



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**FINANCIAL STATEMENTS
FOR HALF YEAR ENDED
31 DECEMBER 2021**

RAREX LIMITED AND CONTROLLED ENTITIES



CORPORATE DIRECTORY

DIRECTORS

Mr John Young
Non-Executive Chairman

Mr Jeremy Robinson
Managing Director

Mr Shaun Hardcastle
Non-Executive Director

Mr Cameron Henry
Non-Executive Director

COMPANY SECRETARY

Ms Oonagh Malone

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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AUDITOR

Walker Wayland WA Audit Pty Ltd
Level 3, 1 Preston Street
Como
Western Australia 6152

SHARE REGISTRY

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
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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 2021.

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 unless otherwise stated.

Mr John Young
Mr Jeremy Robinson
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:

- Announcement of a major resource upgrade for the Cummins Range Project;
- Completion of a highly successful 6,000m RC and diamond drill program; and
- Commencement of a scoping study including metallurgical test work.

4. FINANCIAL RESULTS

The loss of the Group for the period ended 31 December 2021 was \$3,929,431 (Six months to 31 December 2020: loss of \$4,336,711). During the half year, total expenses amounted to \$7,154,575 (Six months to 31 December 2020: \$4,391,657).

Unrestricted cash and cash equivalents amounted to \$1,104,378 as at 31 December 2021 (30 June 2021: \$4,477,985).

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 March 2022, the Company completed a placement to sophisticated and institutional investors via the issue of 111,111,112 ordinary shares at an issue price of \$0.09 per share to raise \$10,000,000 (before costs). Directors intend to invest a further \$650,000 (before costs) on the same terms as the placement which will be issued subject to shareholder approval.

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 2021.

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

On behalf of the Directors.

Jeremy Robinson
Managing Director
Signed this 16th day of March 2022.

Auditor's Independence Declaration Under Section 307C of The Corporations Act 2001 to The Directors of RareX Limited

I declare that, to the best of my knowledge and belief, during the half-year end 31 December 2021 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Walker Wayland WA Audit Pty Ltd

WALKER WAYLAND WA AUDIT PTY LTD

Richard J Gregson

**Richard Gregson CA
Director
Level 3, 1 Preston Street, COMO WA 6152**

Dated this 16th day of March 2022.

RAREX LIMITED AND CONTROLLED ENTITIES



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		Consolidated	
		6 months ended 31 December 2021	6 months ended 31 December 2020
	Notes	\$	\$
Income			
Other income	3	890,845	54,946
Gain on disposal of subsidiary	4(a)	334,389	-
Profit from sale of tenements	4(b)	2,000,000	-
Total Income		3,225,234	54,946
Expenses			
Administration expenses		(662,385)	(303,269)
Consultants & management expenses		(727,182)	(166,891)
Depreciation, amortisation and impairment expense	5	(58,597)	(12,760)
Finance costs		(11,818)	(2,588)
Legal expenses		(41,197)	(24,805)
Share based payments expense	19	(488,804)	(900,405)
Exploration expenses		(2,992,728)	(1,322,747)
Acquisition of tenements	6	-	(1,164,936)
Foreign exchange (loss)/gain		2,529	(7,705)
Loss on revaluation of financial assets		(1,633,752)	(485,551)
Share of loss from associate	11	(35,609)	-
Exploration and evaluation asset expensed	9	(505,032)	-
Total expenses		(7,154,575)	(4,391,657)
Loss from continuing operations before income tax expense		(3,929,341)	(4,336,711)
Income tax expense		-	-
Loss from continuing operations after income tax expense		(3,929,341)	(4,336,711)
Other comprehensive income			
Exchange rate differences on translating foreign operations		(3,274)	8,133
Total comprehensive loss attributable to owners of the parent		(3,932,615)	(4,328,578)
Loss per share			
- basic and diluted		(0.88) cents	(1.16) 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 2021

