Annual Report 2022

Contents

Corporate Directory

Directors
John Young (Non-Executive Chairman)
Jeremy Robinson (Managing Director)
Shaun Hardcastle (Non-Executive Director)
Cameron Henry (Non-Executive Director)

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Review of Operations

The Board is pleased to provide a review of operations across the Company's asset portfolio for the financial year 2022 and to date.

Cummins Range Rare Earths Project

RareX Limited (ASX: REE) is a Perth-based rare earths company committed to becoming a near- term producer of neodymium and praseodymium (NdPr). RareX's focus is on developing rare earths deposits in Australia, including the flag-ship Cummins Range Rare Earths – Phosphate Project.

NdPr is a core enabler of decarbonisation of our society and enables low carbon technologies, especially in the electric mobility sector, robotics solutions and renewable energy, e.g. the wind energy sector. NdPr is the key raw material for manufacturing rare earth powered permanent magnet NdFeB electric motors, the heart of the next industrial revolution the Electrification of our Society.

RareX's focus is on developing rare earths deposits in Australia, including the Cummins Range Rare Earths Phosphate Project in the East Kimberley region of Western Australia. RareX is committed to developing a sustainable, ethical, transparent and secure low carbon rare earth supply chain solution for the global electric mobility market and NdFeB permanent motor downstream ecosystem.

2021 Mineral Resource Upgrade

On 19 July 2021, the Company announced a substantial resource upgrade for Cummins Range, having incorporated the results of the successful 2020 drill program. The Cummins Range Mineral Resource has grown significantly both in size and quality, firmly establishing the deposit as a high-quality development opportunity in a Tier-1 mining jurisdiction.

The resource has increased on the back of the quality work undertaken by the RareX technical team, with the increase stemming both from drilling results from 2020 and correct specific gravity measurements taken from the current expansionary drill program.

The overall 46% increase in the deposit is accompanied by a significant high-grade component and the announcement of a maiden Indicated resource of **11.1 million tonnes at 1.34% TREO + 0.17% Nb_2O_5** ***(0.5% TREO cut-off)*** **and 4.9 million tonnes at 2.11% + 0.23% Nb_2O_5** ***(1.0% TREO cut-off)*** marking a significant increase in the quality of the resource as well.

Table 1: Cummins Range JORC Resource at 0.5% TREO and 1.0% TREO Cut Off grade

0.5% Cut Off	Tonnes Mt	TREO %	NdPr %	Nb_2O_5 %	HREO ppm
Indicated	11.1	1.34	**0.27**	0.17	830
Inferred	7.7	0.88	**0.18**	0.11	540
Total	18.8	1.15	**0.23**	0.14	711
1.0% Cut Off	**Tonnes Mt**	**TREO %**	**NdPr %**	**Nb_2O_5 %**	**HREO ppm**
Indicated	4.9	2.11	**0.41**	0.23	1,150
Inferred	1.6	1.60	**0.31**	0.16	800
Total	6.5	1.98	**0.38**	0.21	1,060

2021 and 2022 Drill Programs

In July 2021, the Company announced the commencement of a significant diamond drilling and reverse circulation (**RC**) program at Cummins Range. The success of the 2021 program enabled the Company to estimate an Exploration Target (see below) which is in addition to and located below the current Resource. It also gave the Company the confidence to commence its largest drill campaign to date with up to three rigs on site, commencing in April 2022, which has continued to produce spectacular high-grade grade results.

Hole CDX0007 was the first assayed diamond drill-hole at Cummins Range in 40 years and was drilled into an area where a displacement fault had been interpreted. This interpretation has now been supported by the hole intersecting a 77m wide breccia zone that has assayed 61.4m at 1% TREO (Total Rare Earth Oxides) and 0.3% Nb_2O_5. The lower 34.6m of this breccia is in fresh rock with common disseminations of monazite grading at 34.6m at 1.3% TREO and 0.4% Nb_2O_5, including 3.6m at 2.5% TREO and 0.7% Nb_2O_5.

Drill hole CDX0004 assayed a whopping 102.97m at 1.6% TREO with 0.3% NdPr and 0.4% Nb_2O_5. This hole was drilled into an area that was previously interpreted by previous explorers to be an area where rare earth minerals have been upgraded through weathering processes. Instead, the hole has passed through a wide breccia zone which sits in the hanging wall position of the Main Fault. This breccia zone has consistent wide intervals of 1% to 2% TREO and strong niobium mineralisation as shown in by other drilling into this zone.

Outstanding assays continued to be received with multiple intercepts above the current Resource grade:

- CDX0012 – 16.5m at 2% TREO with 0.4% NdPr and 0.1% $Nb_2O_5$and 50g/t Ag including, 3m at 6% TREO with 1% NdPr and 0.1% $Nb_2O_5$and 25g/t Ag
- CDX0010 – 15m at 1.8% TREO with 0.4% NdPr and 0.1% $Nb_2O_5$and 102g/t Ag, including 11m at 2.3% TREO with 0.4% NdPr and 0.1% $Nb_2O_5$and 138g/t Ag
- CDX006 – 13m at 1.8% TREO with 0.3% NdPr and 0.1% Nb_2O_5including 8.6m at 2.5% TREO with 0.4% NdPr and 0.1% Nb_2O_5
- CDX0013 – 26m at 2.3% TREO with 0.5% NdPr and 0.3% Nb_2O_5including 2.8m at 6.6% TREO with 1.2% NdPr and 0.8% Nb_2O_5
- CDX0018 – 21.9m at 1.7% TREO including 6.4m at 3.5% TREO
- CDX0019 – 27m at 1.81% TREO including 5.6m at 4.81% TREO

These results have extended the mineralisation in the primary zone beyond 200m down-dip.

Drill-hole CDX0013 (26m at 2.3% TREO) was drilled 50m to the west of CDX0012 and is the westernmost hole drilled at the best orientation to test the deposit, suggesting the primary mineralisation remains open to the north-west.

Two holes contain exceptional silver grades of up to 138g/t Ag and CDX0017 reporting 5.9m at 1.5% TREO and 222g/t Ag.

Diamond hole CDX0015 intersected significant primary phosphate mineralization in the "Northern Phosphate Zone", with a spectacular intercept of 71m at 15% $Nb_2O_5$from 71.5m down-hole. The grade compares well to other operating mines of this type, in the range of 5% $Nb_2O_5$to 15% Nb_2O_5. Previous drilling in the northern area intersected wide zones of supergene mineralisation, demonstrating the potential scale of the system, with intriguingly high NdPr and HREO content for the rare earths contained in this zone.

One of the final holes of the 2021 program, deeper hole CDX0016 intersected multiple stacked lenses, all with massive to disseminated rare earths as monazite comprising a cumulative total of 51m grading 2.5% TREO.

The 2022 drilling of CDX0020 drilled down-dip from CDX0016 and intersected strong mineralisation 250m down dip from hole CDX0016 which adds considerably to the scale of the Project with a confirmed 450m of mineralisation down dip from surface. Deeper rare earths zones were also intersected including at end of hole. Wide high-grade phosphate was also drilled in "phoscorite" units.

The 2022 growth drilling program confirmed the potential scale and significance of Cummins Range for both rare earths and phosphate with an extensive mineral system emerging. The latest results received include:

- CDX0020 - 384.4m at 4% $Nb_2O_5$and 0.3% TREO and multiple high-grade rare earths intersections cumulatively 43m at 1.7% TREO including 11.6m at 1.9% TREO
- CDX0022 - 455.6m at 5% $Nb_2O_5$and 0.5% TREO and multiple high-grade rare earths intersections cumulatively 100.4m at 1.9% TREO including 17m at 2.4% TREO
- CDX0027 - 326.4m at 4% $Nb_2O_5$and 0.4% TREO with multiple high-grade rare earths intersections cumulatively 60.5m at 1.8% TREO including of 6.2m at 4.2% TREO

The 2022 drill program has now completed on site and the exploration team look forward to all assays being received over the coming months.

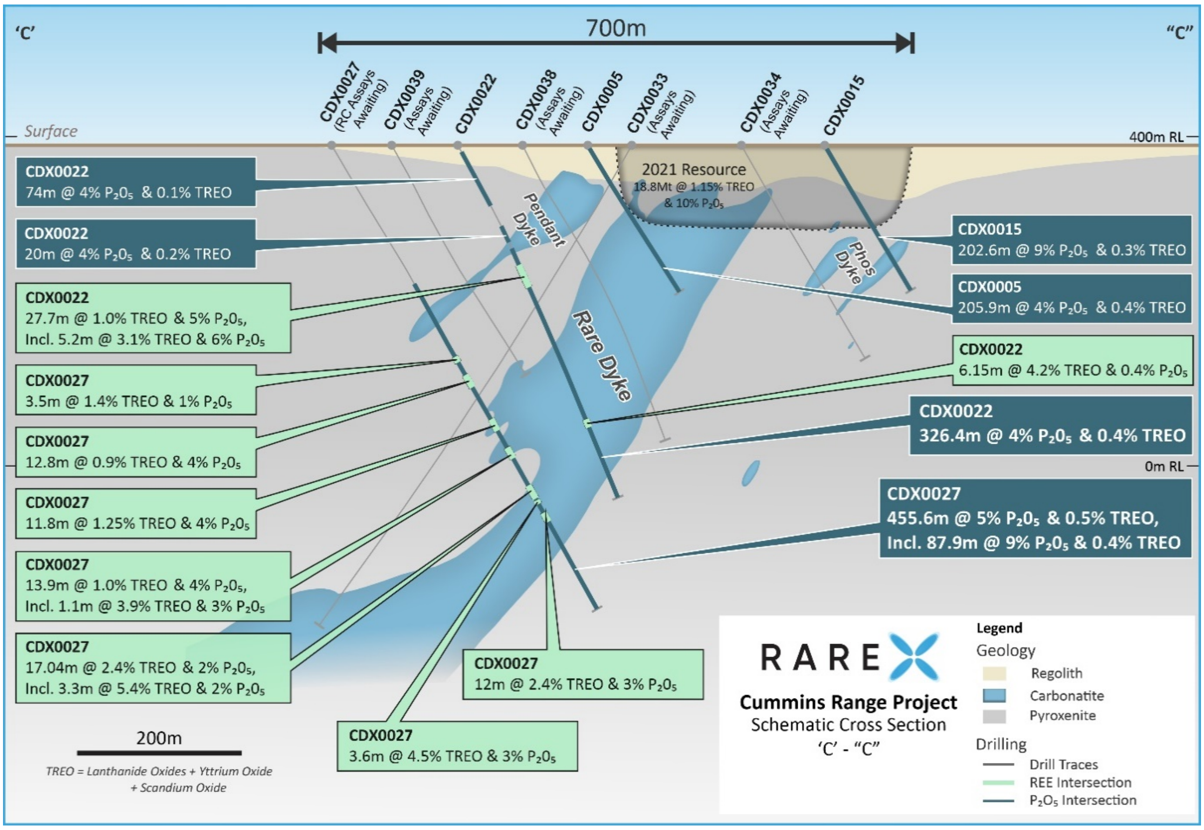

Figure 1. Section showing drill results for CDX0027 and CDX0022. Location of section shown on Figure 2.

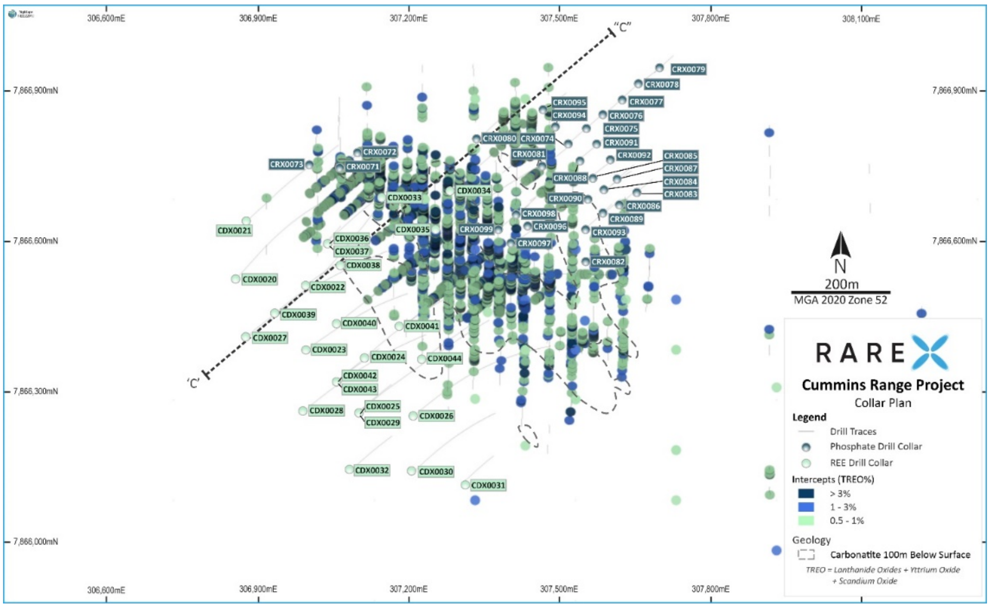

Figure 2. Drill hole locations of 2022 drill program. Showing TREO % mineralisation and location of drill Section 'C' – "C".

Maiden Exploration Target

In February 2022, the Company announced its maiden Exploration Target of 23Mt at 1.6% TREO to 41Mt at 2.4% TREO, which is in addition to and located below the current Indicated and Inferred Mineral Resource within the Main Rare Earths Zone. The Company is excited to continue its drilling programs to test this target.

The potential quantity and grade of the Exploration Target is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Cummins Range Scoping Study

The Company is making considerable progress on early-stage approvals work for the development of the Cummins Range Project including flora and fauna surveys, water bore monitoring and community engagement. In September 2022, the Company released a positive Scoping Study (**Study**) which demonstrates a potentially viable project and has given the Board of RareX the confidence to approve the commencement of a Pre-Feasibility Study (**PFS**). Key metrics of the Study are set out below.

Cautionary statement

The Scoping Study referred to in this release was completed to determine the viability of a combined mine, beneficiation, and hydrometallurgical processing plan in the Wyndham East Kimberly region of Western Australia, using rare earth deposits at Cummins Range to produce rare earth products. It is a preliminary technical and economic study of the potential viability of the Project.

The Scoping Study referred to in this release is based on low-level technical and economic assessments and is insufficient to support an estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Further evaluation work and appropriate studies are required before RareX will be in a position to estimate any ore reserves or to provide any assurance of an economic development case. This scoping study is an order of magnitude technical and economical assessment and is partially supported by Inferred Mineral Resources[1].

The Study is based on the material assumptions outlined below. These include assumptions about the availability of funding. While RareX considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct of that the range of outcomes indicated by the Study will be achieved. To achieve the range of outcomes indicated in the Study, funding of approximately AU$430m will likely be required. Investors should note that there is no certainty that RareX will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive or otherwise affect the value of RareX's existing shares. It is also possible that RareX could pursue other value realisation strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce RareX's proportionate ownership of the Project. The Study includes appropriate assessment of realistically assumed modifying factors together with other relevant operational factors.

