



ASX / MEDIA ANNOUNCEMENT

23 April 2021

Spin-Out of Nickel-Copper PGE and Gold Assets Cosmos Exploration Limited IPO

Proposed demerger of Byro East and Orange East Projects consistent with its focus on developing the Cummins Range Rare Earths Project in WA

RareX Limited (ASX: REE, **the Company**) is pleased to advise that it intends to pursue a spin-out of its non-core Byro East Nickel-Copper-PGE Project (**Byro East**) and Orange East Gold Project (**Orange East**), respectively located in Western Australia and New South Wales, subject to shareholder and other requisite approvals.

The decision to pursue a demerger and separate listing of these projects follows a strategic review of the Company's asset base in light of the success of its ongoing resource and exploration drilling program at its flagship 100%-owned Cummins Range Rare Earths Project (**Cummins Range**), located in the Kimberley region of Western Australia.

Byro East hosts numerous nickel-copper-PGE targets along the geological setting of the Milly Milly intrusions, considered to be analogous to the Gonneville intrusion that hosts Chalice Mining Limited's world-class Julimar discovery. RareX secured Byro East in January 2020 prior to Chalice making its Julimar discovery in February 2020. Chalice, Buxton Resources and other private companies have subsequently applied for tenure surrounding RareX's Byro East Project.

Orange East is located just 15km along strike from the McPhillamys Gold Mine (Probable Reserve of 60.1Mt at 1.05g/t Au for 2.03Moz¹), which is owned by Regis Resources Limited and shows striking similarities to the McPhillamys Gold Mine. Specifically, both Orange East and McPhillamys are hosted in the Silurian volcanoclastic rocks of the Anson Formation adjacent to the GCFZ and both have coincident Au-As-Ba-Bi--Pb-Cu-Mo-Te surface anomalies, with the Gunnarbee geochemical anomaly extending over an area ~1,000m north-south by 200m east-west.

The Board considers that, given the Company's strategic focus on the continued exploration and potential development of the Cummins Range Project, the value of Orange East and Byro East is not currently reflected in RareX's share price and it would be beneficial to the Company and its shareholders that the projects be housed in a separately listed vehicle specifically focused on progressing their exploration and development.

¹ <https://regisresources.com.au/McPhillamys-Gold-Project/mcphillamys-gold-project.html>



Since the start of 2020, the price of nickel has risen by more than 15% from ~US\$13,000/tonne to ~US\$16,000/tonne (as recorded by the London Metals Exchange; see Figure 1). The rising price is widely attributed to increasing demand for minerals that are integral in the production of electric vehicles.