		Consolidated 31 December 2021	30 June 2021
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,104,378	4,477,985
Trade and other receivables		1,226,399	227,303
Total Current Assets		2,330,777	4,705,288
Non-current Assets			
Exploration & evaluation assets	9	-	505,032
Financial assets at fair value	10	2,023,867	3,657,619
Investment in associate	11	1,964,391	-
Plant and equipment		101,716	114,431
Right of use asset	12	349,353	380,630
Total Non-current Assets		4,439,327	4,657,712
TOTAL ASSETS		6,770,104	9,363,000
LIABILITIES			
Current Liabilities			
Trade and other payables	13	1,106,724	668,948
Provisions		106,907	73,226
Lease liability	14	78,982	71,220
Total Current Liabilities		1,292,613	813,394
Non-Current Liabilities			
Lease liability	14	282,554	314,060
Total Non-Current Liabilities		282,554	314,060
TOTAL LIABILITIES		1,575,167	1,127,454
NET ASSETS		5,194,937	8,235,546
EQUITY			
Contributed equity	15	36,592,832	36,189,630
Reserves	16	6,905,362	6,419,832
Accumulated losses		(38,303,257)	(34,373,916)
TOTAL EQUITY		5,194,937	8,235,546

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 2021

CONSOLIDATED	Notes	Ordinary Shares	Options Reserve	Share Based Payments Reserve	Foreign Currency Translation Reserve	(Accumulated Losses)	Total Equity
		\$	\$	\$	\$	\$	\$
At 1 July 2021		36,189,630	6,163,712	257,083	(963)	(34,373,916)	8,235,546
Currency translation differences					(3,274)		(3,274)
Total comprehensive income for the period, net of tax						(3,929,341)	(3,929,341)
Transactions with owners in their capacity as owners							
Share issues	15	406,250					406,250
Transaction costs	15	(3,048)					(3,048)
Share based payments	19	-	-	488,804			488,804
At 31 December 2021		36,592,832	6,163,712	745,887	(4,237)	(38,303,257)	5,194,937
At 1 July 2020		29,605,193	4,775,912	83,840	(2,022)	(28,112,741)	6,350,182
Currency translation differences					8,133		8,133
Total comprehensive income for the period, net of tax						(4,336,711)	(4,336,711)
Transactions with owners in their capacity as owners							
Share issues		4,177,098					4,177,098
Transaction costs		(218,964)					(218,964)
Share based payments	19	26,405	874,000				900,405
At 31 December 2020		33,589,732	5,649,912	83,840	6,111	(32,449,452)	6,880,143

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 2021

	Notes	Consolidated	
		6 months to 31 December 2021	6 months to 31 December 2020
		\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,579,698)	(1,831,430)
Interest received		898	5,896
Interest paid		(11,818)	(2,588)
Other income		15,637	50,108
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(3,574,981)	(1,778,014)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,968)	(104,353)
Payments to acquire tenements		(170,677)	(582,468)
Refund of tenement security deposit		10,000	-
Cash disposed on loss of control of subsidiary		(2,796)	-
Payment to acquire option		-	(50,000)
Payment of tenement deposit		-	(10,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(165,441)	(746,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	3,670,150
Proceeds from exercise of options		406,250	-
Costs of share issue		(3,048)	(228,132)
Reduction in finance lease liabilities		(36,381)	(3,155)
NET CASH FLOWS FROM FINANCING ACTIVITIES		366,821	3,438,863
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,373,601)	914,028
Cash and cash equivalents at beginning of period		4,477,985	3,425,058
Effect of movement in exchange rate		(6)	(21)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	1,104,378	4,339,065

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 2021****1. CORPORATE INFORMATION**

The consolidated financial report of RareX Limited ("the Company") for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 16th March 2022.

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 SIGNIFICANT ACCOUNTING POLICIES

The general purpose consolidated financial statements for the interim half year reporting period ended 31 December 2021 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 2021 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 2021, 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 2021.

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 2021, the Group had working capital of \$1,038,164 (30 June 2021: \$3,891,894) and returned a loss attributable to owners of \$3,932,615 (31 December 2020: \$4,328,578). 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.

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.

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 2021**

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 2021.

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) Exploration and Evaluation Expenditure Assets

Exploration and evaluation costs are accumulated and accounted for separately on an area of interest basis. An area of interest is represented by an exploration project, which may include multiple tenements within a single geographic region.