The Study is based on indicated resources 85% and inferred resources 15%, which underpin the production target disclosed in the Study. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

[1] ASX Announcement 19 July 2021: RareX delivers major resource upgrade at Cummins Range Rare Earths Project.

Table 2: Key Project Metrics

Financial	**Units**	**Value**
Total Capital Expenditure	AU$ million	430
Discount Rate (pre-tax, nom)	%	8.0 %
NPV_8	AU$ million	633
IRR (pre-tax, nom)	%	29 %
Payback	Yrs	2.8
LOM EBITDA	AU$ billion	1.9
Products	**Units**	**Volume**
MREC Product (dry)	Ktpa	8.9
Phosphate Concentrate Produced (dry)	Ktpa	128.8
Phosphoric Acid Produced	Ktpa	13.5
Capex split2F[2]	**Units**	**Value**
Cummins Range Mine Site and Beneficiation	AU$ million	200
Wyndham Port Refinery Facility	AU$ million	229
Opex	**Units**	**Value**
Cash Costs	AU$/kg TREO $_{\text{in MREC}}$	26.63F[3]
By-Product Credit	AU$/kg TREO $_{\text{in MREC}}$	(20.5)4F[4]
Cash Costs (after credit)	AU$/kg TREO $_{\text{in MREC}}$	6.15F[5]
Product price	**Units**	**Value**
Basket price (ex Sc_2O_3)	US$/t	29,310
MREC Price (FOB)	US$/t	13,580
Phosphate Price inc. REO Credit (FOB)	US$/t	405
Phosphoric Acid Price (FOB)	US$/t	926

Note:
TREO = Total Rare Earth Oxides
MREC = Mixed Rare Earth Carbonate
REO = Rare Earth Oxide
LoM = Life of Mine

Metallurgical Testwork

Subsequent to the end of the quarter, the Company reported on the progress of the various metallurgical testwork that is underway on the Cummins Range material.

Flotation Results

To investigate the potential of phosphate minerals recovery, a sighter flotation program was undertaken at Auralia Metallurgy in Perth.

The primary goal of this metallurgical testing program was to demonstrate that a high grade, commercially viable phosphate mineral concentrate could be produced using a simple flotation process.

[2] Beneficiation and Refinery capital costs include non-process infrastructure owner's costs, indirect costs and a nominal 20% contingency to direct costs.
[3] Total LoM C1 cash cost: AU$1.6b by total TREO produced in the MREC product: 60.6kt
[4] Total revenue of phosphate mineral concentrate (inc RE credit) and phosphoric acid: US$832 by total TREO produced in MREC product: 60.6kt.
[5] Cash costs per kg TREO in MREC less by-product credit per kg TREO in MREC.

The sighter testwork program was centred on the production of a phosphate mineral concentrate, with testwork undertaken on two composite samples collected from the Cummins Range Project, namely:

1. CDX0015 Phosphate Zone Fresh Composite
2. CDX0015 Phosphate Zone Regolith Composite

Both composite samples were subjected to a flotation test with the same circuit configuration, i.e., 3-stage rougher flotation followed by 2-stage cleaner flotation. A summary of the flotation testwork results are shown in Table 3.

Table 3: Flotation Results Summary

Product	CDX0015 Fresh		CDX0015 Regolith	
	P_2O_5		P_2O_5	
	Grade %	Recovery %	Grade %	Recovery %
Rougher Concentrate	31.0	94.4	23.8	94.3
Cleaner Concentrate FINAL	**39.1**	**80.3**	**34.1**	**85.7**
Head Grade	13.4	-	12.8	-

As demonstrated in the table above, excellent results were achieved from the testwork program, exceeding the primary goal of producing a phosphate mineral concentrate of greater than the benchmark 31% P2O5 grade. The P2O5 grade in the cleaner concentrate was 39% and 34% for the CDX0015 Fresh Composite and CDX0015 Regolith Composite respectively. The P2O5 recoveries were also promising for both samples. These results have further demonstrated the potential of producing a premium phosphate mineral concentrate co-product from the Cummins Range deposit.

Following these initial positive flotation results, the next phase of the phosphate mineral beneficiation testwork will focus on grind size optimisation, further gangue suppression, flotation conditions and circuit configuration optimisation to ensure the technical and economic feasibility of the beneficiation flowsheet.

Ore Sorting Program

Sighter ore sorting testwork was performed on a composite collected from the primary zone of the Cummins Range deposit at TOMRA Sorting Solution in NSW. The composite was crushed to a P100 grind size passing 30mm and screened at 10mm to prepare the feed for the ore sorting testwork.

This work was aimed at assessing the amenability of the Cummins Range material to ore sorting and producing a high TREO product fraction with as-high-as-possible TREO recovery by way of high-density REE-bearing inclusion product ejection.

The sorter used for this testwork was TOMRA's COM Tertiary XRT (X-Ray Transmission). To set up/train the sorter and to parameterise the software, images were taken of the samples while samples were exposed to high energy X-rays. The X-ray sensor signal depends on atomic density and material thickness and gives information on the inner composition of the particles. By combining two energy levels simultaneously, it is possible to differentiate particles by their atomic densities.

Figure 3: TOMRA COM Tertiary Sorter

Based on changes in the X-ray intensity, the images were mapped and classified as either high atomic density (blue and black) or low atomic density (red) using proprietary TOMRA Sorting image processing software, and the sorting-task algorithms specific for the Cummins Range ore were developed.

The +10-30mm material was fed through the trained ore sorter with a single pass to sort into the product (REE-bearing ore) and waste. A summary of the ore sort results is included in Table 4.

Table 4: Ore Sort Results Summary

Element	Mass		TREO + Y	
	Kg	% Distribution	Grade (%)	% Distribution
Feed, Calculated Assay	134.00	100%	2.18	100%
Ore Sort Waste	64.00	48%	0.34	7%
Ore Sort Product	70.00	52%	3.87	93%

As shown in the table above, 93% of the total rare earths in the feed material was successfully maintained in the Ore Sort Product while rejecting 48% of the mass as waste. This is a very encouraging result, demonstrating the amenability of the Cummins Range material to ore sorting technology. The results have shown excellent potential to significantly reduce the plant size and transport requirements from mine to the beneficiation plant while maintaining the rare earth product tonnage through the inclusion of an ore sorting circuit to reject the gangue minerals upfront.

Given these positive results, further ore sorting testwork will be undertaken to improve on the current results and optimise the ore sort circuit. This next phase of testwork will be carried out at both a batch scale and at a larger scale using representative samples from the deposit.

NSW Joint-Venture Copper Gold Projects

In January 2020, RareX entered into a binding Memorandum of Understanding (**MoU**) with Kincora Copper (**Kincora**) whereby Kincora paid a non-refundable option payment of C$25,000 to RareX for a six week exclusive option period. Following completion of its due diligence activities, Kincora subsequently exercised the option and paid RareX an additional C$150,000 and issued RareX with 14.95 million shares in Kincora. As a result of the agreement, RareX transferred a 65% interest in its NSW tenements to Kincora with RareX retaining a 35% free carried interest until such time as a positive scoping study or preliminary economic assessment is delivered, following which industry standard JV dilution mechanisms will apply.

During the year, Kincora reported significant gold-bearing intervals at Trundle Park including assay results for hole TRDD022, which returned significant broad mineralised intervals, strongly indicating proximity to the core of a large porphyry intrusive system and providing vectors for recently commenced follow-up drilling. TRDD022 intersected 162m at 0.24g/t gold and 0.04% copper from 670m, including 46m at 0.54g/t gold and 0.08% copper from 684m, and 18m at 0.75g/t gold and 0.09% copper from 712m. TRDD026, the follow up scissor hole to TRDD022 was also drilled and intersected broad zones of porphyry-style intrusions, with assay results currently pending.

Assay results for TRDD014W1, a wedge drilling off previous hole TRDD014, returned significant higher gold grade skarn intervals and broad intervals of porphyry style intrusions at the Trundle Park prospect:

- 42m at 0.42 g/t gold and 0.12% copper from 358m, including 10m at 1.13 g/t gold and 0.32% copper from 382m;
- 48m at 0.19 g/t gold and 0.03% copper from 458m;
- 122m at 0.16g/t gold and 0.03% copper from 596m;
- 10m at 0.21g/t gold and 0.06% copper from 750m; and
- 16m at 0.11g/t gold and 0.07% copper from 860m.

For the first time at the Trundle Park prospect, hole TRDD028 has intersected broad porphyry style intrusions from near surface (to 467m), with the targeted deeper intrusive body also intersected (assay results pending). Assay results for TRDD022 (162m at 0.24 g/t gold and 0.04% copper, including 18m at 0.75 g/t gold and 0.09% copper), TRDD014/W1 and TRDD028 have provided further confidence of proximity to the core of a large porphyry intrusive system, vectors for follow up drilling and support the working model of a vertically extensive mineralised intrusive system that has both open pit and underground target potential.

Ongoing drilling identified three zones of mineralised skarns in hole TRDD029 confirming this hole as an important new geological discovery along the southern extension zone at Trundle Park. Cumulative gold and copper mineralisation across 196m returned in three skarn zones in TRDD029, including:

- Upper Skarn: 36m @ 0.68 g/t gold and 0.29% copper; and
- Middle Skarn: 129m @ 0.17 gold and 0.12% copper, including 34m @ 0.38g/t gold and 0.30% copper.

Kincora reported assay results for TRDD030 returning cumulative gold and copper mineralisation across 164m in three skarn zones:

- Localised higher-grade intervals of up to 1.68g/t gold and 3.61% copper;
- Middle Skarn: 29m at 0.54 g/t gold and 0.22% copper, including 5m at 1.46g/t gold and 0.56% copper; and

- Lower Skarn: 22m at 0.51 g/t gold.

Kincora reported results of re-assaying on TRDD032 at the Trundle Project with highlights being:

- Highest grade primary mineralisation interval ever drilled at the Trundle Project from only the fourth hole (TRDD032) at the emerging Southern Extension Zone (SEZ) discovery within the Trundle Park prospect;
- Duplicate assays undertaken to confirm the metal tenor from the zone which hosts a probably porphyry vein with chalcopyrite-pyrite-quartz; and
- 2m at 19.9 g/t gold and 2.43% copper – original assay 12.6 g/t gold and 2.32% copper – within a broader zone containing 34m at 1.45 g/t gold and 0.25% copper.

At the Fairholme Project, Kincora reported that a successful air-core program has converted two anomalies into highly prospective targets and extended the mineralised system strike at the Gateway target to over 1.6km and fully open to the south. The second phase Kincora drilling program has returned anomalous gold and copper results in all nine holes, including grades of up to 3.35g/t gold. A 900m additional mineralised footprint strike has been confirmed by air-core drilling (and open), with noteworthy results along the most southern trend:

- 10m at 1 g/t gold and 0.34% copper (hole FHAC008)
- 30m at 0.17% copper and 0.12g/t gold (FHAC011)

At the Driftway C target, all three holes returned broad anomalous end of hole copper with a highlight being 18m at 0.11% copper (hole FHAC020).

At the Anomaly 2 target, drilling intersected intrusion related anomalous copper with results of:

- 20m at 0.11% copper (hole FHAC003)
- 6m at 0.13% copper (FHAC001)

The Fairholme Project hosts a number of large mineralised systems across a 16km strike located adjacent and on strike from Evolution Mining's flagship Cowal mine and wider regional exploration portfolio.

Kincora have advised that follow up air-core and diamond drilling is being planned to expand the open near surface footprints and evaluate the untested potential for underlying porphyry gold-copper related systems at shallow to moderate depths.

Byro East & Orange East Projects

During the year, RareX made the strategic decision to spin-out and IPO its non-core Byro East Nickel-Copper-PGE Project (**Byro East**) and Orange East Gold Project (**Orange East**) into a new ASX-listed company, Cosmos Exploraton.

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 transferred 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.

RareX will retain exposure to the upside potential of the Sale Assets through its direct equity holding in the ASX-listed Cosmos Exploration Ltd (ASX: CX1), allowing it to focus on the development and exploration of its flagship Cummins Range Project.

Environmental, Social and Governance Framework

In September 2021, RareX announced the establishment of 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.

Mineral Resources Statement

The following information is provided in accordance with Listing Rule 5.21 and as at 30 June 2022.

Mineral Resource Estimation Governance Statement

RareX Limited ensures that the Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. The Mineral Resource Estimates have been generated by independent external consultants and internal employees who are experienced in best practices in modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling. RareX Limited reports its Mineral Resources in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) (2012 Edition). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

Mineral Resource for Cummins Range Project, Western Australia

The tables below sets out the Mineral Resources as at 30 June 2021 (estimated in October 2019) and as at 30 June 2022 (estimated in July 2021) for the Cummins Range Project, Western Australia. The Company confirms that the change in the Resource Estimates between 30 June 2021 and 30 June 2022 are the consequence of additional drilling undertaken.

Effective Date	*Cut-off (TREO)*	*Category*	*Tonnes (Mt)*	*TREO*	*NdPr*	*Nb_2O_5*	*HREO*
30 June 2021	0.5%	Inferred	13.0	1.13%	n/a	n/a	n/a
30 June 2022	0.5%	Indicated	11.1	1.34%	0.27%	0.17%	830 ppm
	0.5%	Inferred	7.7	0.88%	0.18%	0.11%	540 ppm
	0.5%	**Total**	**18.8**	**1.15%**	**0.23%**	**0.14%**	**711 ppm**
30 June 2022	1.0%	Indicated	4.9	2.11%	0.41%	0.23%	1,150 ppm
	1.0%	Inferred	1.6	1.60%	0.31%	0.16%	800 ppm
	1.0%	**Total**	**6.5**	**1.98%**	**0.38%**	**0.21%**	**1,060 ppm**

Competent Person Statements

The exploration results for Cummins Range in this report were reported by the Company in accordance with listing rule 5.7. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.

The mineral resource estimate in this report were reported by the Company in accordance with listing rule 5.8 on 15 October 2019 and updated on 26 May 2020 (resource at 30 June 2020 and 30 June 2021), and 19 July 2021 (current resource). The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed.

The exploration results for NSW Gold-Copper Projects as set out in this report were reported by Kincora Copper in accordance with listing rule 5.7. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.

Corporate Governance

RareX Limited's Corporate Governance Statement for FY2022 is available on the Company's website www.rarex.com.au

Financial Statements

FY2022

DIRECTORS' REPORT

The Board of Directors has pleasure in presenting its report on the consolidated entity consisting of RareX Limited (Company or RareX) and the entities (Group or Consolidated Entity) it controlled at the end of, or during, the year ended 30 June 2022.

1. Directors

The names and details of the Company's Directors in office at any time during the year to 30 June 2022 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr John Young, B.AppSc(Geology), MAusIMM
Non-Executive Chairman – Appointed 18 February 2020
Mr Young has a Bachelor of Applied Science (Geology) and is a member of AusIMM. Mr Young is a highly experienced geologist who has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium. Mr Young's corporate experience includes appointments as Chief Executive Officer of Marenica Energy Limited and CEO and Director of Thor Mining PLC. Mr Young was Exploration Manager of Pilbara Minerals Ltd (ASX: PLS) from June 2014 until August 2015, appointed Technical Director in September 2015 and transitioned to Non-Executive Director in July 2017 until his resignation on 20 April 2018. Mr Young was also the Managing Director of Bardoc Gold Limited (ASX: BDC) from May 2017 to April 2019 and remains a Non-Executive Director. Mr Young is also a Non-Executive Director of AIM listed Mosman Oil and Gas Ltd and Trek Metals Ltd (ASX: TKM), and Non-Executive Chairman of Green Technology Metals Limited (ASX: GT1).