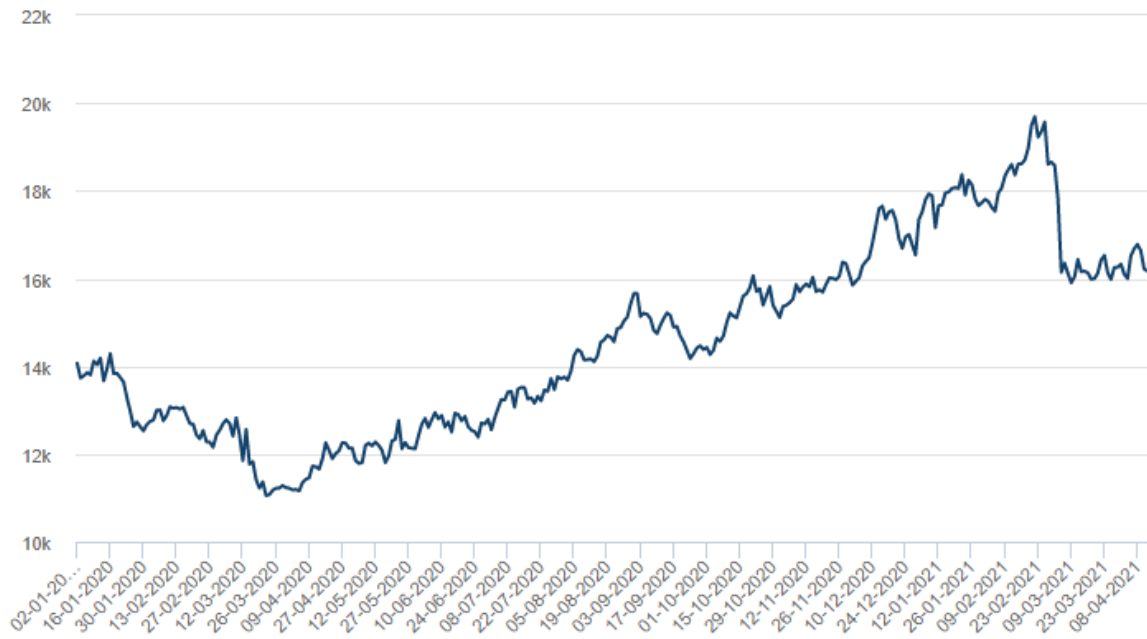


Figure 1. London Metals Exchange Nickel Price January 2020 – April 2021 (US\$/tonne)

Precious metals prices, and particularly gold, have also appreciated significantly, rising from ~US\$1,549/oz to ~US\$1,747/oz since the beginning of 2020 (as recorded by the London Metals Exchange; see Figure 3).



Figure 2. London Metals Exchange Gold Price January 2020 – April 2021 (US\$/ounce)



As a result of the successful exploration programs the Company has implemented at Cummins Range over the past 18 months, there has been minimal focus on the Orange East and Byro East projects.

In order to fund further exploration at these projects, minimise shareholder dilution at Cummins Range and provide investors with leverage to the exploration upside at Byro East and Orange East, the Company intends to pursue a spin-out of these projects into a separate corporate entity named Cosmos Exploration Limited (**Cosmos**), subject to shareholder and other requisite approvals.

While plans for the spin out are still being finalised, it is anticipated that:

1. Cosmos would acquire the Company's Byro East and Orange East Projects;
2. Cosmos would seek to list on the ASX during 2021 by way of an initial public offering (**IPO**), which would fund Cosmos' initial exploration and activities;
3. Shareholders in RareX would be entitled to participate in a priority offer in the IPO.

The Company will announce further details regarding the proposed spin out in due course.

Byro East Nickel-Copper-PGE

The Byro East Project is located in the Western Gneiss Terrane, approximately 300km north-west of Geraldton in WA.

The project contains five tenements that cover 900km² of perspective Ni-Cu-PGE ground.