For each area of interest, the Company makes an election regarding its treatment of exploration and evaluation expenditure (including the costs of tenement acquisitions) and whether it will be charged to the income statement as incurred, under the expense category "exploration expenditure" (or other appropriate expense category), or capitalised as an exploration and evaluation asset, or a combination thereof.

An exploration and evaluation asset can only be recognised in relation to an area of interest if the following conditions are satisfied:

- a) the rights to tenure of the area of interest are current; and
- b) at least one of the following conditions is also met:
 - i. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - ii. exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration and evaluation expenditures are recorded as an exploration asset at cost less impairment charges. All capitalised exploration and evaluation expenditure are monitored for indicators of impairment. Where an impairment indicator is identified, an assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement.

(e) Right of use assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Group has elected not to recognise a right of use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to Consolidated Statement of Profit or Loss and Other Comprehensive Income as incurred.

(f) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(g) 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 19) have been valued by the Directors using the Monte Carlo model based on the inputs shown at Note 19.

(iii) Tenement acquisition costs

The Directors have elected to expense certain tenement acquisition costs in relation to the Cummins Range Rare Earths Project as disclosed in Note 6.

(h) New Standards and Interpretations

In the half year ended 31 December 2021, 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 2021. 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.


**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**
3. OTHER INCOME

	Consolidated	
	6 months ended 31 December 2021 \$	6 months ended 31 December 2020 \$
Interest received	684	4,838
Australian government cash flow boost	-	50,108
Stamp duty refund	170,677	-
R&D Grant credit	703,847	-
Rental Income	15,637	-
	890,845	54,946

4. (a) GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARY

Cosmos Exploration Ltd ("Cosmos") was divested from the Group during the half-year ended 31 December 2021. RareX received \$315,000 cash in settlement of the loan balance and 10 million shares in the separated Cosmos company. The 10 million shares are valued at the issue price of \$0.20 per share and has been recognised as an investment from 1 December 2021. Rarex holds 28.57% of the issued share capital and, per AASB 128 Investments in Associates, is classified as an associate as it holds more than 20% of the voting rights. Consequently, the investment in Cosmos has been accounted for under an equity accounting basis and the financial statements recognises Rarex's share of Cosmos's post divestment loss.

The gain on the disposal of Cosmos is calculated as follows:

	\$
Net gain on disposal	334,389

On the 30 November 2021, the Entity disposed of its 100% interest in Cosmos. Cosmos contributed \$434,966 loss to the Group's consolidated profit from ordinary activities during the period. Cosmos reported an operating loss for the half-year ended 31 December 2021 of \$572,989.

The Balance Sheet of Cosmos at disposal is as follows:

	\$
Cash and cash equivalents	5,069,211
Trade and other receivables	35,176
Total current assets	5,104,387
Total assets	5,104,387
Trade and other payables	345,481
Loans	315,354
Provisions	8,390
IPO share application funds received	4,769,371
Total current liabilities	5,438,776
Total liabilities	5,438,776
Nets assets/(liabilities)	(334,389)



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

(b) PROFIT/(LOSS) FROM SALE OF TENEMENTS

	\$
Shares at fair value (10 million Cosmos shares @ \$0.20)	2,000,000

As the Group had previously expensed its exploration expenditure on the tenements spun out to Cosmos and had no capitalised exploration and expenditure asset for these tenements, the fair value of the entire consideration received of 10 million Cosmos shares has been brought to account as a profit from the sale of the tenements. On disposal of its subsidiary Cosmos, RareX sold 6 of its tenements relating to the Orange East and Byro East projects to Cosmos and consideration was received in shares.

5. EXPENSES

	Consolidated	
	6 months ended 31 December 2021	6 months ended 31 December 2020
	\$	\$
Depreciation of property, plant & equipment	58,597	12,760
	58,597	12,760

6. ACQUISITION OF TENEMENTS

There have been no new acquisitions in the period. In the previous year, the Directors elected to expense the following costs in relation to the acquisition of the Cummins Range Rare Earths Project to the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	Consolidated	
	6 months ended 31 December 2021	6 months ended 31 December 2020
	\$	\$
Deferred consideration – cash	-	500,000
Deferred – fair value of RareX Ltd shares issued	-	500,000
Stamp duty	-	164,936
	-	1,164,936

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cash at bank	1,104,378	4,477,985
	1,104,378	4,477,985

8. FINANCIAL ASSETS

For all financial instruments held as at 31 December 2021, the carrying value approximates fair value.