Mr Jeremy Robinson, BComm
Managing Director – Appointed 27 September 2019
Mr Robinson is an experienced mining executive having held senior roles at multiple junior and mid-tier mining and exploration companies. Mr Robinson holds a Bachelor of Commerce from the University of Western Australia majoring in Corporate Finance, Investment Finance and Marketing. He is also currently a Non-Executive Director of Cosmos Exploration Limited (ASX: C1X).

Mr Shaun Hardcastle, LLB, BA
Non-Executive Director – Appointed 1 December 2017
Mr Hardcastle has over 15 years' experience as a corporate lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross-border and domestic transactions including IPOs, capital raisings, joint ventures, corporate restructuring, project finance and asset/equity sales and acquisitions. Mr Hardcastle has practiced law both in Australia and overseas and is a partner at Hamilton Locke. Mr Hardcastle is currently a Non-Executive Director of ASX listed Cygnus Gold Limited (ASX: CY5). Mr Hardcastle was also previously Non-Executive Director of Schrole Group Ltd (ASX:SCL) until 18 May 2021; Arizona Lithium Limited (ASX: AZL) until 14 July 2020 and Bunji Corporation Limited (ASX: BCL) until 28 April 2020.

Mr Cameron Henry,
Non-Executive Director - Appointed 2 June 2020
Mr Henry is the founding Managing Director of engineering firm, Primero Group Limited, where he has led the Company's strategic and operational direction resulting in its successful listing on the ASX in 2018 and rapid growth globally and its ultimate takeover by NRW Holdings in February 2021. Mr Henry has over 20 years of industry experience in the development and delivery of minerals processing, energy and infrastructure projects across Australia, Indonesia, North and South America. Mr Henry has been a member of the Australian Institute of Company Directors since 2013 and was previously non-executive director of Titan Minerals Limited (ASX: TTM) until 15 July 2019. He is currently a Non-Executive Director of Green Technology Metals Limited (ASX: GT1).

2. Company Secretary

Ms Oonagh Malone – Appointed 1 February 2018
Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. Ms Malone has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. Ms Malone currently acts as company secretary for ASX-listed Caprice Resources Limited, Carbine Resources Limited, Aston Minerals Limited, Riversgold Ltd, Benz Mining Corp and African Gold Limited. Ms Malone is a non-executive director of Peak Minerals Ltd.

DIRECTORS' REPORT

3. Principal Activities

The principal activities during the year of the entities within the consolidated entity were mineral exploration.

4. Review of financial performance

The net consolidated loss from continuing operations for the year ended 30 June 2022, after income tax, amounted to $11,225,184 (2021: $5,387,175).

During the year ended 30 June 2022, total expenses amounted to $14,477,574 (2021: $6,046,377). Unrestricted cash and cash equivalents amounted to $8,232,977 as at 30 June 2022 (30 June 2021: $4,477,985).

5. Dividends

No dividend has been declared or paid by the Company since the end of the previous financial year and the Directors do not at present recommend a dividend.

6. Review of Operations

During the year, some of the key highlights for the Company are as follows:

- Completed 9 diamond drill holes (3,274m) and a 7,654m Reverse Circulation drilling program at the Cummins Range Rare Earths Project which returned spectacular wide, high-grade intercepts.
- Upgraded the current mineral resource at Cummins Range and an exploration target.
- Significant work has been conducted in testing the financial viability and scale of a proposed facility. Progress has been made in developing flora and fauna surveys, water bore drilling and scoping study works.
- There has been continued exploration and assaying the Trundle Gold-Copper joint venture project with promising results across the 164m skarn zones.
- The demerger of Cosmos Exploration Ltd was completed with the spin-out of the nickel-copper (Byro East) and gold (Orange East) projects leaving the Company to focus on its core business of rare earth minerals exploration.
- Completed a $10m (before costs) issue of approximately 111m shares at an issue price of $0.09 per share to sophisticated and institutional investors including management.
- Strengthened the corporate management team with the additions of a dedicated Head of Corporate Development and Projects Manager.

7. Likely Developments and Expected Results

Other than as referred to in this report, further information as to likely developments in the operations of the Company and likely results of those operations in future financial years would, in the opinion of the Directors, be speculative.

8. Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs during the financial year ending 30 June 2022, other than as follows:

- Completion of the following share placements:
    - $10,000,000 (before costs) via the issue of 111,111,111 ordinary shares at an issue price of $0.09 per share;
    - $650,000 (before costs) via the issue of 7,222,222 ordinary shares at an issue price of $0.09 per share; and
    - $406,250 (before costs) via the issue of 16,250,000 ordinary shares at an issue price of $0.025 per share.

9. Significant Events After Balance Date

Subsequent to 30 June 2022, there have been no significant events with the exception of the below:

- Following the exercise of 15,000,000 unquoted options (exercisable at $0.025 each and expiring 27 September 2022) utilising the cashless exercise facility, the Company issued 9,460,038 shares to Managing Director, Jeremy Robinson.

DIRECTORS' REPORT

10. Indemnity and Insurance for Group Officers and Auditor

To the extent permitted by law, the Company indemnifies every person who is or has been:

- an Officer against any liability to any person (other than the Company or a related entity) incurred while acting in that capacity and in good faith; and
- an Officer or auditor of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

The Company has in respect of any person who is or has been a director or officer of the Company paid a premium in respect of a contract insuring all directors and officers against a liability. The Company maintains insurance policies for the benefit of the relevant director or officer for the term of their appointment and for a period of seven years after retirement or resignation.

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors and the Company Secretary. Under the Deeds of Indemnity, Access and Insurance the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Deeds of Indemnity, Access and Insurance also provide for the right to access Board papers and other Company records.

To the extent permitted by law, the Company has agreed to indemnify its auditor SW Audit, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify either SW Audit Pty during, or since the end of, the financial year.

11. Remuneration Report – Audited

This report details the nature and amount of remuneration for each Director of RareX Limited and the Group and for the executives receiving the highest remuneration in accordance with the requirements of Section 300A of the Corporations Act 2001 and its Regulations. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Act. This remuneration report forms a part of the Directors' Report.

For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Remuneration Policy

The remuneration policy of RareX Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of RareX Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity, as well as align interests of directors, executives and shareholders.

The Board believes that shares are an effective remuneration tool which preserves the cash reserves of the Company whilst providing valuable remuneration. During the year ended 30 June 2022, no options (2021: Nil) and no performance rights (2021: 30,000,000) were issued to key management personnel of the Company.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board.
- All executives receive a base salary (which is based on factors such as length of service and experience).
- The Board reviews executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

All remuneration paid to directors and executives is valued at the cost to the Company and is expensed over the appropriate vesting period. Shares issued under the Employee Share Plan are valued using the Black Scholes methodology.

DIRECTORS' REPORT

11. Remuneration Report – Audited (continued)

Non-Executive Directors

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Currently there is a maximum aggregate sum of $200,000 per annum, which is to be divided between the non-executive directors in the proportions agreed between them or, failing agreement, equally.

Company performance, shareholder wealth and director and executive remuneration

Shares have been issued to directors and executives to encourage the alignment of personal and shareholder interests in prior years. Options have been issued to directors to encourage the alignment of personal and shareholder interests in the current year.

Executive and non-executive directors, other key management personnel and other senior employees have been granted ordinary shares and options. The recipients of shares and options are responsible for growing the Company and increasing shareholder value. If they achieve this goal the value of the shares and options granted to them will also increase. Therefore, the shares and options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

There is no policy in place which limits exposure to risk in relation to those securities in the Company which constitute an element of directors' remuneration and which are linked to satisfaction of Company performance conditions.

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2022:

Consolidated Entity:

	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18
Revenue	$3,252,390	$659,202	$2,642,553	$725,440	$495,640
Net loss before tax	($11,225,184)	($5,387,175)	($6,687,791)	($2,209,009)	($1,276,041)
Net loss after tax	($11,225,184)	($5,387,175)	($6,687,791)	($2,209,009)	($1,276,041)
Share price at end of year	5.3 cents	7.2 cents	9.2 cents	0.1 cents[1]	0.4 cents[1]
Basic loss per share	(2.32 cents)	(1.33 cents)	(2.48 cents)	(0.06 cents)[1]	(0.04 cents)[1]
Diluted loss per share	(2.32 cents)	(1.33 cents)	(2.48 cents)	(0.06 cents)[1]	(0.04 cents)[1]

Note: No dividends have been declared or paid since the Company was listed.
[1] The share price at end of year and basic and diluted loss per share for the years ended 30 June 2019 and prior are disclosed in the above table on a pre-consolidated basis. On 2 August 2019 the shareholders of the Company approved the consolidation of the Company's capital on a 1 for 25 basis.

Key Management Personnel Remuneration Policy

The remuneration structure for key management personnel, as determined by the Board, is based on a number of factors, including length of service, particular experience of the individual concerned and their role within the organisation.

DIRECTORS' REPORT

11. Remuneration Report – Audited (continued)

Key Management Personnel Remuneration:

Remuneration for the year ended 30 June 2022

Key Management Person	Short-term benefits			Long Term benefits	Post-employment benefits	Long term incentives	Total
	Salary or Fees Paid or Payable	Consulting Fees	Non Monetary Benefits	Long Service Leave	Superannuation	Share-based payments	
	$	$	$	$	$	$	$
J Young	70,417	-	-	-	-	245,769	316,186
J Robinson	270,000	-	1,446	-	23,568	819,178	1,114,192
S Hardcastle	59,579	-	-	-	-	245,769	305,348
C Henry	50,000	-	-	-	5,000	245,769	300,769
O Malone	48,000	-	-	-	-	120,231	168,231
	497,996	**-**	**1,446**	**-**	**28,568**	**1,676,716**	**2,204,726**

Remuneration for the year ended 30 June 2021

Key Management Person	Short-term benefits			Long Term benefits	Post-employment benefits	Long term incentives	Total
	Salary or Fees Paid or Payable	Consulting Fees	Non Monetary Benefits	Long Service Leave	Superannuation	Share-based payments	
	$	$	$	$	$	$	$
J Young	50,417	-	-	-	-	10,649	61,066
J Robinson	225,833	-	580	-	20,030	35,494	281,937
S Hardcastle	43,915	-	-	-	-	10,649	54,564
C Henry	42,237	-	-	-	4,013	10,649	56,899
O Malone	40,500	-	-	-	-	21,160	61,660
	402,902	**-**	**580**	**-**	**24,043**	**88,601**	**516,126**

Shares

During the year, no ordinary shares were issued in relation to the settlement of outstanding invoices for fees owed to key management personnel (2021: nil).

Options

No options were issued to directors and key management personnel as part of their remuneration during the year ended 30 June 2022 (2021: nil). No options were exercised or forfeited during the year by current Directors or key management personnel.

DIRECTORS' REPORT

11. Remuneration Report – Audited (continued)

Performance Rights
No performance rights were issued to directors and key management personnel during the year ended 30 June 2022.

The following performance rights were issued to directors and key management personnel as part of their remuneration during the year ended 30 June 2022 (2021: 30,000,000).

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 the year[1] ($)
J Young	A	26/5/2021	1,500,000	0.078200	117,300	113,558
	B	26/5/2021	1,500,000	0.073800	110,700	77,608
	C	26/5/2021	1,500,000	0.070300	105,450	54,603
			4,500,000		333,450	245,769
J Robinson	A	26/5/2021	5,000,000	0.078200	391,000	378,502
	B	26/5/2021	5,000,000	0.073800	369,000	258,676
	C	26/5/2021	5,000,000	0.070300	351,500	182,000
			15,000,000		1,111,500	819,178
S Hardcastle	A	26/5/2021	1,500,000	0.078200	117,300	113,558
	B	26/5/2021	1,500,000	0.073800	110,700	77,608
	C	26/5/2021	1,500,000	0.070300	105,450	54,603
			4,500,000		333,450	245,769
C Henry	A	26/5/2021	1,500,000	0.078200	117,300	113,558
	B	26/5/2021	1,500,000	0.073800	110,700	77,608
	C	26/5/2021	1,500,000	0.070300	105,450	54,603
			4,500,000		333,450	245,769
O Malone	A	5/2/2021	500,000	0.112400	56,200	48,760
	B	5/2/2021	500,000	0.106100	53,050	42,658
	C	5/2/2021	500,000	0.101100	50,550	28,813
			1,500,000		159,800	120,231
Total			30,000,000		2,271,650	1,676,716

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

The Board considers that the performance rights are a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of the management, and are consistent with the strategic goals and targets of the Company.

