ASX / MEDIA ANNOUNCEMENT **8 September 2021**

RareX releases its ESG Framework

RareX Limited (**RareX**, the **Company**) (ASX: REE) is pleased to advise that it has established its Environmental, Social & Governance (**ESG**) Framework as part of its sustainable ESG-integrated project development approach.

The Company's ESG Framework adopts the World Economic Forum (**WEF**) Framework guidelines to support its journey from exploration to operational mining activities to ensure that it has a leading approach in place from inception as it advances its flagship Cummins Range Rare Earths Project in the Kimberley region of WA towards the next stage of development.

RareX believes it has an important role to play in sustainably supplying critical and rare earth metals that are crucial for the decarbonisation of the global economy, such as electric vehicles and wind turbines, as well as advanced technical applications for telecommunications and military purposes as part of sustainable supply chains.

The RareX ESG Framework will help to ensure that it can develop Cummins Range in a responsible and balanced manner, with due regard for safety, corporate governance, the environment, Indigenous relationships, community and stakeholder engagement and other critical elements of the ESG matrix.

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

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RAREX
ENVIRONMENTAL, SOCIAL & GOVERNANCE **FRAMEWORK**

SEPTEMBER 2021

RAREX

OUR COMMITMENT TO THE FUTURE


550 SBT



RAREX **LIMITED**

TABLE OF CONTENTS

INTRODUCTION

Message from The Managing Director 4

OVERVIEW

RareX At a Glance 5

WEF

World Economic Forum Framework (WEF) 6

FRAMEWORK

RareX Key Stakeholders 8

MATERIALITY

RareX Materiality Matrix 10

APPROACH

RareX ESG Framework 13

DEVELOPMENT

Stage 1 14

Stage 2, Stage 3 16

RAREX LIMITED

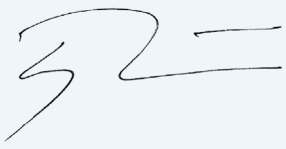
MESSAGE FROM MANAGING DIRECTOR

JEREMY ROBINSON



We are pleased that RareX Limited have developed an ESG Framework to guide its journey from current exploration to operational mining activities. Our ESG Framework has been developed with the support and research of a world leading ESG consultancy. RareX has an important role to play in supplying rare earth minerals that are crucial for the low carbon economy, such as electric vehicles and wind turbines, as well as advanced technology for telecommunications and military purposes.

As we move to further develop the Cummins Range Rare Earths Project, we look to set the standard in the protection of Aboriginal culture & heritage. Progressing into the later part of 2021, we look forward to strengthening our relationship with the Jaru People and the KLC.



Jeremy Robinson, Managing Director,
RAREX LIMITED



RAREX LIMITED
AT A GLANCE

RareX is aiming to be a multi mine, primary producer of Rare Earth concentrates through the acquisition and development of quality resources in low risk, well governed, jurisdictions, beginning with the Cummins Range Project in Western Australia. RareX intends to leverage this base to develop transparent downstream value chains though technical development and innovation, and responsible partners. Through this we will produce, sustainable and low-risk Rare Earth oxides and advanced alloying metals products helping enable renewable energy generation and the technology revolution for a more prosperous future.

RAREX
ADOPTING THE WORLD ECONOMIC FORUM FRAMEWORK

The World Economic Forum (WEF) Framework was developed with the International Business Council (IBC) to report on environmental, social and governance (ESG) metrics and recommended disclosures as part of corporate annual reporting. The ESG metrics are designed to be transparent, addressing the concerns and issues that would be relevant to its stakeholders. The WEF framework has been chosen by RareX to guide its approach to ESG, which is outlined below. RareX plan to publish its first ESG performance update in 2022 for the 2021-2022 financial year.

