

ASX Release  
22 April 2025

## RareX and Iluka in consortium for Mrima Hill

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### Highlights

- **RareX and Iluka Resources establish a consortium** to apply for the Mrima Hill rare earth-niobium-phosphate-manganese project in Kenya and for the formation of a special purpose vehicle (“SPV”) for its de-risking and development.
- **Mrima Hill is a globally significant rare earth project** in Kwale County in Kenya, less than 100km from Mombasa, 15km from the Indian Ocean coast, next to a sealed highway and close to geothermal power grids. It is also prospective for phosphate, niobium and manganese.
- **Formal submission for Mrima Hill Rare Earths Project in Kenya has been made** by the consortium to Kenya’s National Mining Corporation (“NAMICO”) under Kenya Mining Act chapter 306, Laws of Kenya (“Mining Act”) which, if successful, will see the proposal presented to the cabinet secretary for Mining, Blue Economy and Maritime Affairs (“Cabinet Secretary”) to contemplate the formation of a joint venture with NAMICO.
- **The SPV will allow for RareX to take the lead in the project** focussing on community engagement, environmental protection and technical derisking through studies and field work, aligned to RareX’s skills and experiences, particularly from Cummins Range which is a similar style deposit and from which learnings can be directly applied.
- **If the proposal is successful, Iluka will be granted a 25% ownership in the SPV** with RareX for at least a 20% economic interest in the project throughout the Prospecting Licence phase and until a Mining Licence is granted. RareX will fund all costs incurred by the Consortium until the Mining Licence is granted.
- **The consortium agreement includes a binding conditional offtake term sheet with Iluka for all rare earth and heavy mineral product from Mrima Hill** with rare earths having the potential to feed the Eneabba refinery facility in Western Australia, itself a coastal facility on the Indian Ocean. Eneabba is under construction and supported by an AU\$1.65B Australian federal government non-recourse loan.
- **The consortium proposal submission to NAMICO contains support from a range of potential technical and financial partners** including from Curtin University who, under an MOU with RareX, intend to support RareX in transferring skills to Kenyans to immediately support the project and prepare to operate the project in the longer term.

**Cautionary Note:** At present, there are no guarantees that the consortium’s application for the Mrima Hill Project will be accepted and that the consortium will be invited to negotiate with NAMICO and the State Department for Mining the terms on which the proposed Prospecting Licence will be granted. The grant of the Prospecting Licence remains subject to discretion of NAMICO and the Cabinet Secretary and therefore investors are cautioned not to place undue reliance on the grant of the Prospecting Licence.

### Summary

**RareX Limited (ASX: REE, REEO)** is pleased to announce that it has entered into a consortium agreement with Iluka Resources Limited (ASX: ILU) to apply for the Mrima Hill rare earth-niobium-phosphate-manganese project licence (“the Project”, “Mrima Hill”) (“Consortium Agreement”), and that the consortium has made a formal application to the National Mining Corporation of Kenya (“NAMICO”), which has now been formally received by NAMICO.