No performance rights vested during the year (2021: nil). The remaining performance rights (shown below on a post-consolidated basis) held by Directors and key management personnel will vest on meeting the following performance conditions before the expiry date:

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

DIRECTORS' REPORT

11. Remuneration Report – Audited (continued)

The movement during the reporting period in the number of ordinary shares of RareX Limited held directly, indirectly or beneficially, by each specified director and each specified executive, including their personally related entities is as follows:

(i) SHARES – 30 June 2022

	Held at 1 July 2021	Acquired	Disposed	Other	Held at 30 June 2022 or date of resignation
Director					
J Young	3,004,000	-	-	-	6,337,333
J Robinson	9,300,000	-	-	-	13,161,111
S Hardcastle	2,108,823	-	-	-	2,664,379
C Henry	1,577,000	-	-	-	3,779,222
Company Secretary					
O Malone	580,588	-	-	-	580,588
	11,236,411	-	-	-	26,552,633

(ii) SHARES – 30 June 2021

	Held at 1 July 2020	Acquired	Disposed	Other	Held at 30 June 2021 or date of resignation
Director					
J Young	397,000	2,607,000	-	-	3,004,000
J Robinson	8,550,000	750,000	-	-	9,300,000
S Hardcastle	1,708,823	400,000	-	-	2,108,823
C Henry	-	1,557,000	-	-	1,557,000
Company Secretary					
O Malone	580,588	-	-	-	580,588
	11,236,411	5,314,000	-	-	16,550,411

The movement during the reporting period in the number of options over ordinary shares of RareX Limited held directly, indirectly or beneficially, by each specified director and each specified executive, including their personally related entities is as follows:

(iii) OPTIONS – 30 June 2022

	Held at 1 July 2021	Granted	Exercised	Expired/ Forfeited/ Other	Held at 30 June 2022 or date of resignation
Director					
J Young	6,000,000	-	-	-	6,000,000
J Robinson	17,750,000	-	-	(2,750,000)	15,000,000
S Hardcastle	3,000,000	-	-	-	3,000,000
C Henry	6,000,000	-	-	-	6,000,000
Company Secretary					
O Malone	-	-	-	-	-
	32,750,000	-	-	(2,750,000)	30,000,000

DIRECTORS' REPORT

11. Remuneration Report – Audited (continued)

(iv) OPTIONS – 30 June 2021

	Held at 1 July 2020	Granted	Exercised	Expired/ Forfeited/ Other	Held at 30 June 2021 or date of resignation
Director					
J Young	6,000,000	-	-	-	6,000,000
J Robinson	17,750,000	-	-	-	17,750,000
S Hardcastle	3,800,000	-	-	(800,000)	3,000,000
C Henry	6,000,000	-	-	-	6,000,000
Company Secretary					
O Malone	-	-	-	-	-
	33,550,000	-	-	(800,000)	32,750,000

The movement during the reporting period in the number of performance rights of RareX Limited held directly, indirectly or beneficially, by each specified director and each specified executive, including their personally related entities is as follows:

(v) PERFORMANCE RIGHTS – 30 June 2022

	Held at 1 July 2021	Granted	Converted	Expired/ Forfeited/ Other	Held at 30 June 2022	Vested
Director						
J Young	4,500,000	-	-	-	4,500,000	-
J Robinson	15,000,000	-	-	-	15,000,000	-
S Hardcastle	5,250,000	-	-	(750,000)	4,500,000	-
C Henry	4,500,000	-	-	-	4,500,000	-
Company Secretary						
O Malone	1,500,000	-	-	-	1,500,000	-
	30,750,000	-	-	(750,000)	30,000,000	-

(vi) PERFORMANCE RIGHTS – 30 June 2021

	Held at 1 July 2020	Granted	Converted	Expired/ Forfeited/ Other	Held at 30 June 2021	Vested
Director						
J Young	4,500,000	-	-	-	4,500,000	-
J Robinson	15,000,000	-	-	-	15,000,000	-
S Hardcastle	5,250,000	-	-	-	5,250,000	-
C Henry	4,500,000	-	-	-	4,500,000	-
D Scoggin[3]	1,500,000	-	-	-	1,500,000	-
	30,750,000	-	-	-	30,750,000	-

[1] On 2 August 2019 the shareholders of the Company approved the consolidation of the Company's capital on a 1 for 25 basis.
[2] S Patrizi resigned as a director on 18 February 2020.
[3] D Scoggin resigned as a director on 27 September 2019.
[4] Pre-consolidation basis.

DIRECTORS' REPORT

11. Remuneration Report – Audited (continued)

Details of share-based payments in existence during the year ended 30 June 2022 are disclosed in this Directors' Report and Notes 21, 29 and 30 to the Annual Financial Statements.

Contracts with Directors and Key Management Personnel
A summary of contracts entered into with Executives is set out below:

Executive	Mr Jeremy Robinson
Term of Agreement	Ongoing until terminated in accordance with the agreement
*Base salary per annum including any superannuation** *(Non-performance based)*	$293,568 (ie: $270,000 plus statutory superannuation)
Termination Conditions	3 months notice by either party
Elements of remuneration related to performance issued during the year	• 5,000,000 performance rights expiring 26 May 2024 and 20 day VWAP of $0.20 and 12 months continuous service. • 5,000,000 performance rights expiring 26 May 2024 and 20 day VWAP of $0.25 and 18 months continuous service. • 5,000,000 performance rights expiring 26 May 2024 and 20 day VWAP of $0.30 and 24 months continuous service.

* Base salary as reviewed during the year and is the position as at 30 June 2022; salaries are reviewed annually.

[END OF REMUNERATION REPORT]

12. Auditor Independence and Non-Audit Services

The Group's current auditor, SW Audit (formerly Walker Wayland WA Audit Pty Ltd), did not perform any services in addition to its statutory audit services (2021: nil).

13. Auditor's Independence Declaration

The auditor's independence declaration for the reporting period ended 30 June 2022 has been received and can be found on page 12.

14. Share Options

At the date of this report 66,000,000 options (2021: 97,250,000) to acquire ordinary shares in RareX Limited were on issue.

Type of Options	Expiry date	Exercise price	Number
Unquoted options	11/10/22	$0.085	28,500,000
Unquoted director options vesting on 20 day VWAP exceeding $0.10	12/12/22	$0.0607	1,000,000
Unquoted director options vesting on 20 day VWAP exceeding $0.15	12/12/22	$0.0607	1,000,000
Unquoted director options vesting on 20 day VWAP exceeding $0.20	12/12/22	$0.0607	2,000,000
Unquoted employee options vesting on 20 day VWAP exceeding $0.10	12/12/22	$0.0607	1,500,000
Unquoted employee options vesting on 20 day VWAP exceeding $0.15	12/12/22	$0.0607	1,500,000
Unquoted employee options vesting on 20 day VWAP exceeding $0.20	12/12/22	$0.0607	1,500,000
Unquoted director options vesting on 20 day VWAP exceeding $0.10	22/12/22	$0.0607	4,000,000
Unquoted director options vesting on 20 day VWAP exceeding $0.15	22/12/22	$0.0607	4,000,000
Unquoted director options vesting on 20 day VWAP exceeding $0.20	22/12/22	$0.0607	4,000,000
Unquoted options	30/11/23	$0.15	10,000,000
Unquoted options	31/12/23	$0.15	5,000,000
Unquoted options	31/12/23	$0.15	2,000,000

DIRECTORS' REPORT

14. Share Options (continued)

Share-based payments and options issued to directors, consultants and eligible employees, are disclosed in this Directors' Report and Notes 21, 29 and 30 to the Annual Financial Statement.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

15. Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the year ended 30 June 2022 and the number of meetings attended by each director was as follows:

Director	Directors' Meetings Eligible to Attend	Directors' Meetings Attended
J Young	4	4
J Robinson	4	4
S Hardcastle	4	4
C Henry	4	4

16. Risk Management

The Company takes a proactive approach to risk management including monitoring actual performance against budgets and forecast and monitoring investment performance. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board.

17. Environmental Regulations and Performance

The Company is required to carry out the exploration and evaluation of its mining tenements in accordance with various State Government Acts and Regulations.

In regard to environmental considerations, the Company is required to obtain approval from various State regulatory authorities before any exploration requiring ground disturbance, is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the Company's activities is rehabilitated in accordance with various guidelines. There have been no significant breaches of these guidelines.

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

Jeremy Robinson
Managing Director
Dated 30 September 2022

Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF RAREX LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW Audit

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Richard Gregson
Partner

Perth, 30 September 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Consolidated 2022 $	2021 (Restated) $
Income			
Other income	4(a)	918,001	56,726
Gain on sale of investments	4(b)	-	382,976
Fair value increase in financial assets	4(c)	-	219,500
Gain on disposal of subsidiary	5(a)	334,389	-
Profit from sale of tenements	5(b)	2,000,000	-
Total income		3,252,390	659,202
Expenses			
Administration expenses		(1,301,175)	(797,441)
Consultants and management expenses	8(a)	(1,497,927)	(728,715)
Depreciation and amortisation	8(b)	(120,860)	(48,863)
Financial costs		(22,507)	(7,664)
Legal expenses		(76,000)	(38,010)
Share-based payment expense	30	(2,157,619)	(797,448)
Exploration expenses	7	(5,784,066)	(2,291,409)
Acquisition of tenements	6	-	(1,335,613)
Foreign exchange (loss)/ gain		(996)	(1,203)
Impairment	15	-	(11)
Fair value decrease in financial assets	4(c)	(2,542,787)	-
Share of loss from associate	5(a)	(468,605)	-
Exploration and evaluation expensed	13	(505,032)	-
Total expenses		(14,477,574)	(6,046,377)
Loss before income tax		(11,225,184)	(5,387,175)
Income tax expense	9	-	-
Loss attributable to the owners of RareX Limited		(11,225,184)	(5,387,175)
Other comprehensive loss		-	-
Foreign currency translation reserve		(2,534)	1,059
Total comprehensive loss attributable to owners of the parent		(11,227,718)	(5,386,116)
Loss per share			
- basic and diluted	10	(2.32) cents	(1.33) cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated	
		2022	2021 (Restated)
	Notes	$	$
ASSETS			
Current Assets			
Cash and cash equivalents	11	8,232,977	4,477,985
Trade and other receivables	12	502,311	227,303
Total Current Assets		8,735,288	4,705,288
Non-current Assets			
Exploration and evaluation costs	13	-	505,032
Financial assets at fair value	14	1,114,832	3,657,619
Investment in associate	15	1,531,394	-
Plant and equipment	16	139,737	114,431
Right of use asset	17	305,090	380,630
Total Non-current Assets		3,091,053	4,657,712
TOTAL ASSETS		11,826,341	9,363,000
LIABILITIES			
Current Liabilities			
Trade and other payables	18	1,790,180	668,948
Provisions		148,035	73,226
Lease liability	19	83,011	71,220
Total Current Liabilities		2,021,226	813,394
Non-current Liabilities			
Lease liability	19	240,121	314,060
Total Non-current Liabilities		240,121	314,060
TOTAL LIABILITIES		2,261,347	1,127,454
NET ASSETS		9,564,994	8,235,546
EQUITY			
Contributed equity	20	45,715,177	35,315,630
Reserves	21	8,574,917	6,419,832
Accumulated losses		(44,725,100)	(33,499,916)
TOTAL EQUITY		9,564,994	8,235,546

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Contributed equity	Options reserve	Share- based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		$	$	$	$	$	$
At 1 July 2021 (Restated)	34	35,315,630	6,163,712	257,083	(963)	(33,499,916)	8,235,546
Currency translation differences		-	-	-	(2,534)	-	(2,534)
Total comprehensive income for the year, net of tax		-	-	-	-	(11,225,184)	(11,225,184)
Issue of share capital – cash	20	10,650,000	-	-	-	-	10,650,000
Transaction costs on share issues	20	(656,703)	-	-	-	-	(656,703)
Share-based payment expense	30	-	-	2,157,619	-	-	2,157,619
Shares issued on exercise of options	20	406,250	-	-	-	-	406,250
At 30 June 2022		45,715,177	6,163,712	2,414,702	(3,497)	(44,725,100)	9,564,994
At 1 July 2020		29,605,193	4,775,912	83,840	(2,022)	(28,112,741)	6,350,182
Currency translation differences		-	-	-	1,059	-	1,059
Total comprehensive income for the year, net of tax (Restated)	34	-	-	-	-	(5,387,175)	(5,387,175)
Issue of share capital – cash	20	6,510,150	-	-	-	-	6,510,150
Issue of share capital – equity settled transactions	20	6,949	-	-	-	-	6,949
Transaction costs on share issues (Restated)	20, 34	(1,417,067)	874,000	-	-	-	(543,067)
Share-based payment expense (Restated)	30, 34	110,405	513,800	173,243	-	-	797,448
Fair value consideration for acquisition of subsidiary		500,000	-	-	-	-	500,000
At 30 June 2021 (Restated)	34	35,315,630	6,163,712	257,083	(963)	(33,499,916)	8,235,546

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated	
		2022	2021
	Notes	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		(7,204,037)	(3,472,147)
Interest received		2,119	9,841
Interest paid		(22,507)	(7,664)
Proceeds from research and development tax incentives		703,870	-
Other income		41,572	48,305
NET CASH FLOWS USED IN OPERATING ACTIVITIES	22	(6,478,983)	(3,421,665)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Payments for acquisition of investments	14	-	(1,757,309)
Payments for property, plant and equipment		(57,985)	(104,353)
Payments for acquisition of tenements		-	(664,936)
Proceeds from sale of investments	14	-	1,091,107
Refund/(payment) of security deposits		10,000	(26,942)
Cash disposed on loss of control of subsidiary		(2,796)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(50,781)	(1,462,433)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	20	10,610,000	5,950,000
Proceeds from exercise of options	20	406,250	560,150
Share issue transaction costs		(656,703)	(552,234)
Payment of finance lease liability		(74,785)	(20,891)
NET CASH FLOWS FROM FINANCING ACTIVITIES		10,284,762	5,937,025
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,754,998	1,052,927
Cash and cash equivalents at beginning of year		4,477,985	3,425,058
Effect of movement in exchange rate		(6)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	8,232,977	4,477,985

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial statements of RareX Limited (the Company or the Group) for the year ended 30 June 2022 were recognised for issue in accordance with a resolution of the directors on 30th September 2022. RareX Limited is a for profit entity. RareX Limited (the parent) is a company limited by shares, incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for RareX Limited as an individual entity and the consolidated entity consisting of RareX Limited and its controlled entities.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. These financial statements have also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. These financial statements are presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the consolidated financial statements are presented below and have been consistently applied unless stated otherwise.

Going concern
As at 30 June 2022, the Group had working capital of $6,714,062 (2021: $3,891,894) and returned a loss attributable to owners of $11,225,184 (2021: $5,387,175). The ability of the Group to continue as a going concern is dependent upon the future successful raising of the necessary funding through 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 because the Directors have appropriate plans to raise additional funds if required.

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 recognised of its assets and settlement of its liabilities can occur in the ordinary course of business.

In the event the Group is not able to achieve the above requirements, there is material uncertainty whether the Group will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in its financial report.

(b) Statement of Compliance

These financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

(c) New accounting standards and interpretations

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's 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.

New accounting Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these consolidated financial statements. The Company has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

There are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(e) Investment in joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The Group can elect to contribute to ongoing exploration costs in proportion to its interests or dilute (a farm-out arrangement). If contributions are made during the reporting period, they are accounted for as exploration expenditure. Once the joint arrangement partner had earned its interest, the Company recovers expenditure equivalent to the other joint arrangement partner's interest.

The Group does not record any expenditure made by the farminee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements. Any cash consideration received directly from the farminee is credited against costs previously incurred in relation to the whole interest.

When the Group, acting as an operator, receives reimbursement of direct costs recharged to the joint operation, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint operation and therefore have no effect on profit or loss.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In many cases, the Group also incurs certain general overhead expenses in carrying out activities on behalf of the joint operation. As these costs can often not be specifically identified, joint operation agreements allow the operator to recover the general overhead expenses incurred by charging an overhead fee that is based on a fixed percentage of the total costs incurred for the year, often in the form of a management fee. Although the purpose of this recharge is very similar to the reimbursement of direct costs, the Group is not acting as an agent in this case. Therefore, the general overhead expenses and the overhead fee are recognised in profit or loss as an expense and income, respectively.

(f) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair value of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(g) Segment reporting

Management has assessed that the Group's reportable business segments under the quantitative criteria set out in AASB 8 Segment Reporting and has determined that no additional operating segments disclosures are required.

AASB 8 requires the 'management approach' to the identification, measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

In its adoption of the 'management approach' to segment reporting, the Group has identified that it continues to operate as a gold, copper and base metals explorer and developer, in a single reportable business segment, under one segment manager, in one geographical location being Australia, consistent with the prior year. The information disclosed in the financial statements is the same information recognised internally by the chief operating decision maker. Accordingly, no additional quantitative or qualitative disclosures are required

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of not more than 3 months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. The consolidated entity does not have any bank overdraft facilities.