PRINCIPLES OF GOVERNANCE

- **Governing purpose**
  1 Setting purpose
- **Quality of governing body**
  2 Governance body composition
- **Stakeholder engagement**
  3 Material issues impacting stakeholders
- **Ethical behaviour**
  4 Anti-corruption
  5 Protected ethics advice and reporting mechanisms
- **Risk and opportunity oversight**
  6 Integrating risk and opportunity into business process

PLANET

- **Climate change**
  7 Greenhouse gas (GHG) emissions
  8 TCFD implementation
- **Nature loss**
  9 Land use and ecological sensitivity
- **Freshwater availability**
  10 Water consumption and withdrawal in water stressed areas





PEOPLE

Dignity and equality
11 Diversity and inclusion
12 Pay equality
13 Wage level
14 Risk for incidents of child, forced or compulsory labour

Health and wellbeing
15 Health and safety

Skills for the future
16 Training provided

PROSPERITY

Employment & wealth generation
17 Absolute number and rate of employment
18 Economic contribution
19 Financial investment contribution

Innovation of better products & services
20 Total R&D expenses

Community and social vitality
21 Total tax paid

RAREX LIMITED KEY STAKEHOLDERS

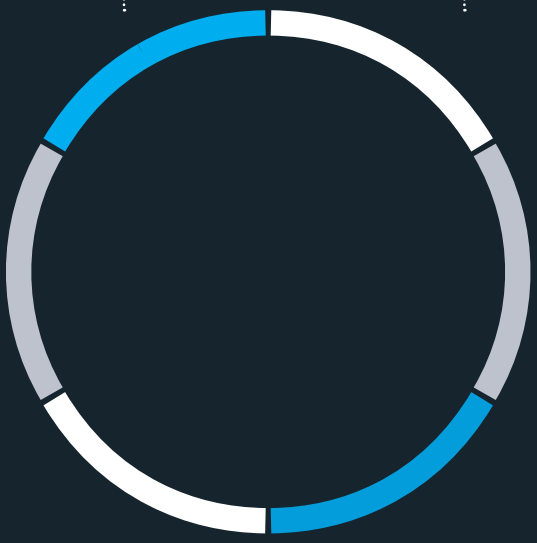
RareX's key stakeholders are listed below. This informs our material ESG topics and our approach to reporting on ESG metrics.

EMPLOYEES, SUPPLIERS AND CONTRACTORS

Our employees also our contractors and suppliers are important to us. We will support them as a family and be rigorous in Occupational Health and Safety (OH&S) from now through to mining. Not following proper procedure can lead to us hurting our people, legal risks and fines.

REGULATORS

The WA Department of Mines, Industry Regulation and Safety (DMIRS) and related Government departments require particular certifications and approvals for exploration and mining activities. Other state government departmental requirements may also apply.



DOWNSTREAM COMMUNITIES AND ENVIRONMENTS

The future refining of rare earth minerals will involve activities, including refining, downstream of our mining operation, and potentially abroad. We will operate with careful downstream management with active consideration to the health and wellbeing of communities and the protection of local environments.

INVESTORS

The future refining of rare earth minerals will involve activities, including refining, downstream of our mining operation, and potentially abroad. We will operate with careful downstream management with active consideration to the health and wellbeing of communities and the protection of local environments.

HALLS CREEK COMMUNITY

The closet township to the Cummins Range where we plan to commence mining is Halls Creek. The Shire of Halls Creek and the local community more broadly, including pastoralists, community groups and Not-For-Profit organisations are relevant stakeholders in the area.