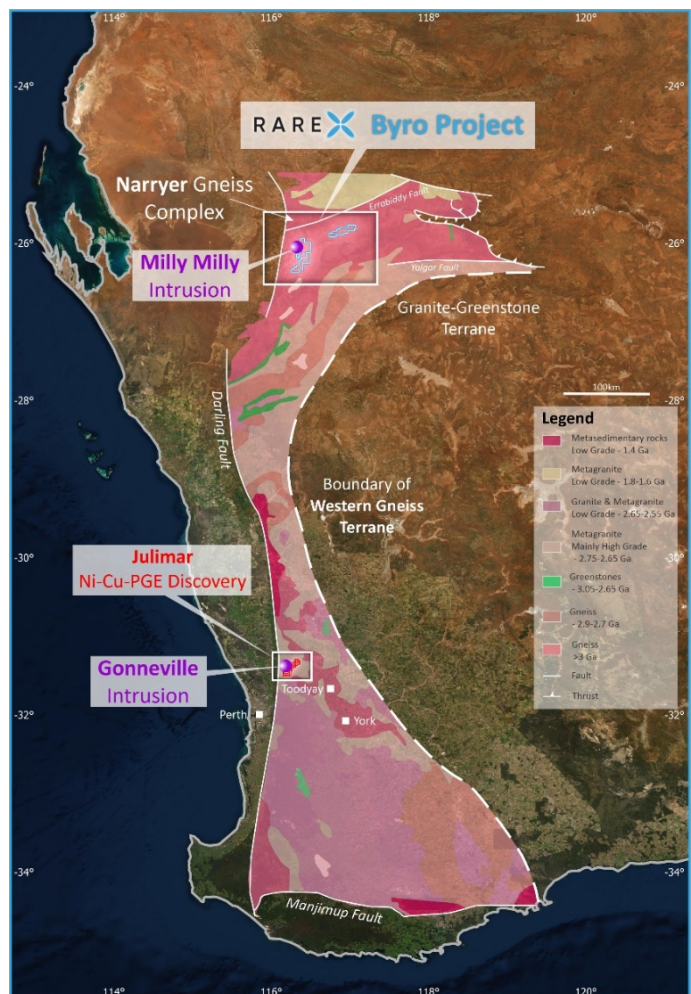


Figure 3. Project location Map and Western Gneiss Terrane

Table 1. Byro East Tenements

Tenement	Status
E 0902386	Granted
E 0902408	Granted
E 0902409	Granted
E 0902387	Pending
E 0902443	Pending

Similarities have been drawn between the quartzites in the Narryer Terrane and the quartzites in the York-Toodyay area near Perth where the Julimar discovery has been made. Geochronology investigations have found similar ages and the concept of the “Western Gneiss Terrain” along the western edge of the Yilgarn Craton (Figure 3) has resulted in renewed interest in Ni-Cu-PGE exploration of this terrain.

RareX secured Byro East in January 2020. Following the Julimar discovery by Chalice Mining in February 2020, other companies have applied for tenure in the region including Chalice, Buxton, and other private companies.