Where the Company calls cash in advance from its joint venture partners, the cash recognised as an asset with an offsetting liability for the amount of expenses not yet incurred on the relevant joint venture project at balance date. The liability is then released to the profit and loss as the expenditure is incurred.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables

Trade receivables are generally paid on 30-day settlement terms and are recognised and carried at original invoice amount less an allowance for impairment. Trade receivables are non-interest bearing.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision would be recognised when legal notice has been sent and a reply not received within 30 days.

(j) Investments and other financial assets

Investments and financial assets in the scope of AASB 9 *Financial Instruments* are recognised as either financial assets at fair value through profit and loss or amortised cost. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit and loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(i) Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are recognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

(ii) Financial assets measured at amortised cost

Loans and receivables including loan notes are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at the transaction price minus principal repayments and minus any allowance for impairment or collectability. Gains and losses are recognised in profit or loss when the loans and receivables are recognised or impaired. Loans and receivables are included with receivables in current assets in the statement of financial position, except for those with maturities greater than 12 months after balance date, which are classified as non-current. Loans and receivables with maturities greater than 12 months are carried at amortised cost using the effective interest rate method.

(iii) Financial assets carried at cost

Investments are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Group's financial statements. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Plant and Equipment

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight line and diminishing value methods to allocate the cost of the specific assets over their estimated useful lives. The expected useful lives are detailed in Note 16.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The directors have determined that items of plant and equipment do not generate independent cash inflows and that the business of the consolidated entity is, in its entirety, a cash-generating unit. The recoverable amount of plant and equipment is thus determined to be its fair value less costs to sell.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income as an expense.

(ii) Derecognition and disposal

An item of plant and equipment recognised upon disposal or when no further future economic benefits are expected from its use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is consolidated entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(l) 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.

The Group has elected not to recognised 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other payables

Trade payables and other payables are carried at the transaction price minus principal repayments. They represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions and employee benefits

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free corporate bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(o) 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 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.

(p) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled with 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in the current provision for the employee benefits. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. For annual leave, expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(q) Share-based payment transactions

Equity settled transactions

The consolidated entity provides benefits to its directors, employees and consultants in the form of share-based payments, whereby directors and employees render services in exchange for options to acquire shares, rights over shares (equity-settled transactions) and shares issued pursuant to the Company’s Employee Share and Loan Plan (“Plan”). The consolidated entity has also issued ordinary shares and unlisted options as consideration to vendors for the acquisition of exploration licenses and drilling services.

The cost of these equity-settled transactions is measured by reference to the fair value to the Company of the equity instruments at the date at which they were granted in the case of options and shares issued under the Plan for directors, employees and consultants; and the closing share price on, or just before, either the date of entering into, or executing, an exploration license purchase agreement in the case of options and shares issued to tenement vendors as consideration for the settlement price. The fair value of the unlisted options and shares issued under the Plan is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions are recognised as an expense, together with a corresponding increase in equity over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant directors and employees become fully entitled to the options (the vesting date) or shares issued under the Plan.

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income reflects:

(i) the grant date fair value of the options and shares issued under the Plan;

(ii) the current best estimate of the number of options and shares issued under the Plan that will ultimately vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance da

(iii) the extent to which the vesting period has expired.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and shares issued under the Plan is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of Services

Where the work performed in relation to a joint venture or other contract outcome can be reliably measured:

- right to receive compensation for the services provided and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours performed to date as a percentage of total estimated labour hours in relation to a joint venture or for each contract. Where it is probable that a loss will arise in relation to a joint venture or from a contract, the excess of total costs over revenue is recognised as an expense immediately.

Where the contract outcome cannot be reliably measured:

- revenue is recognised only to the extent that the costs that have been incurred are recoverable.

Unearned revenue is recognised in respect of progress billings and advances on exploration contracts in progress, received in advance, or not represented by work done or reimbursable expenditure incurred, under joint venture arrangements. Such revenue is recognised and brought to account over time as it is earned.

(ii) Interest revenue

Revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised costs of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Research and development

Research and development tax offset income compensates the Group for expenses incurred and is recognised in profit or loss as other income in the period in which the research and development grant application is lodged.

All revenue is stated net of Goods and Services Tax (“GST”).

(t) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period’s taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets, liabilities and their carrying amounts for financial statements purposes.

Deferred income tax are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax loss can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax consolidation legislation
RareX Limited and its wholly-owned Australian controlled entity formed a tax consolidated group on 1 July 2008. However, they continue to account for their own current and deferred tax amounts. The consolidated entity has

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applied the stand alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, RareX also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have not entered into a tax funding agreement and as no current tax assets or liabilities or deferred tax assets are recognised in relation to tax losses or unused tax credits, no contributions or distributions are required to be made under AASB Int 1052 Tax Consolidation Accounting.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(u) Earnings per share

Basic earnings per share is calculated as profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that are recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Exploration Expenditure

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(w) Financial Liabilities and Equity Instruments Issued by the Consolidated Entity

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit and loss’ or ‘other financial liabilities’.

(iv) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financially liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3. 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 Company.

Key estimates and judgements

(i) Impairment – general

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

(ii) Options and share-based payment transaction

The Consolidated Entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes or Monte Carlo model, using the assumptions and inputs detailed in Note 30.

(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.

4. INCOME

	Consolidated	
	2022	**2021**
	$	**$**
(a) Other Income		
Interest received	1,905	8,421
Research and Development Grant	703,870	-
Refund of stamp duty	170,677	-
Australian Government cash flow boost	41,549	48,305
	918,001	56,726
(b) Gain on sale of investments		
Gain on sale of 3,500,000 Kincora Copper Ltd (ASX: KCC) shares	-	373,879
Gain on sale of 200,000 Canada Rare Earth Corp (TSXV: LL.V) shares	-	9,097
	-	382,976
(c) Fair value net (decrease)/increase in financial assets		
Shares in Kincora Copper Ltd (TSXV: KCC.V)	(1,003,102)	(1,105,405)
Shares in Canada Rare Earth Corp (TSXV: LL.V)	(1,539,685)	1,324,905
	(2,542,787)	219,500

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Cosmos Exploration Ltd ("Cosmos") was divested from the Group during the year ended 30 June 2022. 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 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 of $468,605.

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

	$
Net gain on disposal	334,389

On 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.

The Balance Sheet of Cosmos at disposal is as follows:

	$
Cash and cash equivalents	5,069,211
Trade and other receivables	35,176
Total assets	5,104,387
Trade and other payables	345,661
Loans	315,354
Provisions	8,390
IPO share application funds received	4,769,371
Total liabilities	5,438,776
Net assets/(liabilities)	(334,389)

(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 six of its tenements relating to the Orange East and Byro East projects to Cosmos and consideration was received in shares.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

6. ACQUISITION OF TENEMENTS

In the prior 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	
	2022	2021
	$	$
Consideration – cash	-	500,000
Consideration – fair value of RareX Ltd shares issued	-	500,000
Stamp duty	-	335,613
	-	1,335,613

7. EXPLORATION EXPENSES

During the year, the Directors elected to expense the following costs in relation to the exploration activities of the Group to the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	Consolidated	
	2022	2021
	$	$
Balance at the beginning of the year	-	-
Exploration expenditure incurred	5,784,066	2,291,409
Exploration expenditure expensed	(5,784,066)	(2,291,409)
Balance at the end of the year	-	-

The Directors have elected to expense exploration expenditure for all areas of interest of the Group (Note 2(v)).

8. OTHER EXPENSES

		Consolidated	
		2022	2021
		$	$
(a)	**Consultants and management expense**		
	Consultants	362,645	235,522
	Directors' fees - executive	225,833	225,833
	Directors' fees – non-executive	169,996	136,569
	Salary and on costs	1,186,574	408,381
	Company secretarial fees	48,000	40,500
	Less: Expenditure allocated to exploration and evaluation	(495,121)	(318,090)
		1,497,927	728,715
(b)	**Depreciation and amortisation included in income statement**		
	Depreciation of plant & equipment	20,681	15,663
	Depreciation of motor vehicles	11,998	7,659
	Depreciation of right of use assets	88,181	25,541
		120,860	48,863

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX

		Consolidated 2022 $	Consolidated 2021 $
(a)	**Income tax expense**		
	The major components of income tax expense are:		
	Statement of profit or loss and other comprehensive income		
	Current income tax		
	Current income tax charge/(benefit)	-	-
	Adjustments in respect of current income tax of previous years	-	-
	Deferred income tax	-	-
	Relating to origination and reversal of temporary differences	-	-
	Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	-	-
(b)	**Amounts charged or credited directly to equity**		
	Deferred income tax related to items charged or credited directly to equity	-	-
	Unrealised loss on available-for-sale financial assets	-	-
	Income tax benefit reported in equity	-	-
(c)	**Numerical reconciliation of accounting profit to tax expense**		
	A reconciliation between tax expense and the accounting profit before income tax multiplied by the consolidated entity's applicable income tax rate is as follows:		
	Accounting loss before income tax	(11,225,184)	(5,387,175)
	At the consolidated entity's statutory income tax rate of 25% (2021: 27.5%)	(2,806,296)	(1,481,473)
	Non-deductible items	2,964	1,312
	Non-assessable income	-	(13,284)
	Share-based payments	539,405	219,298
	Unrealised loss on investments	77,036	(60,363)
	Impairment	-	367,294
	Fringe benefits tax	2,354	-
	Capital raising expenditure	(82,530)	(56,025)
	Increase in unrecognised deferred tax assets	2,267,067	1,023,241
		-	-

		Consolidated 2022 $	Consolidated 2021 $
(d)	**Current tax assets and liabilities**		
	Current tax liability	-	-

(e) Recognised deferred tax assets and liabilities

The Group has not recognised any deferred tax assets or liabilities during the year (2021: Nil).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX (continued)

(f) Tax losses

The Group has Australian revenue tax losses for which no deferred tax recognized is recognised on the statement of financial position of $30,151,312 (2021: $21,330,951) which are available indefinitely for offset against future taxable income subject to continuing to meet the relevant statutory tests.

The Group has no Australian capital tax losses available (2021: nil).

(g) Unrecognised temporary differences

As at 30 June 2022, the Group has other temporary differences (excluding tax differences relating to tax losses) for which no deferred tax recognized is recognised in the statement of financial position of $164,536 (2021: $131,018). None of these unrecognised temporary differences relate to investments in subsidiaries, associates or joint ventures.

(h) Tax consolidation

Members of the tax consolidated group and the tax sharing agreement

RareX Limited and its 100% owned Australian resident subsidiary were both subsidiaries in a tax-consolidated group with Geoinformatics Exploration Australia Pty Ltd as the head entity until 2 July 2007. A new tax-consolidated group was formed on 1 July 2008 with RareX Limited as Head Entity. Members of the new tax-consolidated group have not yet entered into a tax sharing agreement.

10. EARNINGS PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations.

		Consolidated	
		2022 $	2021 $
(a)	**Earnings used in calculating earnings per share**		
	For basic and diluted earnings per share		
	Loss from continuing operations after tax for the year	(11,225,184)	(5,387,175)
(b)	**Weighted average number of shares**		
	Weighted average number of shares used in calculation of basic earnings per share	484,402,945	406,315,446
	Weighted average number of shares used in calculation of diluted earnings per share	484,402,945	406,315,446
(c)	**Earnings per share**		
	Basic loss per share	(2.32 cents)	(1.33 cents)
	Diluted loss per share	(2.32 cents)	(1.33 cents)

11. CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 $	2021 $
Cash at bank	8,232,977	4,477,985
	8,232,977	4,477,985

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022	2021
	$	$
Trade debtors	15,843	-
Sundry debtors	41,280	8,968
Security and tenement deposits	114,442	124,442
Accrued income	-	214
GST input tax refundable	241,284	71,742
Prepayments	89,462	21,937
	502,311	227,303

Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. GST input tax refundable is receivable from the Commonwealth of Australia and is therefore viewed as having low credit risk. Accrued income is receivable from National Australia Bank and is therefore viewed as having low credit risk.

13. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2022	2021
	$	$
Cummins Range Rare Earths Project		
Opening balance	-	1,151,014
Tenement acquisition costs	-	-
Acquisition of Cummins Range Pty Ltd	-	-
Stamp duty on acquisition of tenement	-	184,599
Less: Acquisition of costs expensed	-	(1,335,613)
	-	-
Hong Kong Gold Project		
Opening balance	505,032	505,032
Movement for the year	(505,032)	-
	-	505,032
Moroccan Cobalt Project		
Opening balance	-	-
Capitalised exploration costs	-	-
Less: Impairment	-	-
	-	-
	-	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 (which is an unincorporated tenement holding). 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 cost.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

14. FINANCIAL ASSETS AT FAIR VALUE

	Consolidated 2022 $	2021 $
Financial assets at fair value through profit or loss		
Non-Current		
Shares in listed corporations, at fair value		
- Kincora Copper Ltd (TSXV: KCC.V)(4,983,333 shares[2]; 2021: 4,983,333)[1]	280,435	1,283,537
- Canada Rare Earth Corp (TSXV: LL.V) (24,579,658 shares; 2021: 24,579,658)[3]	834,397	2,374,082
Investment in Atlas Management Sarl (20% interest) (Note 25(c))	507,084	507,084
Less: Impairment	(507,084)	(507,084)
	1,114,832	3,657,619
Impairment expense in Statement of Profit or Loss and Other Comprehensive Income		
Impairment of Moroccan VAT receivable	-	11
	-	11

[1] The market value of the shares in Kincora Copper Ltd as at 30 June 2021 is based on a closing price of Kincora Copper Ltd shares of CAD0.05 (2021: CAD0.24 pre-consolidation) and an exchange rate of 1AUD = 0.8885CAD (2021: 0. 9318CAD).
Kincora Copper Ltd consolidated its share capital on a 1 for 3 basis. Therefore, the 14,950,000 shares held at 30 June 2020 were consolidated into 4,983,333 post-consolidation shares).
[3] The market value of the shares in Canada Rare Earth Corp as at 30 June 2022 is based on a closing price of Canada Rare Earth Corp shares of CAD0.03 and an exchange rate of 1AUD = 0. 8885CAD.

	Consolidated 2022 $	2021 $
During the year, cash outflows in relation to financial assets acquired were:		
3,500,000 shares in Kincora Copper Ltd (ASX: KCC) shares	-	700,000
24,779,658 shares in Canada Rare Earth Corp (TSXV: LL.V)	-	1,057,309
Payments for acquisition of investments	-	1,757,309
During the year, cash inflows in relation to financial assets disposed of were:		
3,500,000 shares in Kincora Copper Ltd (ASX: KCC) shares	-	1,073,879
200,000 shares in Canada Rare Earth Corp (TSXV: LL.V)	-	17,228
Proceeds from sale of investments	-	1,091,107

15. 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 six tenements to Cosmos and consideration was received by shares.

