ASX / MEDIA ANNOUNCEMENT **25 August 2021**

Cosmos Exploration Spin-Off Gathers Momentum

Proposed demerger of the Byro East Ni-Cu-PGE Project and Orange East Gold Project consistent with RareX focus on developing the Cummins Range Rare Earths Project in WA

RareX Limited (ASX: REE, **the Company**) is pleased to advise that its previously announced proposal to spin-out its non-core Byro East Nickel-Copper-PGE Project (**Byro East**) and Orange East Gold Project (**Orange East**) is progressing to the next stage.

The Company plans to demerge its newly-established, 100%-owned subsidiary, Cosmos Exploration Limited (**Cosmos**). In conjunction with the proposed spin-out, Cosmos will undertake an Initial Public Offering (**Public Offer**) and apply for admission to the Official List of ASX.

RareX has entered into a Demerger Implementation Deed with Cosmos (key terms of the Deed are detailed on page 5 of this announcement). RareX shareholders will be given an opportunity to participate in a priority offer to take up shares in the Cosmos IPO (**RareX Priority Offer**).

Canaccord Genuity (Australia) Limited has been appointed as Lead Manager to the Public Offer.

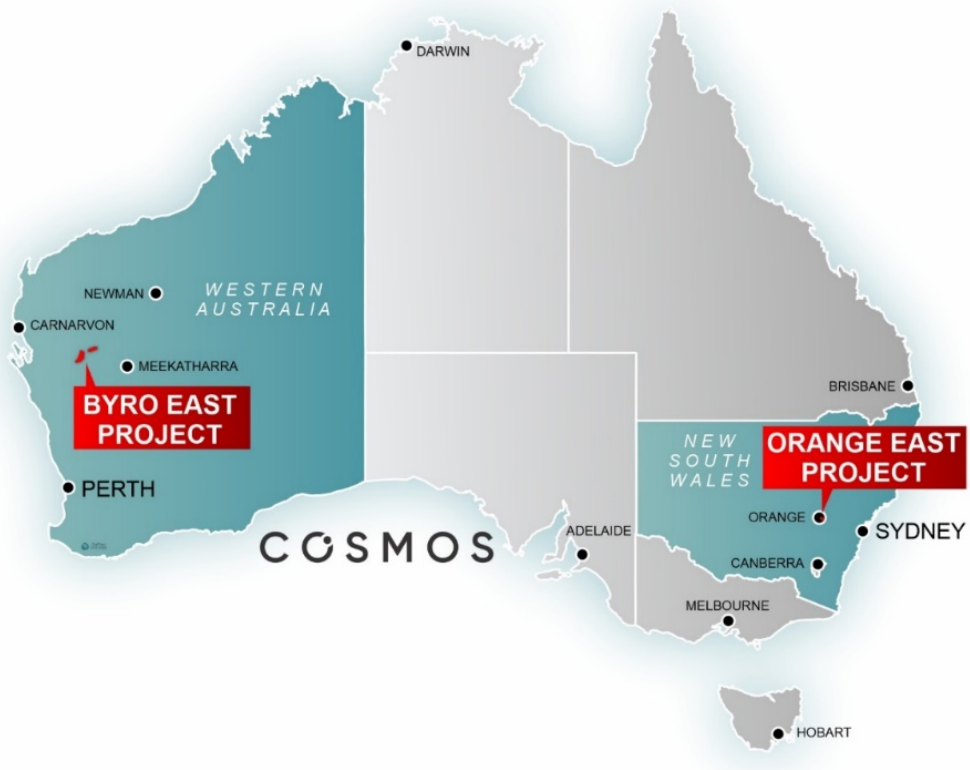

Figure 1 – Project locations, Australia

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 (**Chalice**) world-class Julimar discovery.

RareX secured Byro East in January 2020 prior to Chalice making its Julimar discovery in February 2020. The Julimar discovery has reinvigorated exploration along the western gneissic terrane of the Yilgarn Craton targeting orthomagmatic Ni-Cu-PGE sulphide systems. Chalice and other private companies have subsequently applied for tenure surrounding RareX's Byro East Project in the Narryer Terrane.