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

9. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cummins Range Rare Earths Project		
Opening balance	-	1,151,014
Stamp duty on acquisition of tenement	-	13,922
Less: Acquisition costs expensed (Note 5)	-	(1,164,936)
Closing balance	-	-
Hong Kong Gold Project		
Opening balance	505,032	505,032
Less: Exploration and evaluation asset expensed	(505,032)	-
Closing balance	-	505,032

During the period, the Company purchased, for \$1, the 70% interest in the Hong Kong Gold Project it had previously sold to Pacton Gold Inc in 2018 resulting in the Group now having a 100% ownership and control of the Hong Kong Gold Project. In accordance with the Group's accounting policy, the Directors have decided to fully expense the acquisition cost of the 30% interest in the Hong Kong Gold Project which it had carried forward since 2018 at cost.

10. FINANCIAL ASSETS AT FAIR VALUE

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Financial assets at fair value through profit or loss		
Non-Current		
Shares in listed corporations, at fair value		
- Kincora Copper Ltd (4,983,333, shares)	592,933	1,283,537
- Canada Rare Earth Corp (24,579,658 shares)	1,430,934	2,374,082
Investment in Atlas Management Sarl (20% interest)	507,084	507,084
Less: Impairment	(507,084)	(507,084)
	2,023,867	3,657,619

11. 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

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cosmos Exploration Ltd (10,000,000 shares)	2,000,000	-
Less : Share of Cosmos' post divestment loss for the period	(35,609)	-
	1,964,391	-



NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

12. RIGHT OF USE ASSET

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Opening balance	380,360	-
Additions	12,637	406,171
Depreciation	(43,644)	(25,541)
	349,353	380,630

13. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Trade and other payables	1,087,295	269,394
Accrued Expenses	19,429	228,877
Stamp duty payable on Cummins Range acquisition	-	170,677
	1,106,724	668,948

14. LEASE LIABILITIES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current liability	78,982	71,220
Non-current liability	282,554	314,060
	436,539	385,280
Maturity		
Within 1 year	78,932	71,220
1-2 years	87,195	78,931
2-5 years	270,412	235,129
Over 5 years	-	-
	436,539	385,280

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Opening balance	385,280	-
Initial recognition of new lease	12,637	406,171
Interest	(11,818)	6,939
Principal	(28,542)	(27,830)
	357,557	385,280



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

15. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Ordinary shares	36,592,832	36,189,630
	36,592,832	36,189,630

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 2021		12 months ended 30 June 21	
	Number of shares	\$	Number of shares	\$
As at beginning of period:	435,343,204	36,189,630	354,652,568	29,605,193
Shares issued on exercise of options	16,250,000	406,250	13,150,000	560,150
Fair value of shares issued for part consideration for acquisition of Cummins Range Rare Earths Project	-	-	7,462,687	500,000
Issue of shares to Directors	-	-	4,000,000	200,000
Shares issued via placement	-	-	29,100,000	2,910,000
Shares issued via placement - Directors	-	-	900,000	90,000
Fair value of equity settled transaction	-	-	277,949	33,354
Shares issued via placement	-	-	25,000,000	2,750,000
Fair value of shares issued to consultant	-	-	800,000	84,000
Less: Transaction costs	-	(3,048)	-	(543,067)
As at end of the period:	451,593,204	36,592,832	435,343,204	36,189,630

16. RESERVES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Options reserve	6,163,712	6,163,712
Share-based payment reserve	745,887	257,083
Foreign currency translation reserve	(4,237)	(963)
	6,905,362	6,419,832



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

17. 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 2021	30 June 2021
	\$	\$
Estimated commitments for which no provisions were included in the financial statements are as follows:		
Payable		
- not later than one year	189,222	565,760
- later than one year and not later than five years	478,804	2,263,040
	668,026	2,828,800

(b) Contractual Commitments

The Company entered an agreement to acquire up to 100% of three cobalt licences in Morocco.