KLC AND TRADITIONAL LAND OWNERS

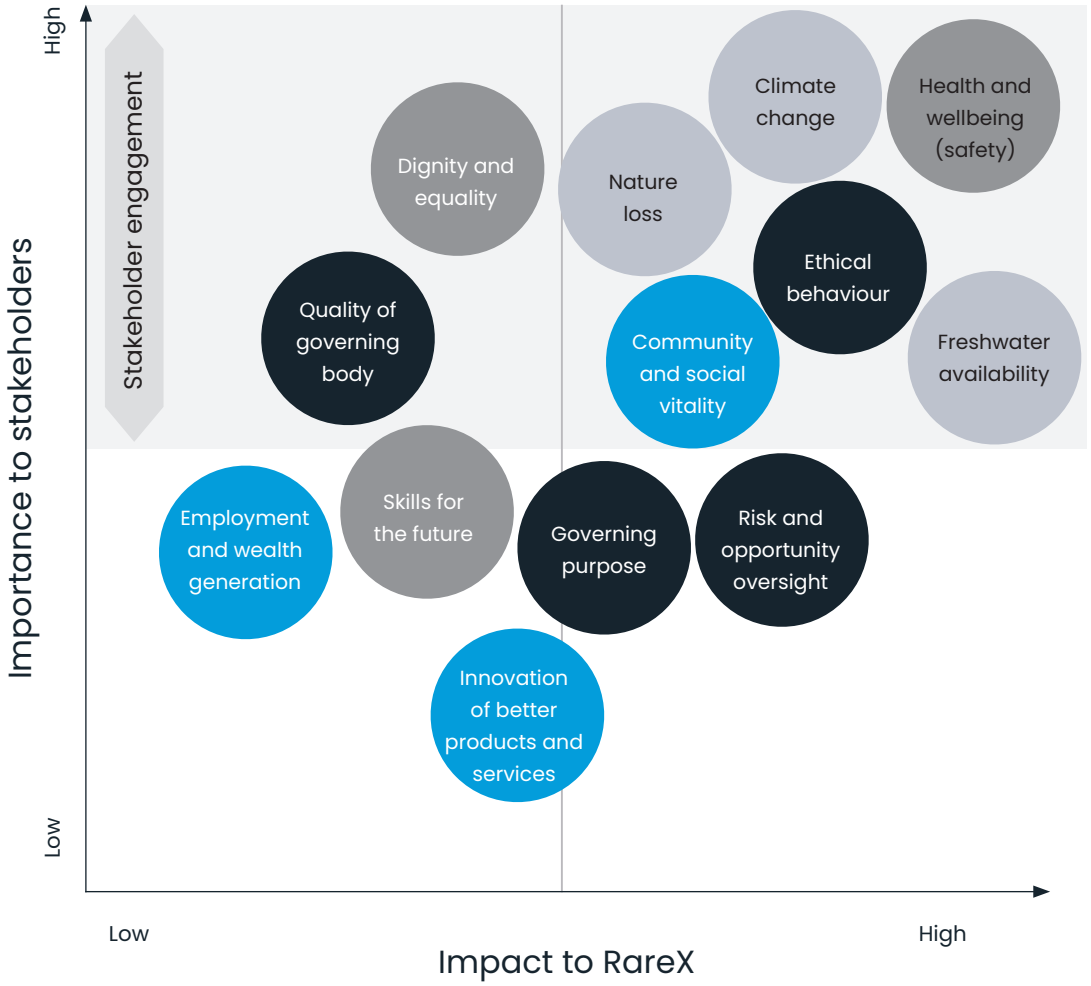
The Kimberley Land Council (KLC) and traditional owners including the Jaru Community, Tjurabalan Native Title Land Aboriginal Corporation, and Bilaluna Community, have interests. This includes protecting and preserving culture, heritage and environmental values and we recognise the importance and value of their involvement.

OUR PEOPLE

GUY MOULANG

HEAD OF EXPLORATION

We are passionate about leaving a legacy of positive social impact in all areas of our business, particularly on the custodians of the land and the nearby communities of where we operate.



RAREX MATERIALITY MATRIX

2021

We have identified which ESG topics have the largest potential impact on RareX and are most important to our stakeholders. Our focus is highlighted in the top half of the matrix.

LEGEND

Prosperity
Employment & wealth generation
Innovation of better products & services
Community and social vitality

People
Dignity and equality
Health and wellbeing
Skills for the future

Planet
Climate change
Nature loss
Freshwater availability

Principles of governance
Governing purpose
Quality of governing body
Stakeholder engagement
Ethical behaviour
Risk and opportunity oversight



OUR PLEDGE TO **OUR ENVIRONMENT**

We are committed to the responsible management of the environment in which we operate. We recognise the need to mitigate carbon emissions and we support Australia's commitments under the Paris Agreement.