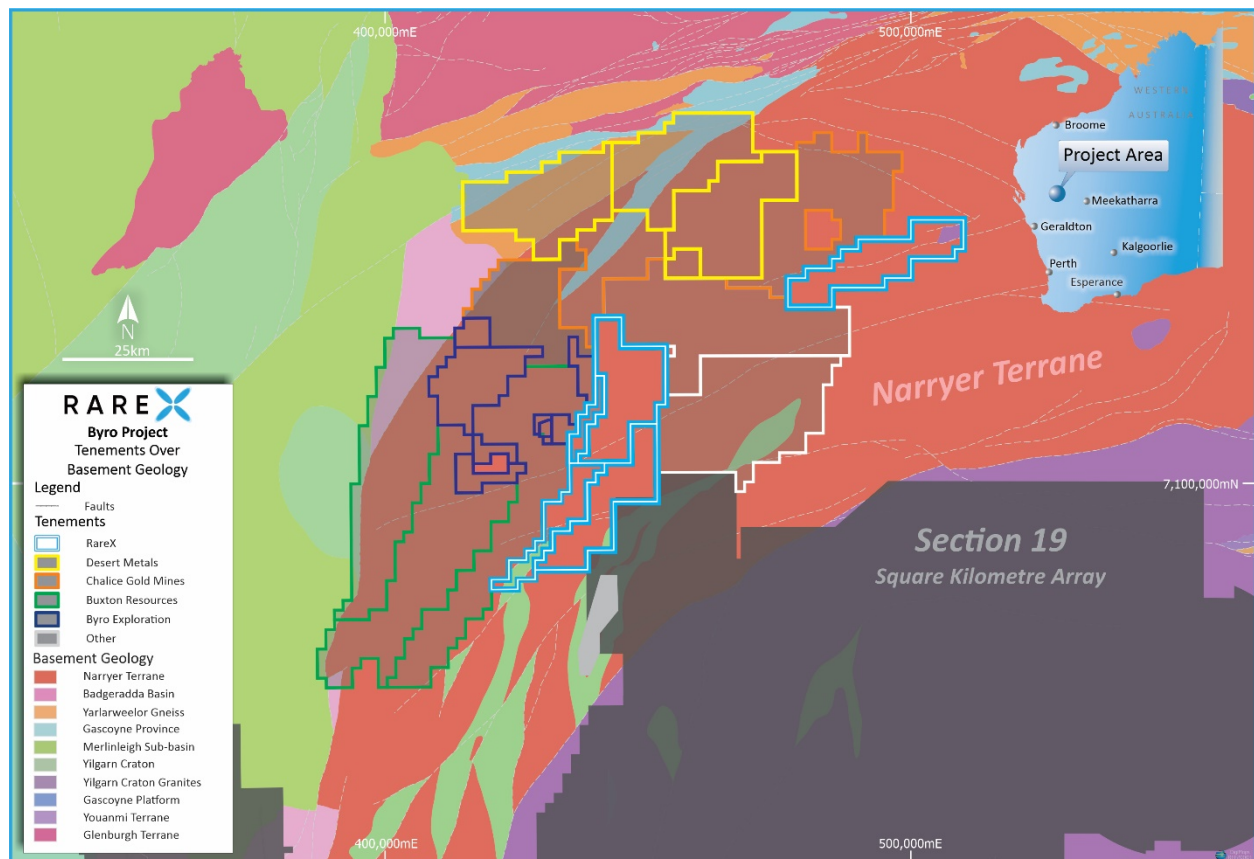


Figure 4. RareX and Competitors Tenements on Regional Geology

RareX has reviewed the publicly available data and identified that the tenure contains extensions of the enigmatic Milly Milly Intrusion and multiple other ultramafic intrusions contained within the Byro East ultramafic corridor and the Brockman ultramafic corridor.

At least one Ni-Cu-PGE gossan is noted as being present on the tenure that requires follow-up, given that most of the exploration has been conducted on the Milly Milly intrusion because of its size and affinities to the very large Jinchuan deposit in China, meaning that much of the Eastern and Brockman corridor has been overlooked.