As at the balance date, the Company had acquired a 20% interest in these cobalt licences via the completion of the first stage of the acquisition by acquiring an initial 20% interest in Atlas Management S.A.R.L, which holds three Moroccan licences. The Board has elected not to progress with Stage 2 of the acquisition of Atlas Management.

Other than the above, the Company has no other material contractual commitments not otherwise disclosed in the financial statements.

(c) Contingent liabilities

1. During the year ended 30 June 2017, the Company acquired the Leogang Cobalt-Nickel Sulphide Project in Austria. In the event that RareX elects to mine the Leogang Project a further \$300,000 "finder's fee" will be payable, in a mix of cash and shares.
2. Subject to a positive bankable feasibility study (BFS) being achieved within 36 months from settlement of the acquisition of the Cummins Range Rare Earths Project by the Company, further deferred consideration of \$1,000,000 is payable to Element 25 Ltd which is to be settled in cash or shares in RareX Ltd at the election of RareX Ltd. As this further deferred consideration is subject to a positive BFS, it is disclosed as a contingent liability and has not been brought to account as a liability in the financial statements as at 30 December 2021.


**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**
18. 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 2021, the Group had the following segments:

	Operating Profit/(Loss)		Total Assets		Total Liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$	\$	\$	\$	\$	\$
Rare Earths (Western Australia)	(2,904,520)	(2,440,775)	124,239	27,921	(612,095)	(128,939)
Gold (Western Australia)	-	-	505,032	505,032	-	-
Cobalt (Morocco)	(8,174)	(22,849)	886	601	-	(1,769)
Copper/Gold (New South Wales) - CPOMSO	-	(36,677)	-	-	-	-
Corporate	(1,016,647)	(1,836,410)	6,139,347	6,677,199	(963,072)	(199,902)
	(3,929,341)	(4,336,711)	6,3770,104	7,210,753	(1,575,167)	(330,610)



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

19. SHARE BASED PAYMENTS

Performance rights valuation

During the period ended 31 December 2021, there have been no new share based payments.

The following performance rights, which were issued to Directors, key management personnel and employees in the year ended 30 June 2021, 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.

Director	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 December 2021 (\$)
J Young	E	26/5/2021	1,500,000	0.078200	117,300	19,695
	F	26/5/2021	1,500,000	0.073800	110,700	18,586
	G	26/5/2021	1,500,000	0.070300	105,450	17,702
			4,500,000		333,450	55,983
J Robinson	E	26/5/2021	5,000,000	0.078200	391,000	65,645
	F	26/5/2021	5,000,000	0.073800	369,000	61,951
	G	26/5/2021	5,000,000	0.070300	351,500	59,002
			15,000,000		1,111,500	186,598
S Hardcastle	E	26/5/2021	1,500,000	0.078200	117,300	19,695
	F	26/5/2021	1,500,000	0.073800	110,700	18,586
	G	26/5/2021	1,500,000	0.070300	105,450	17,702
			4,500,000		333,450	55,983
C Henry	E	26/5/2021	1,500,000	0.078200	117,300	19,695
	F	26/5/2021	1,500,000	0.073800	110,700	18,586
	G	26/5/2021	1,500,000	0.070300	105,450	17,702
			4,500,000		333,450	55,983
O Malone	E	5/2/2021	500,000	0.112400	56,200	9,444
	F	5/2/2021	500,000	0.106100	53,050	8,914
	G	5/2/2021	500,000	0.101100	50,550	8,494
			1,500,000		159,800	26,852
Other Employees	E	5/2/2021	2,000,000	0.112400	224,800	37,774
	F	5/2/2021	2,000,000	0.106100	212,200	35,656
	G	5/2/2021	2,000,000	0.101100	202,200	33,975
			6,000,000		639,200	107,405
Total			36,000,000		2,910,850	488,804

Performance rights are expensed on a straight-line basis over the vesting period.