For more information,  
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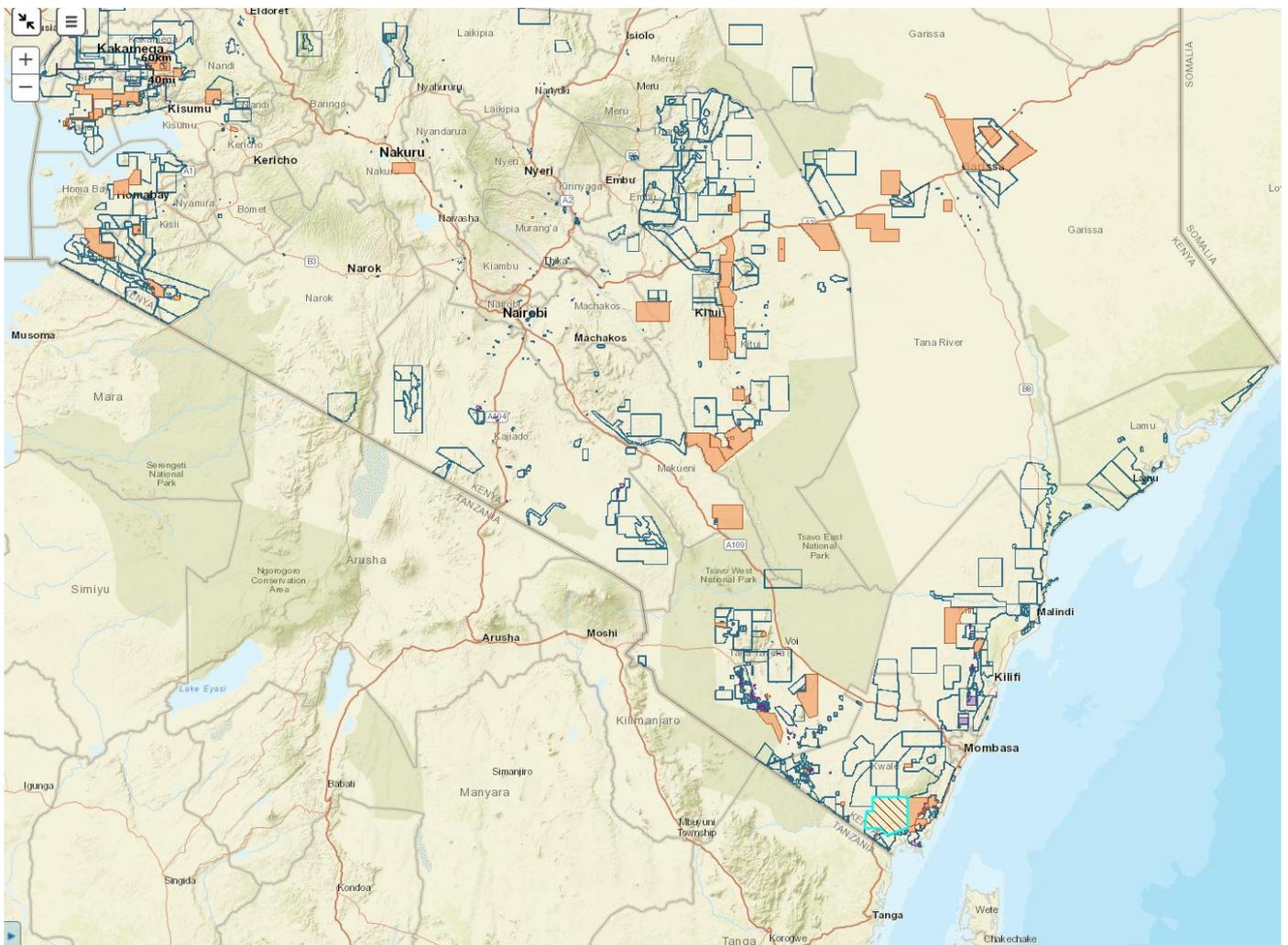


Subject to the application being successful, the parties agree to establish a Special Purpose Vehicle (“SPV”) to pursue the acquisition, de-risking and development of the Mrima Hill Project and to negotiate the terms of a formal shareholders agreement. The Consortium Agreement sets out that Iluka will hold a 25% equity stake in the SPV as well as the terms for rare earth offtake to potentially provide feed to Iluka’s Eneabba rare earth refinery, and heavy mineral offtake.

The Consortium Agreement intends for RareX to take the lead in de-risking the Project with a strong initial focus on socio-environmental matters followed by metallurgical and value chain engineering studies including the installation of local laboratory and pilot plant capability in the short to medium term.

### Application and proposal for Mrima Hill

The Mrima Hill Project is currently owned by the Ministry of Mining, Blue Economy and Maritime Affairs, and, under Kenyan Law, its de-risking and future development will require a joint venture with the national mining corporation, NAMICO.



**Figure 1:** Map of Kenya with Mrima Hill Project outlined in light blue in southern corner of Kenya.

An application has been made by the consortium to NAMICO which is aimed at securing approval to form a strategic partnership with NAMICO via a joint venture, into which the Prospecting Licence will transfer (“JVco”). NAMICO has confirmed receipt of the application and is currently reviewing the proposal in parallel with the State Department for Mining. At present, there are no guarantees that the consortium’s application will be accepted and that the consortium will be invited to negotiate with NAMICO and the State Department for Mining the terms on which the proposed Prospecting Licence will be granted. The grant of the Prospecting Licence remains subject to discretion of NAMICO and the Cabinet Secretary and therefore investors are cautioned not to rely on the grant of the Prospecting Licence. RareX will continue to inform the market of the progress of the application in accordance with its obligations under Listing Rule 3.1.