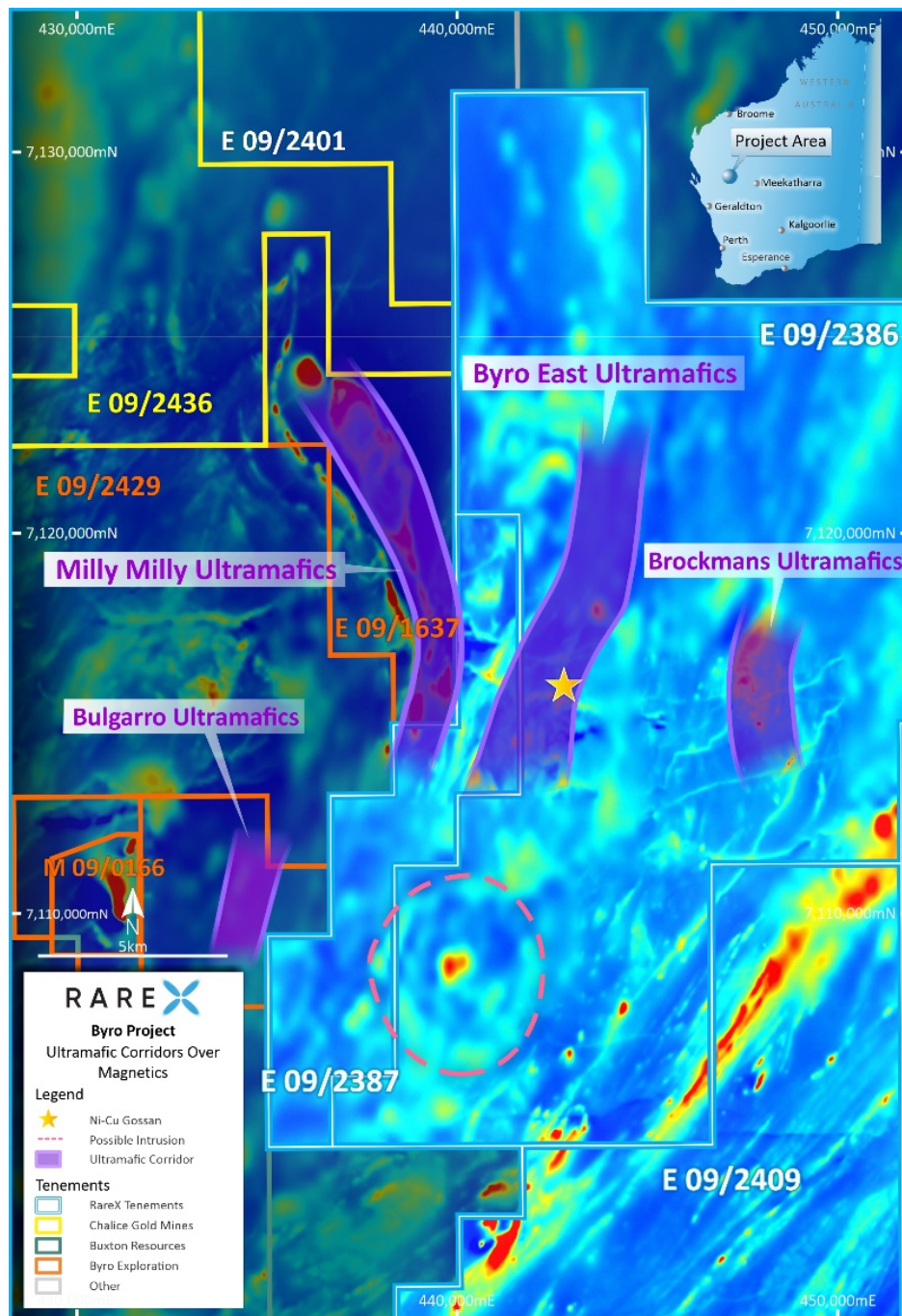


Figure 5. Interpreted Ultramafic Corridors on Magnetics

Orange East Gold Project

The Orange East Project is located just 15km along strike from the McPhillamys Gold Mine (Probable Reserve of 60.1Mt at 1.05g/t Au for 2.03Moz²), which is owned by Regis Resources Limited.

The tenement is located on the eastern margin of the Molong Volcanic Belt with much of the tenement hosting the Mullions Range Imbricate Thrust Zone (**MRIZ**). The regionally significant Godolphin-Copperhanna Thrust Fault Zone (**GCFZ**) traverses through the centre of the tenement and host dozens of historical copper-gold-silver workings, including the Carangera mine, which produced 784 tonnes of copper at a grade of 14% in the mid 1800's.