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

19. SHARE BASED PAYMENTS (continued)

The performance rights have been valued by the Directors using the Monte Carlo pricing model. The fair value for each class of performance right and the discount applied to share price at grant date to reflect market based vesting condition is shown in the table below:

		Expiry date	Life of Options in Years	Number of Rights	Discount applied to share price at grant date to reflect market based vesting condition	Valuation per Right	Total Fair Value
Directors							
Underlying value of the security	\$0.087						
Exercise price	Nil						
Grant date	26/5/21						
Volatility	104%						
Risk free rate	0.08%						
<i>Performance Right:</i>							
Class E		26/5/24	3	9,500,000	\$0.0088	\$0.0782	\$742,900
Class F		26/5/24	3	9,500,000	\$0.0132	\$0.0738	\$701,100
Class G		26/5/24	3	9,500,000	\$0.0167	\$0.0703	\$667,850
				28,500,000			\$2,111,850
Key management personnel and other employees							
Underlying value of the security	\$0.125						
Exercise price	Nil						
Grant date	5/2/21						
Volatility	104%						
Risk free rate	0.08%						
<i>Performance Right:</i>							
Class E		5/2/24	3	2,500,000	\$0.0126	\$0.1124	\$281,000
Class F		5/2/24	3	2,500,000	\$0.0189	\$0.1061	\$265,250
Class G		5/2/24	3	2,500,000	\$0.0239	\$0.1011	\$252,750
				7,500,000			\$799,000
Total				36,000,000			\$2,910,850

The performance rights will vest on meeting the following performance conditions before the expiry date:

Class	Vesting Condition - vesting will occur:	Number
E	20 Day VWAP of \$0.20 and 12 months continuous service within 3 years from the date of issue	12,000,000
F	20 Day VWAP of \$0.25 and 18 months continuous service within 3 years from the date of issue	12,000,000
G	20 Day VWAP of \$0.30 and 24 months continuous service within 3 years from the date of issue	12,000,000

On meeting vesting conditions, performance rights will each convert into one ordinary share with no further consideration. Performance rights were valued at the closing share price on the grant date, less discounts to reflect the effects of any market based vesting conditions as detailed the table above. The expected vesting period for each performance right for performance-based vesting conditions is the period until expiry of the performance right.



**NOTES TO ACCOUNTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

19. SHARE BASED PAYMENTS (continued)

During the half year ended 31 December 2020, the following share based payments were made. The options have been valued using the Black-Scholes option pricing model based on the following:

	Broker Options
Underlying value of the security	\$0.12
Exercise price	\$0.15
Valuation date	23/11/2020
Expiry date	30/11/2023
Life of Options in years	3
Volatility	134.13%
Risk free rate	0.11%
Probability of vesting	N/a
Number of Options	10,000,000
Valuation per Option	0.0874
Valuation	874,000
Total consideration paid by option holders	-
Valuation less consideration paid	874,000

Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2020 consists of the above options as follows:

	\$
Shares	
Fair value adjustment for shares issued to service provider	26,405
Sub-Total Shares	26,405
Options	
Broker Options	874,000
Sub-Total Options	874,000
Total Share Based Payments Expense	900,405

20. 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 March 2022, the Company completed a placement to sophisticated and institutional investors via the issue of 111,111,112 ordinary shares at an issue price of \$0.09 per share to raise \$10,000,000 (before costs). Directors intend to invest a further \$650,000 (before costs) on the same terms as the placement which will be issued subject to shareholder approval.

21. RELATED PARTY DISCLOSURE

During the period, there has been the divestment of the 100% owned subsidiary Cosmos. Post divestment RareX holds 28.57% of the issued share capital. Further detail can be found in Note 4.



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 2021 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
Managing Director

Signed this 16th day of March 2022

**Independent Auditor's Review Report
To the Members of RareX Limited**

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of RareX Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, 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, notes comprising a summary of significant accounting policies 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 half-year financial report of RareX Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date;
- (ii) and complying with Accounting Standard AASB 134 *Interim Financial Reporting and 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 Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company 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.

Auditor's Responsibility

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 2021 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RareX Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Walker Wayland WA Audit Pty Ltd

WALKER WAYLAND WA AUDIT PTY LTD

Richard J Gregson

Richard Gregson CA
Director
Level 3, 1 Preston Street, COMO WA 6152

Dated this 16th day of March 2022.