If the consortium’s proposal is accepted, the RareX-Iluka SPV will be formed and will become the counterparty to NAMICO in the JVco.

This process is in accordance with the Kenya Mining Act. If successful and the project licence (“Prospecting Licence”) is granted to the JVco, RareX will lead the necessary socio-environmental, resource definition, and engineering study work. This body of work is the prerequisite for a Mining Licence under which the Project would be licenced to move into construction and operations.

RareX and Iluka have signed a binding offtake term sheet (“Term Sheet”) which sets out the terms for a long-form offtake agreement. The commencement of sale and purchase of material under the Term Sheet (but not the Term Sheet itself) is subject to conditions precedent including the grant of a Mining Licence, the commencement of commercial production, Iluka board approval for the definitive agreement and regulatory and financing approvals.

If the procurement process is successfully completed and the Prospecting Licence is issued to the JVco, RareX will focus on community engagement and environmental assessments as a priority. It is critical that before any activity is initiated on the Project, there is a social licence to operate.

To achieve a social licence to operate, RareX intends to build local teams with support from experienced companies that specialise in community development. This includes employing, where possible, relevant teams previously established to support the Kwale Mineral Sands Operation which has entered its closure phase. Kwale Mineral Sands Operation, previously owned by Australian company, Base Resources Limited (ASX:BSE), is close to the Mrima Hill Project.

RareX’s vision, as the intended future operator, is to work with Iluka to enable the rare earths to be processed at Iluka’s Eneabba facility, whilst building out local value chains for manganese, phosphate and niobium, important to Kenya’s domestic industries.

In connection with the application, RareX is in preliminary discussions with GEM - Global Emerging Markets - regarding a potential facility to fund the working capital requirements of the Company associated with the Project. The terms of the facility, including the quantum of the facility, are not yet in agreed form and there are no guarantees that the potential facility will become available to RareX. The Company may consider other options for funding.

#### **RareX’s Managing Director, James Durrant, commented:**

*“We are delighted to welcome Iluka as a strategic partner for the application and potential development of the Mrima Project. Their commitment, through a 25% ownership in the Special Purpose Vehicle, reflects the significant potential of this world-class deposit. This partnership will enable RareX to leverage Iluka’s expertise and resources as we work*

*toward creating a major, multi-commodity project in Kenya, where the rare earths components are integrated with an Australian, government backed, value chain.*

*“If successful, the Project could become part of a unique and independent mine to rare earth metal solution, backed by allied governments, and could contribute to deeper diplomatic relations between two Commonwealth countries, both non-NATO strategic allies of the US and both members of the Indian Ocean Rim Association.*

*“Our proposal would allow Australia to provide the complex rare earth value-add in a critical metals value chain, whilst providing Kenya with a major mining project and a domestic supply of manganese, niobium and phosphate for the local steel and agricultural sectors.*

*“We are excited about the next steps and are confident that this collaboration will drive the successful development of Mrima Hill for the benefit of all stakeholders.”*

### Key terms of the Consortium Agreement and Offtake Term Sheet

- The Consortium Agreement is a binding bidding agreement for the submission of the proposal to NAMICO for the Project, intended to govern the relationship of the consortium through the acceptance of the Project proposal and execution of a formal shareholders agreement.
- If the Project proposal is accepted by NAMICO, a RareX-Iluka SPV will be formed on a 75-25% basis respectively.
- RareX will bear the costs of the consortium until the grant of a Mining License. Once a Mining Licence is granted, Iluka will have the right to preserve its participation in the SPV by paying USD\$10M into the SPV, following which normal dilution clauses will apply.
- The Consortium Agreement includes a binding Offtake Term Sheet that will be converted into a long-form offtake agreement between Iluka and the JVco.
- Offtake is on a right of first refusal basis over all rare earth and mineral sands products from Mrima Hill with a performance bonus equivalent to a 10% price discount in return for technical support to the JVco.
- The offtake is limited to rare earth and mineral sands products allowing other potential products from the projects, including niobium, phosphate and manganese to be developed and sold separately, including into domestic Kenyan markets.