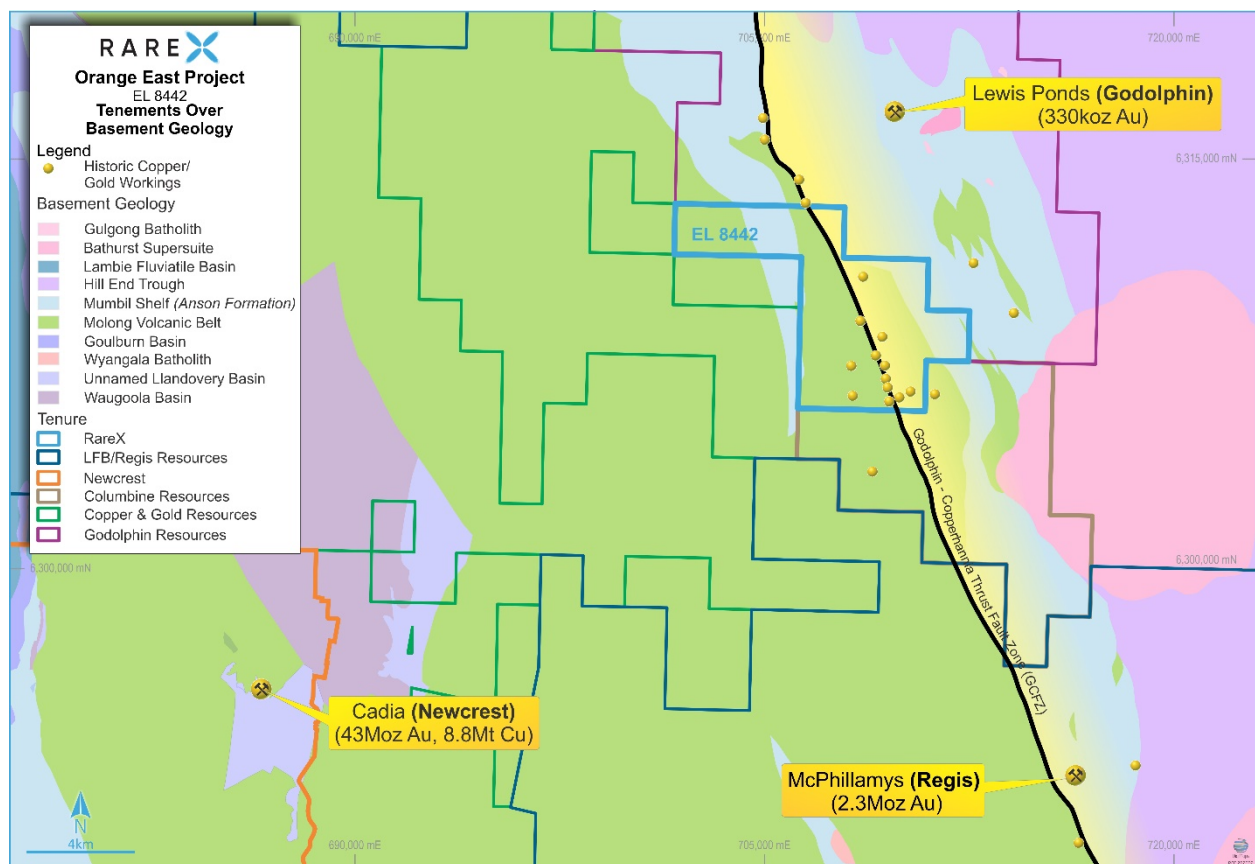


Figure 6. Orange East Regional Geology and Tenement Map

The recently completed review by RareX has concluded that numerous strong exploration targets have not been tested. Two areas of most interest have walk up drill targets and are the Gunnarbee geochemical anomaly and the GCFZ which hosts dozens of historic Cu-Au-Ag workings.

² <https://regisresources.com.au/McPhillamys-Gold-Project/mcphillamys-gold-project.html>

The Gunnarbee Prospect shows striking similarities to the McPhillamys deposit, including:

- Both are hosted in the Silurian volcanoclastic rocks of the Anson Formation adjacent to the GCFZ (Figure 7);
- Both have coincident Au-As-Ba-Bi--Pb-Cu-Mo-Te surface anomalies, with the Gunnarbee geochemical anomaly extending over an area ~1,000m north-south by 200m east-west; and
- Both have K radiometric high anomalies.

This prospect is entirely untested by modern exploration.