OUR PEOPLE

JAMES DURRANT

GENERAL MANAGER PROJECTS

Our sustainability vision is to integrate ESG appropriately and practically from the beginning. By setting our standards from the onset, and integrating this with how we conduct our exploration and how we design the Cummins Range, and future, projects we are able both to begin measuring and monitoring what matters now, and integrating what matters in the future into our design, creating a true sustainability-in-design approach.

RAREX
ESG FRAMEWORK

	RareX Approach
Planet	We are committed to the responsible management of the environment in which we operate. We recognise the need to mitigate carbon emissions and we support Australia's commitments under the Paris Agreement. We also recognise the need to reduce impacts to environmental receptors including ecological and water resources. We are developing policies to help us to manage these commitments and we plan to continuously improve and evolve our approach to ensure that our transition from exploration to mining operations is in line with our ESG framework.
People & Prosperity	We are passionate about leaving a legacy of positive social impact in all areas of our business, particularly on the custodians of the land and the nearby communities of where we operate. RareX values engagement with local communities and continues to support community investment though the Kimberly Sustainable Development Trust. We see exciting opportunities to provide employment and skills development in the fast growing rare earth minerals industry, which is a critical component of low carbon economy infrastructure such as wind turbines and electric vehicles.
Governance	We are rigorous in our corporate governance and Rare X values exceptional business ethics. We plan to commence reporting on ESG performance at the end of the 2021-22 financial year. Our ESG framework includes managing risks and opportunities consistent with leading standards such as the Taskforce for Climate related Financial Disclosures, and working with stakeholders through our value chain, on, and off-shore, to promote and demand activities that are in line with our ESG framework.

RAREX LIMITED

EXPLORATION AND PROJECT DEFINITION

STAGE 1

Three stages have been identified for implementing the ESG framework. We are currently focussed on Stage 1. Stages 2 and 3 will be refined as we enter theses subsequent phases of our project.

PRINCIPLES OF GOVERNANCE

- Adopt an **ESG Framework** and publish it on the company website.
- **Prepare an ESG report** for FY2021-22.
- **Maintain a register of key stakeholders** including contact names of the KLC, Jaru station holder and pastoralists, and planned/required liaisons.
- **Allocate resources** to implement ESG activities.
- Integrate reviews of **downstream, value chain risks**, on, and off shore, including considerations of modern slavery, jurisdictional ethics, and climate action.
- Conduct an **annual review of policies** for suitability and consistency with the ESG report, including anti-corruption, whistleblowing, health and safety.
- Develop consistency of ESG reporting to the **Taskforce for Climate Related Disclosures** recommendations.
- Include an ESG remit into the **Charter of the Audit and Risk Committee.**



PLANET

- Develop an **emissions footprint** based on current exploration activities.
- Develop **current footprints** for water and energy consumption and GHG emissions during exploration, including through working with contractors.
- **Identify the potential economic and environmental contributions** that RareX could make by channelling its products to low carbon products E.g. for electric vehicles and wind turbines.
- **Engage with Government** on relevant initiatives, such as stakeholder input to the WA net zero emissions strategy and potential financial support such as through ARENA for low carbon infrastructure.
- Integrate **options for cleaner energy and waste management** for mining and refining into our project definition studies.

PEOPLE & PROSPERITY

- **Measure and report on key health and safety data:** Including near misses, Lost Time Injury Frequency Rate(LTIFR), Total Recordable Injury Frequency Rate (TRIFR) and identified hazards for staff and contractors.
- **Begin to develop a safety program** which identifies safety risks and develops controls and systems to manage them, including for contractors.
- **Develop recruitment strategy for jobs** in the Kimberleys and amongst indigenous communities.
- Report on **economic contributions** to the community as well as numbers of employed staff/ contractors and salary expense.
- Report on any **financial assistance** received from the government.
- Begin reporting on **annual training activities,** budget and oversight/engagement from Directors.