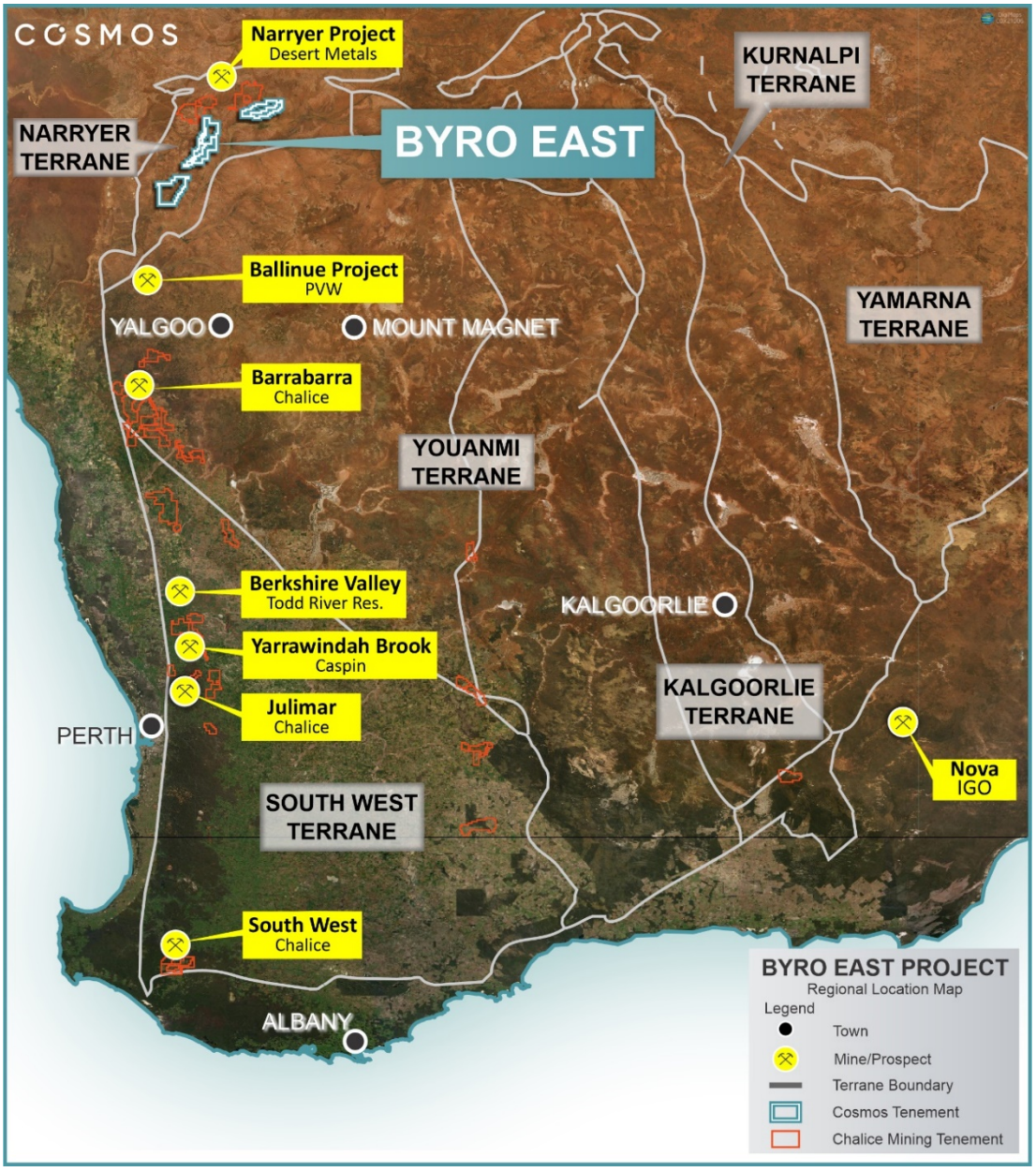

Figure 2 – Byro East Project Location Map with satellite imagery

The Orange East Gold Project is located just 15km along strike from the McPhillamys Gold Mine, which is owned by Regis Resources Limited and shows striking similarities to the McPhillamys Gold Mine (Figure 3).

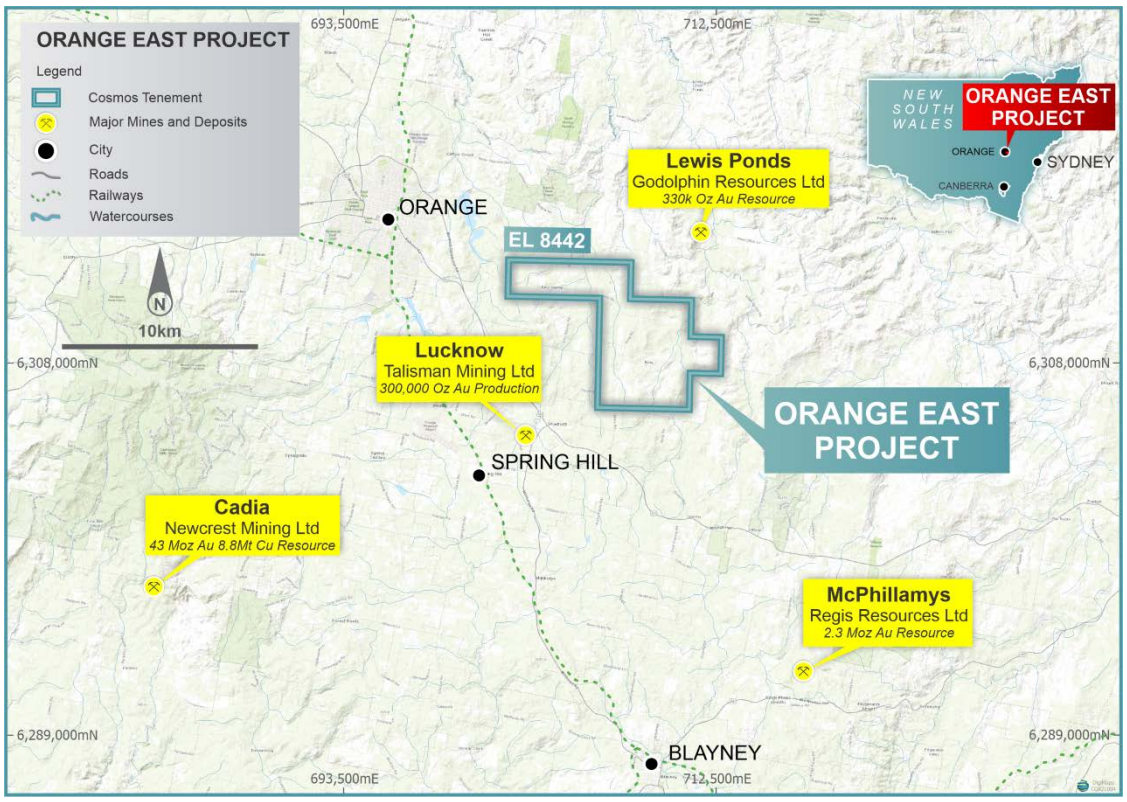

Figure 3 – Orange East Location Map

Specifically, Orange East and McPhillamys are hosted in the Silurian volcaniclastic rocks of the Anson Formation, adjacent to the Godolphin Fault Zone (GFZ) (Figure 4). 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 and 200m east-west.

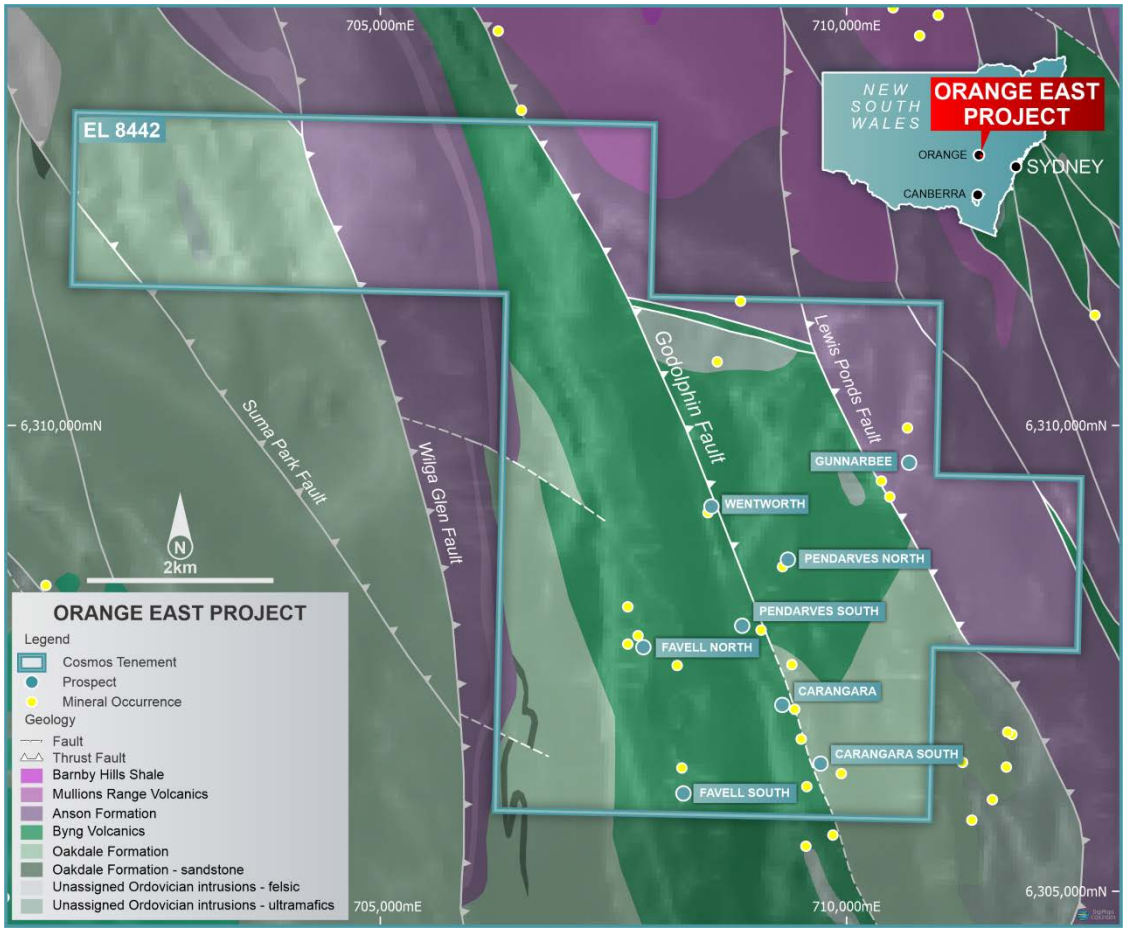

Figure 4 – Orange East Geology and Prospect Location Map

Byro East and Orange East are comprised of five granted Exploration Licences and three pending applications as listed in the table below:

Project	Tenement	Registered Holder/ Applicant	Status
Byro East			
	E09/2386	RareX	Granted
	E09/2408	RareX	Granted
	E09/2409	RareX	Granted
	E09/2387	RareX	Granted
	E09/2443	RareX	Pending
	E09/2525	Cosmos	Pending
	E09/2527	Cosmos	Pending
Orange East			
	EL8442	RareX	Granted

Key terms of the Demerger Implementation Deed

RareX and Cosmos signed a Demerger Implementation Deed (**DID**) on 23 August 2021 to give effect to the proposed spin-out. Pursuant to the DID, RareX will transfer to Cosmos 100% of its legal and beneficial interest in the Byro East tenements and 75% of its legal and beneficial interest in the Orange East tenements (**Sale Assets**), with RareX retaining a 25% interest to be free-carried until completion of a Bankable Feasibility Study.

Cosmos will issue 10 million fully-paid ordinary shares and pay $80,000 in cash to RareX (as reimbursement of expenditure incurred by RareX) in consideration for the Sale Assets.

In conjunction with the spin-out, Cosmos will make an application for admission to the Official List of ASX and seek to raise no less than $5 million via an initial public offering of 25 million shares at an issue price of $0.20 (**Cosmos IPO**).

The conditions precedent under the DID include:

- RareX obtaining Shareholder approval under Listing Rule 11.4 to dispose of Byro East and Orange East;
- Cosmos making an $80,000 cash payment to RareX, comprising:
  (i) $30,000 in reimbursement of expenditure incurred by RareX on the Byro East tenements; and
  (ii) $50,000 in reimbursement of expenditure incurred by RareX on the Orange East tenements;
- Cosmos receiving valid applications for not less than $5 million under the IPO; and
- Cosmos receiving an ASX conditional admission letter.

The Company intends to hold a general meeting of shareholders, at 10 am Perth time on Friday, 24 September 2021 to approve the disposal of the assets under ASX Listing Rule 11.4.

The Board considers that, given the Company's strategic focus on the continued exploration and potential development of the Cummins Range Rare Earths 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 to house the projects in a separately listed vehicle that is specifically focused on progressing their exploration and development.

RareX will retain exposure to the upside potential of the Sale Assets through its direct equity holding, allowing it to focus on the development and exploration of its flagship Cummins Range Project.

RareX Priority Offer

The RareX Priority Offer will entitle eligible RareX shareholders to priority participation in the Cosmos IPO, whereby eligible RareX shareholders will have the opportunity to subscribe for Cosmos IPO shares ahead of the Public Offer. It is expected that each eligible RareX shareholder who subscribes under the RareX Priority Offer will receive an allocation of no less than $2,000.

Further information on the RareX Priority Offer and the Cosmos IPO is included in the Company's notice of meeting.

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

For further information, please contact:

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Competent Person's Statement

Information in this release that relates to Exploration Results is based on and fairly represents information and supporting documentation reviewed or compiled by Mr Guy Moulang, an experienced geologist engaged by RareX Limited. Mr Moulang is a Member of the Australian Institute of Geoscientist and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Moulang consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.