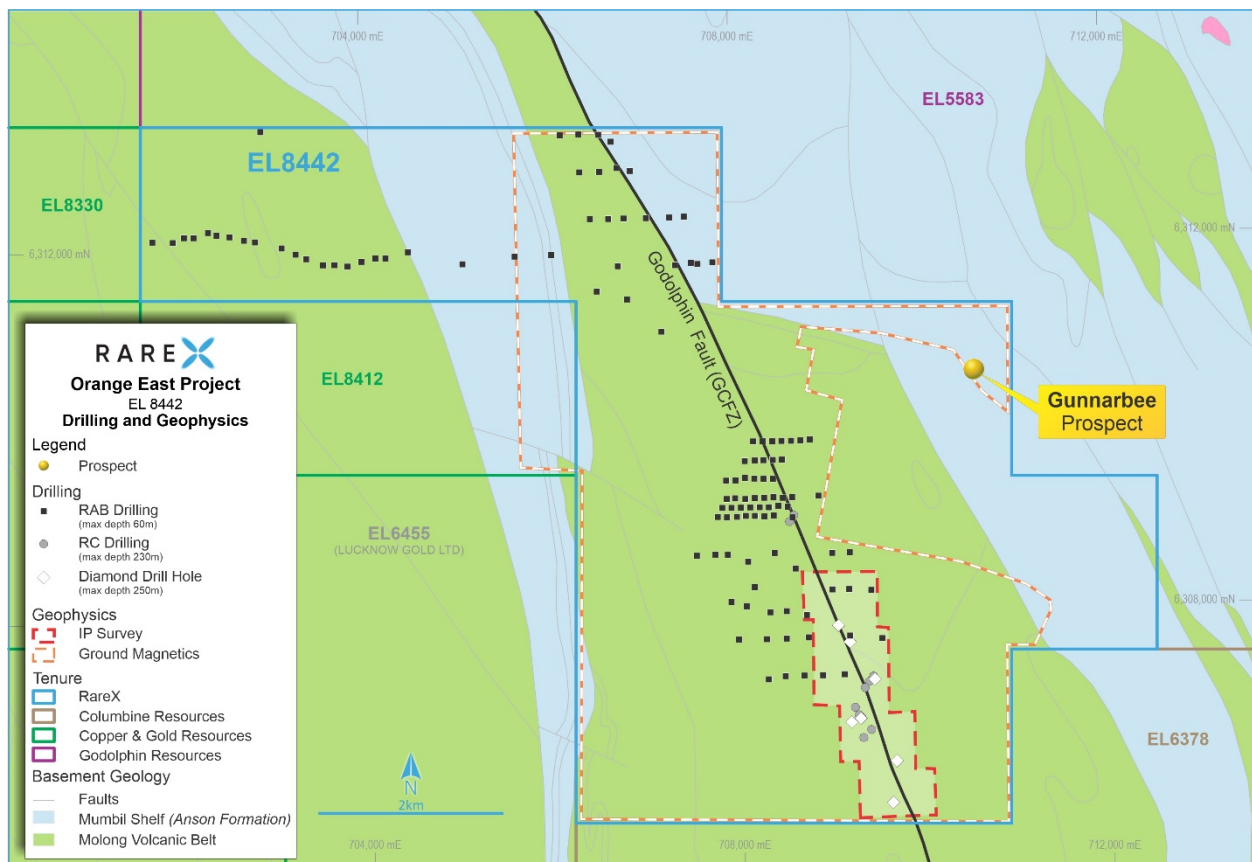


Figure 7. Historic Exploration on EL8442 with Gunnarbee Prospect untested

The area along the GCFZ has been subject to most attention by previous explorers, including rock chips, auger and soil sampling, as well as limited IP, RC and diamond drilling programs in 2009 and 2010.

Auger and soil sampling have generated soil anomalies up to 2km long with coincident high grade copper rock chips to 19.8% Cu, 127g/t Ag and 25g/t Au (ASX announcement: RareX Limited (previously Clancy Exploration) 12 August 2009). An IP survey was completed over the strong surface geochemistry and located several chargeable anomalies. An RC and diamond drilling program were then done to test the anomalies but failed to intersect any significant results.



The recently completed review by RareX has concluded that the large surface geochemical anomalies and the IP anomalies have not been explained by the limited RC and diamond drilling along the GCFZ. Many of the IP anomalies have not been tested or have only been partly tested and most of the surface geochemical anomalies have not been tested at all.

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

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Competent Person's Statement

The exploration results in this announcement were reported by the Company in accordance with listing rule 5.7 on 12 August 2009. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement.