is pleased to advise that it has entered into a non-binding Memorandum of Understanding ("**MoU**") with the leading global rare earths producer, Shenghe Resources Holdings Co. ("**Shenghe**").

Shenghe is listed on the Shanghai Stock Exchange (600392) and has a market capitalisation of approximately US$4.6 billion. It is a leading producer of rare earths, zirconium and titanium, including being vertically integrated through the rare earths value chain from ore mining, processing to concentrate production, refining and separating to high-purity rare earths oxides, metals and alloys, and the production of a range of downstream rare earths products.

Shenghe's two primary investments outside of China are an 8% interest in MP Materials Corp. (NYSE: MP), which has a market capitalisation of approximately US$4.8 billion, and a 9.7% interest in Greenland Minerals (ASX: GGG), which has a market capitalisation of approximately A$380 million.

The terms of the MoU provide a framework for Shenghe and RareX to establish an alliance via the formation of a jointly owned Rare Earths Trading Company ("**RET Co**") to source rare earths concentrates globally (excluding from within China) for processing at Shenghe's existing and proposed refining assets within China and around the world.

Key MoU terms are:

- Initial equity ownership structure of RET Co of 51% Shenghe and 49% RareX.
- Both Shenghe and RareX to support RET Co in its business activities.
- RET Co to source rare earths concentrates globally (excluding from within China) to supply Shenghe's existing and proposed rare earth refining operations globally.

- Subject to applicable laws, regulations and interests of the relevant parties in relevant jurisdictions, Shenghe and RareX to commence commercial discussions towards:
  - Shenghe investing, on commercial terms, in the Cummins Range Rare Earths Project;
  - RET Co being offered exclusive marketing rights, on commercial terms, to any rare earths concentrates produced at the Cummins Range Rare Earths Project; and
  - Joint investment by Shenghe and RareX, on commercial terms, in rare earths refinery assets located outside of China.
- Shenghe and RareX to progress discussions with respect to RET Co and the proposed alliance with a view to moving towards formal documentation and the execution of a binding Heads of Agreement.

RareX Managing Director, Mr Jeremy Robinson, commented:

"We are absolutely delighted to be moving towards securing an alliance with a company of the size and quality of Shenghe in the global rare earths industry. This is an exciting development for RareX and our shareholders which opens up a number of significant growth pathways. We look forward to progressing discussions with Shenghe over the coming months and to working collaboratively for the benefit of both companies."

Shenghe CEO, Mr Huang Ping, commented:

"We are very interested and confident in the opportunity to work with RareX as it fits well with our global strategy. We will work collaboratively with RareX as part of the alliance to assist and support potential RET Co.'s business activities."

RareX also remains focused on preparing for the upcoming drill program at its 100%-owned Cummins Range Rare Earths Project in the Kimberley region of Western Australia. Work is also progressing on an updated Mineral Resource Estimate, which is on track to be released later this quarter.

This announcement has been authorised for release by the Board of RareX Limited.

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