	Consolidated 2022 $	2021 $
Cosmos Exploration Ltd (10,000,000 shares) (Note 5(b))	2,000,000	-
Less : Share of Cosmos' post divestment loss for the period	(468,606)	-
	1,531,394	-

As part of the divestment of Cosmos, it was agreed that RareX would retain a 25% interest in the Orange East Project (EL 8442) which is free carried until completion of a bankable feasibility study.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

15. INVESTMENT IN ASSOCIATE (continued)

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Nature of investment	Country of incorporation	% Equity interest 2022	% Equity interest 2021	Investment $ 2022	Investment $ 2021
Cosmos Exploration Ltd	Ordinary shares	Australia	28	100	1	1

Summarised financial information	Cosmos Exploration Ltd 2022 $	Cosmos Exploration Ltd 2021 $
Summarised statement of financial position		
Current Assets		
Cash and cash equivalents	3,335,875	1
Trade and other receivables	226,223	2,796
Non-current Assets		
Exploration and evaluation costs	2,000,000	-
Total Assets	5,562,098	2,797
Current Liabilities		
Trade and other payables	314,723	16,269
Provisions	11,974	2,387
Loans and borrowings	-	126,017
Total Liabilities	326,697	144,673
Net Assets	5,235,401	(141,876)
Summarised statement of profit or loss and other comprehensive income		
Interest revenue	3,909	-
RareX loan forgiveness	322,453	-
Accounting, audit and corporate fees	(337,103)	-
Directors' fees, salaries, superannuation, and consulting costs	(187,656)	-
Exploration expenditure expensed	(1,026,622)	(97,002)
Share based payment expensed	(328,105)	-
Other expenses	(87,075)	(44,875)
Profit before income tax	(1,640,199)	(141,877)
Income tax expense	-	-
Profit after income tax	(1,640,199)	(141,877)
Other comprehensive income	-	-
Total comprehensive loss net of tax	(1,640,199)	(141,877)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	-	-
Initial recognition of investment in Cosmos	2,000,000	-
Share of loss after income tax	(468,606)	
Closing carrying amount	1,531,394	-
Commitments		
Minimum exploration commitments		
Within one year	452,128	-
One to five years	3,131,200	-
	3,583,328	-
Cosmos Exploration Ltd has no contingent liabilities.		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

16. PLANT AND EQUIPMENT

	Consolidated 2022 $	2021 $
Original Cost		
Computer Equipment		
At 1 July	27,592	16,628
Additions	11,073	10,964
Disposals	-	-
At 30 June	38,665	27,592
Plant and Equipment		
At 1 July	66,800	66,800
Additions	46,912	-
Disposals	-	-
At 30 June	113,712	66,800
Motor Vehicles		
At 1 July	59,989	-
Additions	-	59,989
Disposals	-	-
At 30 June	59,989	59,989
Total Property, Plant and Equipment		
At 1 July	154,381	83,428
Additions	57,985	70,953
Disposals	-	-
At 30 June	212,366	154,381

Accumulated Depreciation		
Computer Equipment		
At 1 July	18,931	16,628
Depreciation charge for year	4,977	2,303
Accumulated depreciation on disposals	-	-
At 30 June	23,908	18,931
Plant and Equipment		
At 1 July	13,360	-
Depreciation charge for year	15,704	13,360
Accumulated depreciation on disposals	-	-
At 30 June	29,064	13,360
Motor Vehicles		
At 1 July	7,659	-
Depreciation charge for year	11,998	7,659
Accumulated depreciation on disposals	-	-
At 30 June	19,657	7,659
Total Accumulated Depreciation		
At 1 July	39,950	16,628
Depreciation charge for year	32,679	23,322
Accumulated depreciation on disposals	-	-
At 30 June	72,629	39,950
Total Plant and Equipment		
Original cost	212,366	154,381
Accumulated depreciation	(72,629)	(39,950)
Net carrying amount	139,737	114,431

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

16. PLANT AND EQUIPMENT (continued)

(i) The useful life of the assets was estimated as follows:

Sundry equipment:	5 to 15 years
Computer equipment:	2- 4 years
Motor vehicles:	5 to 8 years
Furniture and Fittings:	5 to 15 years
Library:	7 years
Leasehold improvements:	Over the remainder of the lease term up to 2 years

(ii) No assets have been pledged as security for borrowings.

17. RIGHT OF USE ASSET

	Consolidated	
	2022	2021
	$	$
Land and buildings - right-of-use		
Opening balance	380,630	-
Additions	-	406,171
Depreciation	(75,540)	(25,541)
	305,090	380,630

Additions to the right-of-use assets during the year were $406,171 (2021: nil). The consolidated entity leases land and buildings for its offices and warehouse under agreements of between four to five years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

18. TRADE AND OTHER PAYABLES

		Consolidated	
		2022	2021
	Notes	$	$
Trade payables	(i) – (ii)	1,548,666	269,394
Accrued expenses		241,514	228,877
Estimated stamp duty accrued on Cummins Range acquisition		-	170,677
		1,790,180	668,948

Terms and conditions:

(i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

19. LEASE LIABILITIES

	Consolidated 2022 $	Consolidated 2021 $
Current liability	83,011	71,220
Non-current liability	240,121	314,060
	323,132	385,280
Maturity		
Within 1 year	83,011	71,220
1-2 years	92,235	92,235
2-5 years	147,886	221,825
Over 5 years	-	-
	323,132	385,280

	2022 $	2021 $
Opening balance	385,280	-
Initial recognition of new leases	-	406,171
Interest	22,507	6,939
Principal	(84,655)	(27,830)
	323,132	385,280

The consolidated entity leases land and buildings for its offices and warehouse under agreements of between four to five years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

20. ISSUED CAPITAL

	Notes	Consolidated 2022 $	Consolidated 2021 $
Ordinary shares	(a)	45,715,177	35,315,630

(a) Ordinary shares

Issued and fully paid ordinary shares carry one vote per share and carry the right to dividends. Unless stated otherwise, references to shares, options and performance rights in these financial statements are on a post-consolidation basis.

		2022 No. of shares	2022 $	2021 No. of shares	2021 $
Movement in ordinary shares on issue					
As at 1 July		435,343,204	35,315,630	354,652,568	29,605,193
Add:	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[1]	7,222,222	650,000	4,000,000	200,000
	Shares issued via placement	111,111,111	10,000,000	29,100,000	2,910,000
	Shares issued – 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:	Transactions costs on share issues	-	(656,703)	-	(1,417,067)
As at 30 June		569,926,537	45,715,177	435,343,204	35,315,630

[1] Of the $650,000 of shares issued to the Directors, $610,000 was received by the 30 June 2022. The remaining $40,000 was received on the 1 July 2022.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

20. ISSUED CAPITAL (continued)

(b) Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain appropriate returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures an appropriate cost of capital available for the entity.

In order to maintain or adjust the capital structure, the entity may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in the year ended 30 June 2022 and no dividends are expected to be paid in the 2021/22 financial year.

The consolidated entity is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and actual expenditures against budget on a monthly basis.

21. RESERVES

	Consolidated	
	2022	**2021**
	$	**$**
Options reserve	6,163,712	6,163,712
Share-based payment reserve	2,414,702	257,083
Foreign currency translation reserve	(3,497)	(963)
	8,574,917	6,419,832
(a) Movement in reserves		
Options reserve		
Balance at beginning of the financial year	6,163,712	4,775,912
Consideration received from issue of options	-	-
Fair value of options issued	-	1,387,800
Balance at end of financial year	6,163,712	6,163,712
Share-based payment reserve		
Balance at beginning of the financial year	257,083	83,840
Fair value of performance rights issued	2,157,619	173,243
Balance at end of financial year	2,414,702	257,083
Foreign currency translation reserve		
Balance at beginning of the financial year	(963)	(2,022)
Currency translation differences	(2,534)	1,059
Balance at end of financial year	(3,497)	(963)

(b) Nature and purpose of reserves

The options reserve records the fair value of share options issued, using the Black-Scholes option pricing model, to the Company's directors, employees, consultants and brokers as well as the vendors of drilling services and tenements.

The share-based payments reserve records the value of performance rights issued to the Company's directors.

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

21. RESERVES (CONTINUED)

(c) Movement in options

Expiry date of options	Notes	Exercise price	On issue at 1 July 2021	Granted	Exercised	Cancelled/ expired/ forfeited	On issue at 30 June 2022
27/09/21	(i)	$0.0250	16,250,000	-	(16,250,000)	-	-
27/09/22	(ii)	$0.0250	5,000,000	-	-	-	5,000,000
27/09/22	(iii)	$0.0250	5,000,000	-	-	-	5,000,000
27/09/22	(iv)	$0.0250	5,000,000	-	-	-	5,000,000
11/10/22	(v)	$0.0850	16,000,000	-	-	-	16,000,000
12/12/22	(vi)	$0.0607	1,000,000	-	-	-	1,000,000
12/12/22	(vii)	$0.0607	1,000,000	-	-	-	1,000,000
12/12/22	(viii)	$0.0607	2,000,000	-	-	-	2,000,000
12/12/22	(ix)	$0.0607	1,500,000	-	-	-	1,500,000
12/12/22	(x)	$0.0607	1,500,000	-	-	-	1,500,000
11/10/22	(xi)	$0.0607	1,500,000	-	-	-	1,500,000
11/10/22	(xii)	$0.0850	3,000,000	-	-	-	3,000,000
22/12/22	(xiii)	$0.0607	2,000,000	-	-	-	2,000,000
22/12/22	(xiv)	$0.0607	2,000,000	-	-	-	2,000,000
22/12/22	(xv)	$0.0607	2,000,000	-	-	-	2,000,000
11/10/22	(xvi)	$0.0850	1,250,000	-	-	-	1,250,000
11/10/22	(xvii)	$0.0850	1,250,000	-	-	-	1,250,000
22/12/22	(xviii)	$0.0607	2,000,000	-	-	-	2,000,000
22/12/22	(xix)	$0.0607	2,000,000	-	-	-	2,000,000
22/12/22	(xx)	$0.0607	2,000,000	-	-	-	2,000,000
11/10/22	(xxi)	$0.0850	7,000,000	-	-	-	7,000,000
30/11/23	(xxii)	$0.1500	10,000,000	-	-	-	10,000,000
31/12/23	(xxiii)	$0.1500	5,000,000	-	-	-	5,000,000
31/12/23	(xxiv)	$0.1500	2,000,000	-	-	-	2,000,000
			97, 250,000	-	(16,250,000)	-	81,000,000

All options granted have been valued according to the Black Scholes model.

(i) Issued to the vendors of Cummins Range Pty Ltd in September 2019.
(ii) Issued to J Robinson (Executive Director) in September 2019; vesting on 6 months employment and 20 day VWAP exceeding $0.05.
(iii) Issued to J Robinson (Executive Director) in September 2019; vesting on 6 months employment and 20 day VWAP exceeding $0.10.
(iv) Issued to J Robinson (Executive Director) in September 2019; vesting on 6 months employment and 20 day VWAP exceeding $0.15.
(v) Issued to a consultant in October 2019.
(vi) Issued to S Hardcastle and S Patrizi (Non-Executive Directors) in December 2019; vesting on 20 day VWAP exceeding $0.10.
(vii) Issued to S Hardcastle and S Patrizi (Non-Executive Directors) in December 2019; vesting on 20 day VWAP exceeding $0.15.
(viii) Issued to S Hardcastle and S Patrizi (Non-Executive Directors) in December 2019; vesting on 20 day VWAP exceeding $0.20.
(ix) Issued to an employee in December 2019; vesting on 20 day VWAP exceeding $0.10.
(x) Issued to an employee in December 2019; vesting on 20 day VWAP exceeding $0.15.
(xi) Issued to an employee in December 2019; vesting on 20 day VWAP exceeding $0.20.
(xii) Issued to a consultant in December 2019.
(xiii) Issued to J Young (Non-Executive Chairman) in February 2020; vesting on 20 day VWAP exceeding $0.10.
(xiv) Issued to J Young (Non-Executive Chairman) in February 2020; vesting on 20 day VWAP exceeding $0.15.
(xv) Issued to J Young (Non-Executive Chairman) in February 2020; vesting on 20 day VWAP exceeding $0.20.
(xvi) Issued to a consultant in March 2020.
(xvii) Issued to a consultant in June 2020.
(xviii) Issued to C Henry (Non-Executive Director) in June 2020; vesting on 20 day VWAP exceeding $0.10.
(xix) Issued to C Henry (Non-Executive Director) in June 2020; vesting on 20 day VWAP exceeding $0.15.
(xx) Issued to C Henry (Non-Executive Director) in June 2020; vesting on 20 day VWAP exceeding $0.20.
(xxi) Issued to a consultant in June 2020.
(xxii) Issued to a broker in November 2020.
(xxiii) Issued to a corporate advisor in February 2021.
(xxiv) Issued to a consultant in February 2021.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

21. RESERVES (CONTINUED)

(d) Movement in performance rights

	Note	Exercise price	On issue at 1 July 2021	Granted during the year	Vested during the year	Cancelled/ expired/ forfeited	On issue at 30 June 2022
Class B	(i)	$0.000	250,000	-	-	(250,000)	-
Class C	(i)	$0.000	250,000	-	-	(250,000)	-
Class D	(i)	$0.000	250,000	-	-	(250,000)	-
Class A	(ii)	$0.000	12,000,000	1,500,000	-	-	13,500,000
Class B	(ii)	$0.000	12,000,000	1,500,000	-	-	13,500,000
Class C	(ii)	$0.000	12,000,000	1,500,000	-	-	13,500,000
			36,750,000	4,500,000	-	(750,000)	40,500,000

(i) Performance rights issued to Directors.
(ii) Performance rights issued to Directors, key management personnel and other employees.

Class	Vesting Condition of Current Performance Rights- vesting will occur:	Number on issue at 30 June 2022
A	20 Day VWAP of $0.20 and 12 months continuous service within 3 years from the date of issue	13,500,000
B	20 Day VWAP of $0.25 and 18 months continuous service within 3 years from the date of issue	13,500,000
C	20 Day VWAP of $0.30 and 24 months continuous service within 3 years from the date of issue	13,500,000

22. STATEMENT OF CASH FLOWS RECONCILIATION

	Consolidated 2022 $	Consolidated 2021 $
Reconciliation of the net loss after tax to net cash flows from operations		
Loss from ordinary activities after income tax	(11,225,184)	(5,387,175)
Adjustments for:		
Depreciation	120,860	48,863
Impairment	334,355	11
Gain on disposal of investments	-	(382,976)
Gain on sale of tenements	-	-
Equity settled share-based payments	2,157,619	797,448
Equity settled payments	-	6,949
Unrealised gain on investments	2,542,787	(219,500)
Acquisition of tenements expense	-	1,335,613
Foreign exchange loss/(gain)	(2,832)	1,022
Share of loss from equity accounted interest	468,605	-
Gain on sale of subsidiary	(2,334,389)	-
Other	18,488	-
Changes in assets and liabilities		
Movement in trade and other receivables	(212,875)	(25,458)
Movement in other assets	(67,311)	(22,799)
Movement in trade and other payables	1,637,694	373,660
Movement in provisions	83,200	52,677
Net cash flow used in operating activities	(6,478,983)	(3,421,665)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

23. INTEREST IN JOINTLY CONTROLLED OPERATIONS

As at 30 June 2022, the Group had the following significant interests in joint ventures:

(i) New South Wales tenements (excluding EL8442): On 12 March 2020, RareX announced Kincora Copper Limited (Kincora) had exercised its option to acquire a 65% interest in its NSW tenements (excluding EL8442) with RareX retaining a 35% free carried interest until such time as a positive scoping study or preliminary economic assessment is delivered, following which industry standard joint venture dilution mechanisms will apply.