MINE **DEVELOPMENT** STAGE 2

Pillars	Principles of Governance	Planet	People & Prosperity
What we plan to do	• **Risk Management**: Review alignment of RareX policies to the ASX Corporate Governance Principles & Recommendations, and the TCFD. • **Develop a training plan** for Directors and staff including around climate risks, health and safety, etc. • **Modern Slavery Assessment:** Assess likelihood of suppliers going over the $100M threshold for modern slavery reporting. • **Compliance Requirement:** Confirm alignment with UN No. 2192 Transporting Dangerous Goods List and other relevant compliances. • Establish a **Sustainability Committee** and provide updates on ESG issues and activities.	• **Identify best practice examples** of ESG and energy efficiency/renewable energy integration, to inform the design of RareX's mine site. • **Refine reduction targets** Develop and report on energy efficiency and GHG reduction targets for mine construction and operation, e.g. 10% recycled water supply and waste minimisation/reuse goals over a base case. • **Permits:** Prepare material required for permits and consents. For example, the Environmental Management Plan for approval by the WA Environment Protection Authority (EPA), including Biodiversity, Water Resources, Land and Soils, Rehabilitation and Mine Closure. Showing consideration to alternative energy supply options, where required by the EPA. • **Clean refining:** Consider options for clean refining of RareX products, including local planned refineries.	• **Refine health and safety policies and procedures for mining operations:** Identify key safety risks and controls to manage them, including for contractors. • **Diverse employment:** Set and develop targets such as for % female employment and % indigenous employment by 2025. • **Obtain certifications and management systems:** Consider key systems such as OHSAS 18001 (Occupational Health and Safety Management Systems), ISO 14001 (Environmental Management Systems) and ISO 9001 (Quality Management Systems) standards. • **Local Community Investment Plan:** Develop a community investment plan, for support and contribute to the local community. This could form part of RareX's communication strategy for the development and launch of the mine site. • **Local Employment:** Set metrics for local employment i.e. the % of employees from the local community. • **Trainings:** Establish a training policy and % of staff training participation.

MINE **OPERATION** STAGE 3

Pillars	Principles of Governance	Planet	People & Prosperity
What we plan to do	• Training of the Board and Management on an annual or bi annual basis, covering **ESG topics including whistleblowing.** • **Review compliance with Modern Slavery requirements.** • **Review compliance** with UN No. 2912 Transporting Dangerous Goods List and other identified compliances. • Periodic meetings of the **Sustainability Committee** (e.g. quarterly). • Annual **ESG reporting.**	• **Execution of ESG framework and reduction targets.** • **Consider requirements for National Greenhouse and Energy Reporting** (NGER) Reporting: Begin NGER reporting if 25 kt or more of greenhouse gases production of 100 TJ or more of energy, or consumption of 100 TJ or more of energy. • **ESG Rating and Environmental Management Plan:** Obtain an ESG Rating such as with MSCI or CDP and development RareX EMP. • **Scope 3 emissions:** Measure and disclose scope 3 emissions in line with the Greenhouse Gas Protocol.	• **Continue execution of health and safety program.** • **Annual ESG reporting on social/people metrics** including diversity, inclusion, health & safety, community contributions. • **Training Programs**: Updates on annual staff safety training program. • **Local Community Investment Strategy:** Update the community investment plan, for support and contribution to the local community. • **Updates on staff training**: Report on the investment made and on the number of unfilled skilled positions and on the percentage of unfilled skilled positions for which the company hires unskilled candidates and trains them. • **Updates on new hire and turnover:** Report on the total number and rate of new employee hires and turnover during the reporting period, by age group, gender, other indicators of diversity and region • **Updates on Research and Development:** Reporting on total R&D expenses. • **Updates on products usage:** Report on% of its products will be used for what purposes by partners and customers.



PRIDE IN OUR **RELATIONSHIPS**

"We welcome the decision of (the company) to enter into the gold standard Kimberly Heritage Protection Agreement. By signing up to this agreement (the company) has recognised the need for a high level of protection for Aboriginal culture and heritage. This is a clear example of how business in the Kimberley should be done and should set a benchmark for Aboriginal heritage protection across the state. We applaud companies who respect the rights and interests of native title holders"

Tyronne Garstone - Kimberley Land Council Deputy Chief Executive Officer

(Formally Sagon Resources)



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