### About RareX

RareX Limited is an Australian-based rare earth resources company focused on the development of critical minerals projects, including Cummins Range, Australia’s largest undeveloped rare earth project. The Mrima Hill Rare Earths Project in Kenya has significant parallels to the Cummins Range Project and has the potential to be a sole or combined source of rare earth mineral products for further refining in Australia. The Company is committed to advancing a pipeline of projects to deliver high-quality rare earths products essential for the global energy transition.

### About Iluka Resources

Iluka Resources is a global critical minerals company with expertise in exploration, project development, mining, processing, marketing and rehabilitation. With more than 70 years’ industry experience, Iluka is a leading producer of zircon and highgrade titanium feedstocks (rutile and synthetic rutile). Via the company’s development of Australia’s first fully-integrated rare earths refinery at Eneabba in Western Australia, Iluka is set to become a globally material supplier of separated rare earth oxides.

### About Mrima Hill Project

The Mrima Hill Rare Earths Project is located in southern Kenya and is considered to be prospective for neodymium and praseodymium (NdPr), essential for a wide range of green technologies. RareX will take the lead on developing the Project responsibly and sustainably with multiple product streams including phosphate and manganese for local markets, and rare earths for Iluka's Eneabba facility in Australia. While RareX has undertaken diligence on the Mrima Hill Rare Earths Project, it considers the application by the consortium to be too preliminary to provide commentary on the tenure of the Project and, accordingly, provide information in respect to the mineralisation of the Project. RareX will provide an update on the Project tenure and mineralisation upon the grant of the Prospecting Licence.

### About Kenya

Kenya has 85% renewable energy grid through geothermal, is a non-NATO strategic ally of the US, is a member of the Commonwealth of Nations and the Indian ocean Rim Association. Kenya has an active steel sector including the refining of manganese and the casting of steel products. Kenya also imports 100% of its phosphate fertilisers. Agriculture is a major industry in Kenya.

Kenya is emerging as an increasingly attractive destination for mine development, with good infrastructure and reliable international partnerships. 85% of its grid is powered by renewable sources, primarily geothermal energy. Its geopolitical position has been strengthened by its recent designation as a major non-NATO U.S. ally ("MNNA"). This status, unique in Sub-Saharan Africa, opens up opportunities for enhanced defence cooperation and potential long-term commercial defence solutions. Additionally, Kenya's membership in the Commonwealth of Nations and the Indian Ocean Rim Association further solidifies its international standing and trade connections.

Kenya is actively working to unlock its mineral potential. It possesses a wide range of minerals, including gold, titanium, rare earth elements, and industrial minerals. Recent government initiatives include comprehensive geophysical surveys, updating the national mineral map, and implementing policies to promote domestic processing and value addition.

Kenya has an active steel industry, which forms approximately 13% of the manufacturing sector. The country has capabilities in refining manganese and casting steel products, primarily serving the construction industry. However, the sector faces challenges due to the high cost of imported raw materials.

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

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## About RareX Limited – ASX: REE

RareX is a critical minerals company specialising in rare earths and niobium in hard rock carbonatites.

The **exploration** focus of the business is on the new Khaleesi Project in the East Yilgarn which is a district-scale, elevated-niobium, alkaline intrusive complex, the Mt Mansbridge xenotime heavy rare earths project near Browns Range and the Cummins Range near-mine anomalies.

The Company's **engineering** and commercial focus is on the mid-study-level, Cummins Range Project (+\$330M NPV<sub>8</sub> post-tax\*) - a carbonatite hosted rare earths, gallium, scandium and phosphate project, containing a critical metal suite including magnet grade rare earths and battery grade phosphates and technically Australia's largest undeveloped rare earths project.

RareX have been curating a portfolio of carbonatite related projects including the newly acquired bulls-eye Piper Project along trend from both Nolans Bore and the Luni niobium deposit. RareX will continue to develop and optimise its portfolio.

RareX maintains material investments in Kincora Copper (ASX:KCC), Cosmos Exploration (ASX:C1X) and Canada Rare Earth Corporation (LL.V).

**For further information on the Company and its projects visit [www.rarex.com.au](http://www.rarex.com.au)**

\* The forecast financial information was released on 22 August 2023. The Company confirms that the material assumptions underpinning the production target and forecast financial information continue to apply and have not materially changed