(ii) As part of the divestment of Cosmos Exploration Ltd, it was agreed that RareX would retain a 25% interest in the Orange East Project (EL 8442) which is free carried until completion of a bankable feasibility study, following which a formal joint venture agreement will be negotiated.

24. SEGMENT INFORMATION

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.

At 30 June 2022, the Group had the following segments:

	Operating Profit/(Loss)		Total Assets		Total Liabilities	
	30/6/2022 $	30/6/2021 $	30/6/2022 $	30/6/2021 $	30/6/2022 $	30/6/2021 $
Rare Earths (Western Australia)	(5,746,412)	(3,479,869)	252,986	28,652	(1,388,935)	(308,004)
Gold/Nickel/Copper (Western Australia)	(217,483)	(70,938)	-	505,032	-	-
Cobalt/Nickel (Austria)	-	(2,707)	-	-	-	-
Cobalt (Morocco)	(21,968)	(28,881)	377	890	-	-
Copper/Gold (New South Wales)	16,018	(107,615)	-	-	-	-
Copper/Gold (Kenya)	(59,457)	-	-	-	-	-
Corporate	(5,195,882)	(1,697,165)	11,572,978	8,828,426	(872,412)	(819,450)
	(11,225,184)	(5,387,175)	11,826,341	9,363,000	(2,261,347)	(1,127,454)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

25. COMMITMENTS

	Consolidated	
	2022	2021
	$	$
Estimated commitments for which no provisions were included in the financial statements are as follows:		
(a) Exploration Expenditure Commitments:		
Payable		
- not later than one year	199,000	565,760
- later than one year and not later than five years	572,000	2,263,040
	771,000	2,828,800

Included in overall commitments calculations are estimates of the Company's expected commitments in respect of its sole funded exploration licenses.

All the exploration expenditure commitments are non-binding, in respect of outstanding expenditure commitments, in that the Company or its joint venture partners have the option to relinquish and lose these licenses or their contractual commitments at any stage, at the cost of its cumulative expenditures up to the point of relinquishment.

Refer to Note 23 for details of Jointly Controlled Operations.

(b) Lease Commitments

In the previous year, the Company entered into lease commitments which resulted in recognition of any right-of-use asset, or associated lease liability. Please refer Note 17 and 19.

(c) 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 is currently reviewing its strategy and options for the Morocco Cobalt Project and at this point, has elected not to progress with Stage 2 of the acquisition of Atlas Management.

The remaining stages of the acquisition, which at this time the Directors have elected not to proceed with, are as follows:

- ("Stage 2"): payment of US$200,000 and issue of 120 million fully paid ordinary shares in RareX within 6 months and 5 days from the completion of Stage 1, in consideration for a further 20% interest;
- ("Stage 3"): payment of US$200,000 and issue of 120 million fully paid ordinary shares in RareX within 6 months and 5 days from the completion of Stage 2, in consideration for a further 20% interest;
- ("Stage 4"): payment of US$200,000 and issue of 120 million fully paid ordinary shares in RareX within 6 months and 5 days from the completion of Stage 3, in consideration for a further 20% interest; and
- ("Stage 5"): payment of US$200,000 and issue of 120 million fully paid ordinary shares in RareX within 6 months and 5 days from the completion of Stage 4, in consideration for a further 20% interest, such that RareX (or a subsidiary of RareX) will have acquired or been issued a 100% interest at the completion of Stage 5.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

26. CONTINGENT LIABILITIES

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 June 2022.

27. RELATED PARTY DISCLOSURES

(a) Ultimate parent

The ultimate Australian parent entity and the ultimate parent of the consolidated entity is RareX Limited.

(b) Subsidiaries and associate

The subsidiaries of RareX Limited are listed in the following table:

Name	Nature of investment	Country of incorporation	% Equity interest 2022	% Equity interest 2021	Investment $ 2022	Investment $ 2021
Cosmos Exploration Ltd[1]	Ordinary shares	Australia	28	100	1	1
Cummins Range Pty Ltd	Ordinary shares	Australia	100	100	4,782,250	4,782,250
Geoinformatics Exploration Tasmania Pty Ltd	Ordinary shares	Australia	100	100	1	1
Great Northern Hydrogen Pty Ltd[1]	Ordinary shares	Australia	100	100	1	1
Leogang Austria Pty Ltd	Ordinary shares	Australia	100	100	10	10
RareX Kenya Ltd[2]	Ordinary shares	Kenya	100	-	1	-
Ste Clancy Morocco Sarl	Ordinary shares	Morocco	100	100	15	15

[1] Incorporated as a 100% owned subsidiary of RareX on 22 March 2021 and became an associate on 30 November 2021

[2] Incorporated as a 100% owned subsidiary of RareX on 13 October 2021

(c) Transactions with related parties

The following table provides the total amount of transactions (GST exclusive where GST applies) entered into with related parties for the relevant financial year. The transactions have all been undertaken on an arms' length basis.

Sales of goods and services	Consolidated 2022 $	Consolidated 2021 $
Rent, rates and office charges to Cosmos Exploration Ltd, a related party of Jeremy Robinson.	46,892	-
Repayment of expenses to Cosmos Exploration Ltd, a related party of Jeremy Robinson. (Refer Note 5 for further details of divestment)	315,534	-

	Consolidated 2022 $	Consolidated 2021 $
Amounts owed by respect of related party transactions included in the trade creditors and accruals balance at 30 June 2022 and 30 June 2021 are as follows:		
Cosmos Exploration Ltd	7,362	-

Purchase of goods and services	Consolidated 2022 $	Consolidated 2021 $
Legal fees billed by Hamilton Locke, a company controlled by Shaun Hardcastle	8,627	-
Consulting fees billed by Primero Group Ltd, a company associated with Cameron Henry	178,593	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTY DISCLOSURES (continued)

	Consolidated 2022 $	2021 $
Amounts owed in respect of related party transactions included in the trade creditors and accruals balance at 30 June 2022 and 30 June 2021 are as follows:		
Director fees billed by John Young	-	5,417
Director fees billed by the Rod Dog Pty Ltd, a company controlled by a director, Shaun Hardcastle	-	4,583

28. SUBSEQUENT EVENTS

Subsequent to 30 June 2022, there have been no significant events with the exception of the below:

- Following the exercise of 15,000,000 unquoted options (exercisable at $0.025 each and expiring 27 September 2022) utilising the cashless exercise facility, the Company issued 9,460,038 shares to Managing Director, Jeremy Robinson.

29. DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The names of the Company's officeholders in office at any time during the financial year are as follows. Officeholders were in office for the entire period unless otherwise stated.

J Young	Chairman (Non-Executive)
J Robinson	Director (Executive)
S Hardcastle	Director (Non-Executive)
C Henry	Director (Non-Executive)
O Malone	Company Secretary

(b) Compensation for Key Management Personnel

	Consolidated 2022 $	2021 $
Short-term employee benefits	497,996	402,902
Non-monetary benefits	1,446	580
Post-employment benefits	28,568	24,043
Share-based payments	1,676,716	88,601
Total Compensation	2,204,726	516,126

30. SHARE-BASED PAYMENT EXPENSE

(a) Recognised share-based payments expenses

The expense recognised for the expensing of employee and consultant services received is shown below:

	Consolidated 2022 $	2021 $
Recognised in the Statement of Profit or Loss and Other Comprehensive Income		
Expense recognised for directors' services received		
Expense arising from equity-settled share-based payment transactions – directors and key management personnel	1,676,716	88,601
Expense arising from equity-settled share-based payment transactions – other employees	480,903	-
	2,157,619	88,601
Equity payment recognised for consulting fees		
Equity-settled share-based payment transactions – options issued for consideration for facilitation of acquisition and ongoing consultancy services	-	708,847
	-	708,847
Total recognised in the Statement of Profit or Loss and Other Comprehensive Income	2,157,619	797,448

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

30. SHARE-BASED PAYMENT EXPENSE (continued)

(b) Weighted average remaining contractual life

The weighted average remaining contractual life of the options on issue is 0.49 years (2021: 1.34 years).

(c) Range of exercise price

The range of the exercise prices of the options on issue is $0.025 - $0.150 (2021: $$0.025 - $0.175).

(d) Weighted average fair value

The fair value of the options issued as share-based payments during the year was $0 per option (2021: $0.0816 per option). No options were issue in the year.

(e) Weighted average share price

The weighted average price per share in relation to shares issued during the year was $0.0822 (2021 $0.0883).

(f) Option valuation

During the year ended 30 June 2022, no options the following share based payments were made

During the year ended 30 June 2021, the following share based payments were made. The options have been valued by the Directors using the Black-Scholes option pricing model based on the following:

	Broker Options	Corporate Advisor Options	Consultant Options
Underlying value of the security	$0.12	$0.125	$0.125
Exercise price	$0.15	$0.15	$0.15
Valuation date	23/11/2020	5/02/2021	5/02/2021
Expiry date	30/11/2023	21/12/2023	21/12/2023
Life of Options in years	3	2.87	2.87
Volatility	134.13%	103.88%	103.88%
Risk free rate	0.11%	0.11%	0.11%
Number of Options	10,000,000	5,000,000	2,000,000
Valuation per Option	0.0874	0.0734	0.0734
Valuation	874,000	367,000	146,800
Total consideration paid by option holders	-	-	-
Valuation less consideration paid	874,000	367,000	146,800

Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022 is as follows:

	$
Performance Rights (pro rata expense over vesting period)	
Directors	1,556,485
Key Management Personnel	120,231
Employees	480,903
Sub-Total Performance Rights	2,157,619
Total Share Based Payments Expense	2,157,619

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

30. SHARE BASED PAYMENTS (continued)

Share based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021 was as follows:

	$
Shares	
Fair value adjustment for shares issued to supplier	26,405
Fair value of shares issued to supplier	84,000
Sub-Total Shares	110,405
Options	
Corporate Advisor Options	367,000
Consultant Options	146,800
Sub-Total Options	513,800
Performance Rights (pro rata expense over vesting period)	
Directors	67,441
Key Management Personnel	21,160
Employees	84,642
Sub-Total Performance Rights	173,243
Total Share Based Payments Expense	797,448

(g) Performance rights valuation

During the year ended 30 June 2022, the following share-based payments were made which have been accounted for in the share-based payments reserve. The following performance rights, which were issued to Directors, key management personnel and employees, 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 the year[1] ($)
J Young	A	26/5/2021	1,500,000	0.078200	117,300	113,558
	B	26/5/2021	1,500,000	0.073800	110,700	77,608
	C	26/5/2021	1,500,000	0.070300	105,450	54,603
			4,500,000		333,450	245,769
J Robinson	A	26/5/2021	5,000,000	0.078200	391,000	378,502
	B	26/5/2021	5,000,000	0.073800	369,000	258,676
	C	26/5/2021	5,000,000	0.070300	351,500	182,000
			15,000,000		1,111,500	819,178
S Hardcastle	A	26/5/2021	1,500,000	0.078200	117,300	113,558
	B	26/5/2021	1,500,000	0.073800	110,700	77,608
	C	26/5/2021	1,500,000	0.070300	105,450	54,603
			4,500,000		333,450	245,769
C Henry	A	26/5/2021	1,500,000	0.078200	117,300	113,558
	B	26/5/2021	1,500,000	0.073800	110,700	77,608
	C	26/5/2021	1,500,000	0.070300	105,450	54,603
			4,500,000		333,450	245,769
O Malone	A	5/2/2021	500,000	0.112400	56,200	48,760
	B	5/2/2021	500,000	0.106100	53,050	42,658
	C	5/2/2021	500,000	0.101100	50,550	28,813
			1,500,000		159,800	120,231
Other Employees	A	5/2/2021	2,000,000	0.112400	224,800	195,036
	B	5/2/2021	2,000,000	0.106100	212,200	170,626
	C	5/2/2021	2,000,000	0.101100	202,200	115,241
			6,000,000		639,200	480,903
Total			36,000,000		2,910,850	2,157,619

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

30. SHARE BASED PAYMENTS (continued)

No performance rights were issued during the year ended 30 June 2022 (2021: Nil).

The performance rights have been valued by the Directors using the Black-Scholes option pricing model based on the following. 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%						
Performance Right:							
Class A		26/5/24	3	9,500,000	$0.0088	$0.0782	$742,900
Class B		26/5/24	3	9,500,000	$0.0132	$0.0738	$701,100
Class C		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%						
Performance Right:							
Class A		5/2/24	3	2,500,000	$0.0126	$0.1124	$281,000
Class B		5/2/24	3	2,500,000	$0.0189	$0.1061	$265,250
Class C		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
A	20 Day VWAP of $0.20 and 12 months continuous service within 3 years from the date of issue	12,000,000
B	20 Day VWAP of $0.25 and 18 months continuous service within 3 years from the date of issue	12,000,000
C	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 AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

31. AUDITOR'S REMUNERATION

The auditor of RareX Limited was SW Audit (previously known as Walker Wayland WA Audit Pty Ltd).

	Consolidated 2022 $	2021 $
Amounts received or due and receivable by SW Audit (previously known as Walker Wayland WA Audit Pty Ltd) for:		
- an audit or review of the financial statements of the entity and its controlled entity	23,500	22,000
- other services in relation to the entity and its controlled entity	-	-
	23,500	22,000

32. INFORMATION RELATING TO RAREX LIMITED ('the Parent Entity')

	2022 $	2021 (Restated) $
ASSETS		
Current Assets	8,531,893	4,672,845
Non-current Assets	1,900,336	4,361,677
TOTAL ASSETS	10,432,229	9,034,522
LIABILITIES		
Current Liabilities	627,114	484,916
Non-current Liabilities	240,121	314,060
TOTAL LIABILITIES	867,235	798,976
NET ASSETS	9,564,994	8,235,546
EQUITY		
Issued capital	46,175,177	35,775,631
Reserves	8,578,414	6,420,795
Accumulated losses	(45,188,597)	(33,960,880)
TOTAL EQUITY	9,564,994	8,235,546
Loss of the parent entity	(11,523,755)	(5,393,777)
Total comprehensive loss of the parent entity	(11,523,755)	(5,393,777)

Contingent liabilities of the parent entity: Nil.

	2022 $	2021 $
Reserves included in the parent entity:		
Options reserve	6,163,712	6,163,712
Share-based payment reserve	2,414,702	257,083
	8,578,414	6,420,795

Commitments for the acquisition of property, plant and equipment by the parent entity: Nil.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

For all financial instruments of the Company, the carrying value approximates the fair value.

The main risk arising from the consolidated entity's financial instruments is cash flow interest rate risk. Other minor risks are summarised below or disclosed at Note 20 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

(a) Cash Flow Interest Rate Risk

The consolidated entity's exposure to the risks of changes in market interest rates relates primarily to the consolidated entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates. The sensitivity to the movement in interest rates for the likely range of outcomes is immaterial.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted, resulting in a decrease or increase in overall income.

(b) Liquidity risk

The consolidated entity manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. Further, the consolidated entity only invests surplus cash with major financial institutions.

Contracted maturities of payables:

	Consolidated	
	2022	2021
	$	$
Payable		
- less than 6 months	1,790,180	668,948
- 6 to 12 months	-	-
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	1,790,180	668,948

(c) Commodity price risk

The consolidated entity has no direct commodity exposures.

(d) Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Given the current level of transactions denominated in foreign currency, the Directors consider foreign current risk not material.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Price risk

The Group is exposed to price risk on the value of its financial assets being listed investments.

If there was a 10% increase or decrease in market price of these listed investments, the net realisable value of these listed investments would increase/(decrease) by $115,483 (2021: $365,762). Accordingly, an increase of 10% in the value of the listed investments would decrease the net loss by $115,483 (2021: $365,762) and a decrease of 10% in the value of the listed investments would increase the net loss by $115,483 (2021: $365,762).

(f) Carrying values of financial instruments not recognised at fair value

Due to their short term nature, the carrying value of financial assets and financial liabilities, not recognised at fair value, recorded in the financial statements approximates their respective fair values, determined in accordance with accounting policies disclosed in Note 2 of the financial statements.

(g) Fair value hierarchy

The following table details the Groups assets and liabilities, measured or disclosed at fair value using a three level hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2022	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Fair value through profit or loss:				
Listed investments	1,154,832	-	-	1,154,832
2021				
Financial assets:				
Fair value through profit or loss				
Listed investments	3,657,619	-	-	3,657,619

(h) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last trade price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

34. RESTATEMENT OF PRIOR PERIOD BALANCES

In completing the financial statements for 30 June 2022, it was noted that the Company was not complying with the conditions of *AASB 132 Financial Instruments: Presentation*. Options with a fair value of $874,000 issued to a stockbroker during the year ended 30 June 2021 as part of their compensation in relation to a capital raising undertaken by the Company were expensed to the Statement of Profit or Loss and Other Comprehensive Income as a share-based payment rather than treated as a cost of raising capital and accounted for against equity in the Statement of Financial Position. The Company has restated its opening retained earnings as disclosed in the Statement of Changes in Equity and the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income have been restated as below.

Adjustments made to the Statement of Financial Position as at 30 June 2021

	Previous amount $	30 June 2021 Effect of the restatement $	Restated amount $
ASSETS			
Current Assets			
Cash and cash equivalents	4,477,985	-	4,477,985
Trade and other receivables	227,303	-	227,303
Total Current Assets	4,705,288	-	4,705,288
Non-current Assets			
Exploration and evaluation costs	505,032	-	505,032
Financial assets at fair value	3,657,619	-	3,657,619
Plant and equipment	114,431	-	114,431
Right of use asset	380,630	-	380,630
Total Non-current Assets	4,657,712	-	4,657,712
TOTAL ASSETS	9,363,000	-	9,363,000
LIABILITIES			
Current Liabilities			
Trade and other payables	668,948	-	668,948
Provisions	73,226	-	73,226
Lease liability	71,220	-	71,220
Total Current Liabilities	813,394	-	813,394
Non-current Liabilities			
Lease liability	314,060	-	314,060
Total Non-current Liabilities	314,060	-	314,060
TOTAL LIABILITIES	1,127,454	-	1,127,454
NET ASSETS	8,235,546	-	8,235,546
EQUITY			
Contributed equity	36,189,630	(874,000)	35,315,630
Reserves	6,419,832	-	6,419,832
Accumulated losses	(34,373,916)	874,000	(33,499,916)
TOTAL EQUITY	8,235,546	-	8,235,546

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

34. RESTATEMENT OF PRIOR PERIOD BALANCES (continued)

Adjustment made to the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Previous amount	30 June 2021 Effect of the restatement	Restated amount
	$	$	$
Income			
Other income	56,726	-	56,726
Gain on sale of investments	382,976	-	382,976
Fair value increase in financial assets	219,500	-	219,500
Total income	659,202	-	659,202
Expenses			
Administration expenses	(797,441)	-	(797,441)
Consultants and management expenses	(728,715)	-	(728,715)
Depreciation and amortisation	(48,863)	-	(48,863)
Financial costs	(7,664)	-	(7,664)
Legal expenses	(38,010)	-	(38,010)
Share-based payment expense	(1,671,448)	874,000	(797,448)
Exploration expenses	(2,291,409)	-	(2,291,409)
Acquisition of tenements	(1,335,613)	-	(1,335,613)
Foreign exchange (loss)/ gain	(1,203)	-	(1,203)
Impairment	(11)	-	(11)
Total expenses	(6,920,377)	874,000	(6,046,377)
Loss before income tax	(6,261,175)	874,000	(5,387,175)
Income tax expense	-	-	-
Loss attributable to the owners of RareX Limited	(6,261,175)	874,000	(5,387,175)
Other comprehensive loss	-	-	-
Foreign currency translation reserve	1,059	-	1,059
Total comprehensive loss attributable to owners of the parent	(6,260,116)	874,000	(5,386,116)

DIRECTORS' DECLARATION

The Directors of RareX Limited declare that:

1. In the opinion of the Directors:

   (a) the attached financial statements and the notes thereto of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2022 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards;

   (b) the attached financial statements and the notes thereto of the Company and of the consolidated entity are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Board

Jeremy Robinson
Managing Director
Dated 30 September 2022

Accountants & Advisors

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAREX LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RareX Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2022, and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Disposal of subsidiary Cosmos Exploration Ltd and profit from sale of tenements	
Key audit matter	**How our audit addressed the key audit matter**
Refer to Note 5 *Gain/(loss) on disposal of subsidiary* During the year, the Group disposed of Cosmos Exploration Ltd (Cosmos) through an Initial Public Offering (IPO) of Cosmos' share and sold its tenements to Cosmos. After the IPO of Cosmos, the Group holds a 28.57% equity interest in Cosmos and no longer controls it. As a result, the Group recognised a net gain on disposal of \$334,389 and a profit from the sale of tenements of \$2,000,000 which was settled in Cosmos shares. The disposal of Cosmos is a key audit matter due to the gain on disposal and profit from sale of tenements being material to the overall result of the Group.	• Obtaining and reviewing legal documentation in the disposal of Cosmos • Comparing the inferred valuation of Cosmos upon the IPO to the value of Cosmos' shares received in exchange of the tenements • Assessing management's control assessment of Cosmos • Assessing the calculation of the gain on disposal and the profit on sale of the tenements, and • Assessing the adequacy and appropriateness of the disclosures in the financial statements.

2. Investment in associate - Cosmos	
Key audit matter	**How our audit addressed the key audit matter**
Refer to Note 15 *Investment in associate* The Group no longer controls Cosmos and commenced accounting for the investment as an associate using the equity method. The share of Cosmos' loss to the Group is \$468,605. The carrying value of the associate also is subject to an impairment test if any impairment indicator is noted. The investment in the associate is a key audit matter due to the carrying value of the investment and share of associate profit being material to the overall result of the Group and the impairment indicator review requires judgement.	• Obtaining the audited financial statement of Cosmos for the year ended 30 June 2022 • Testing the equity accounting journals • Considering the impairment indicators of the associate at the reporting date, and • Assessing the adequacy and appropriateness of the disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's directors' report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information, and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 10 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of RareX Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

SW Audit

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Richard Gregson
Partner

Perth, 30 September 2022

ASX Additional Information

Shareholder Information

The following information is based on share registry information processed up to 28 October 2022.

Distribution of Fully Paid Ordinary Shares

The number of holders, by size of holding, for fully paid ordinary shares in the Company is:

Spread of Holders	Number of Holders	Number of Shares
1 – 1,000	278	82,954
1,001 – 5,000	593	2,286,633
5,001 – 10,000	1,019	8,342,295
10,001 – 100,000	2,706	108,032,403
100,001 and over	799	460,642,291
Total	**5,395**	**579,386,576**

There are 1,525 holders of unmarketable parcels comprising a total of 7,090,052 ordinary shares amounting to 1.22% of issued capital.

Twenty Largest Holders of Shares

	Shareholder	Number Held	% of Issued Shares
1	Mr Simon (Sui Hee) Lee	35,746,210	6.17
2	Mr Jeremy Kim Robinson	21,571,149	3.72
3	Citicorp Nominees Pty Limited	14,748,657	2.55
4	HSBC Custody Nominees (Australia) Limited	11,144,096	1.92
5	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	9,906,857	1.71
6	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	9,369,373	1.62
7	HSBC Custody Nominees (Australia) Limited – A/C 2	9,091,780	1.57
8	Chetcuti Holdings Pty Ltd	8,055,789	1.39
9	West Trade Enterprises Pty Ltd <Minderup Super Fund A/C>	8,000,000	1.38
10	BNP Paribas Nominees Pty Ltd <DRP>	6,040,344	1.04
11	Mr Maxwell Alfred Kippe	5,200,000	0.90
12	Mr Brett John Holdsworth <BJ Holdsworth A/C>	5,072,892	0.88
13	Mr Kim Robinson	4,614,706	0.80
14	Cranport Pty Ltd <No 7 AB A/C>	4,500,000	0.78
15	Cale Consulting Pty Ltd <McLean Tyndal Family A/C>	3,982,900	0.69
16	Swancave Pty Ltd <BMC Family A/C>	3,611,112	0.62
17	J P Morgan Nominees Australia Pty Limited	3,444,997	0.59
18	Andium Pty Limited	3,388,889	0.58
19	Mr John Alexander Young & Mrs Cheryl Kaye Young <The Forever Young S/F A/C>	3,333,333	0.58
20	BNP Paribas Nominees Pty Ltd ACF Clearstream	3,250,667	0.56
Total		**174,073,751**	**30.04**

There are 579,386,576 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange. There is no current on-market buy back taking place.

Substantial Holders

The Company notes the following substantial shareholder notices have been given to the Company under the Corporations Act:

Substantial Shareholder	Number Held
Mr Simon (Sui Hee) Lee	35,746,210

Voting Rights - Fully Paid Ordinary Shares

Every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share.

Unquoted Equity Securities

Quantity	Class
2,500,000	Options exercisable at $0.0607 each on or before 12 December 2022 and vesting on 20 day VWAP exceeding $0.10
2,500,000	Options exercisable at $0.0607 each on or before 12 December 2022 and vesting on 20 day VWAP exceeding $0.15
3,500,000	Options exercisable at $0.0607 each on or before 12 December 2022 and vesting on 20 day VWAP exceeding $0.20
4,000,000	Options exercisable at $0.0607 each on or before 22 December 2022 and vesting on 20 day VWAP exceeding $0.10
4,000,000	Options exercisable at $0.0607 each on or before 22 December 2022 and vesting on 20 day VWAP exceeding $0.15
4,000,000	Options exercisable at $0.0607 each on or before 22 December 2022 and vesting on 20 day VWAP exceeding $0.20
10,000,000	Options exercisable at $0.15 each on or before 30 November 2023
2,000,000	Options exercisable at $0.15 each on or before 31 December 2023
5,000,000	Options exercisable at $0.15 each on or before 31 December 2023 vesting 5 February 2022
13,500,000	Performance rights vesting on 20 day VWAP of $0.20 and 12 months service expiring 5 February 2024
13,500,000	Performance rights vesting on 20 day VWAP of $0.25 and 18 months service expiring 5 February 2024
13,500,000	Performance rights vesting on 20 day VWAP of $0.30 and 24 months service expiring 5 February 2024

Holders of Unquoted Securities Holding More than 20% of Each Class

Class	Holder	Number
Options exercisable at $0.0607 each on or before 12 December 2022 and vesting on 20 day VWAP exceeding $0.10	Guy William Moulang Rod Dog Pty Ltd	1,500,000 1,000,000
Options exercisable at $0.0607 each on or before 12 December 2022 and vesting on 20 day VWAP exceeding $0.15	Guy William Moulang Rod Dog Pty Ltd	1,500,000 1,000,000
Options exercisable at $0.0607 each on or before 12 December 2022 and vesting on 20 day VWAP exceeding $0.20	Guy William Moulang Rod Dog Pty Ltd Valtellin Pty Ltd	1,500,000 1,000,000 1,000,000
Options exercisable at $0.0607 each on or before 22 December 2022 and vesting on 20 day VWAP exceeding $0.10	Meesha Investments Mr John A Young & Mrs Cheryl K Young	2,000,000 2,000,000
Options exercisable at $0.0607 each on or before 22 December 2022 and vesting on 20 day VWAP exceeding $0.15	Meesha Investments Mr John A Young & Mrs Cheryl K Young	2,000,000 2,000,000
Options exercisable at $0.0607 each on or before 22 December 2022 and vesting on 20 day VWAP exceeding $0.20	Meesha Investments Mr John A Young & Mrs Cheryl K Young	2,000,000 2,000,000
Options exercisable at $0.15 each on or before 30 November 2023	CG Nominees (Australia) Pty Ltd	10,000,000
Options exercisable at $0.15 each on or before 31 December 2023	A and R Assets Pty Ltd Mr Leo Samson Horn	1,000,000 1,000,000
Options exercisable at $0.15 each on or before 31 December 2023 vesting 5 February 2022	Dr Christopher Baker & Mrs Judith Homewood	1,250,000
Performance rights vesting on 20 day VWAP of $0.20 and 12 months service expiring 5 February 2024	Mr Jeremy Kim Robinson	5,000,000
Performance rights vesting on 20 day VWAP of $0.25 and 18 months service expiring 5 February 2024	Mr Jeremy Kim Robinson	5,000,000
Performance rights vesting on 20 day VWAP of $0.30 and 24 months service expiring 5 February 2024	Mr Jeremy Kim Robinson	5,000,000

Schedule of Mining Tenements

Australian Tenement Schedule				
State	**Project**	**Lease No**	**RareX Interest**	**Note**
WA	Cummins Range	E80/5092	100%	
WA	Cummins Range Extension	E80/5372	100%	
WA	Weld North	E38/3455	100%	
WA	Weld North	E38/3530	100%	
WA	Weld North	E38/3531	100%	
WA	Mt Mansbridge	E80/5430	100%	
WA	Hong Kong	EL 47/3566	100%	
NSW	Condobolin	EL 7748	35%	Kincora JV
NSW	Cundumbul	EL 6661	35%	Kincora JV
NSW	Fairholme	EL 6552	35%	Kincora JV
NSW	Fairholme	EL 6915	35%	Kincora JV
NSW	Trundle	EL 8222	35%	Kincora JV
NSW	Jemalong	EL 8502	35%	Kincora JV

Moroccan Tenement Schedule			
Licence Name	**Licence No**	**RareX interest**	**Note**
Tizi Belhaj	234 08 79	20%	Earning up to 100%
Bou Amzil	233 88 04	20%	Earning up to 100%
Imdere	233 94 05	20%	Earning up to 100%
Bou Amzil Extension	PR 384 22 26	-	100% on completion

Company Secretary

Ms Oonagh Malone

Registered Office

Unit 6, 94 Rokeby Road, Subiaco WA 6008
Telephone: +61 8 6383 6593

Share Registry

Automic Registry Services
126 Phillip Street, Sydney NSW 2000
Telephone: 1300 992 916