
IONIC RARE EARTHS LIMITED
ABN 84 083 646 477

ANNUAL REPORT

30 JUNE 2021

IONIC RARE EARTHS LIMITED
CORPORATE DIRECTORY
ABN 84 083 646 477

This annual report covers the consolidated entity of Ionic Rare Earths Limited (“IonicRE”) and its subsidiaries. The consolidated entity’s functional and presentation currency is AUD (\$).

A description of the consolidated entity’s operations and of its principal activities is included in the review of operations and activities in the directors’ report.

Directors

T B Benson - Chairman
T J Harrison - Managing Director
J Kelley - Executive Director
M E McGarvie - Non-Executive Director

Company Secretary

B D Dickson

Registered Office and Principal Place of Business

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34 Colin Street
West Perth WA 6005
Telephone: 08 9481 2555
Fax: 08 9485 1290

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St. George’s Terrace
Perth WA 6000
Telephone: 1300 787 272

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Bank

National Australia Bank
Level 1, Gateway Building
177-179 Davy Street
Booragoon WA 6154

Solicitors

K & L Gates
Level 32
44 St. George’s Terrace
Perth WA 6000

Stock Exchange

Australian Securities Exchange
Code: IXR

Website

www.ionicre.com.au

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DIRECTORS

The names and details of the directors of Ionic Rare Earths Limited in office during the financial year and until the date of this report are as follows. Directors were in office for the whole of the financial year, unless otherwise stated.

T Benson B.Sc (Chairman) – appointed 31 August 2020

Mr Benson has extensive experience as an investment banker and has served on a number of ASX listed company boards as both Chairman and Director. He has specialised in cross border transactions within the natural resources sector across China, Africa and SE Asia, and has been an adviser to Chinese State-Owned Enterprises (SOE's). His specialist activities include corporate funding solutions within the natural resources domain. Trevor holds a Bachelor of Science Degree from the University of Western Australia.

Other Public Company Directorships in the past 3 years

Walkabout Resources Ltd
Cannon Resources Limited

T Harrison B.Eng (Chem), Fellow AusIMM (Managing Director) – appointed 21 December 2020

Mr. Harrison was previously appointed Chief Executive Officer on 26 June 2020, after initially joining the Company as the Project Manager of IonicRE's Makuutu Rare Earths Project at the start of 2020. Tim has been instrumental in driving the development of Makuutu and identifying opportunities for enhanced value creation through downstream refining.

Tim holds a Bachelor of Chemical Engineering degree from Adelaide University and has over 20 years of experience and an extensive and successful track record in the fields of both mineral processing and hydrometallurgy across multiple commodities, including significant battery and technology metals experience.

This has involved roles in project development, from process development, through studies and engineering, and commissioning and operations. Tim is a Fellow of the Australian Institute for Mining and Metallurgy (AusIMM).

Other Public Company Directorships in the past 3 years

Nil

J Kelley (Executive Director) – appointed 7 July 2021

Ms. Kelley has previously held roles at the highest levels of international leadership and has played a crucial role in supporting U.S. military operations spanning over 60 countries, collectively known as the U.S. Coalition Allies. Ms. Kelley's networks in, and knowledge of, Europe, the Middle East, Asia, and South and Central America have helped advance American interests during the most critical points in current history. A former honorary ambassador to U.S. Central Command General Mattis and CIA Director David Petraeus. Ms. Kelley received the Pentagon's esteemed Joint Chiefs of Staff Award for her leadership, along with the Multi-National Military Forces Award, an honour only bestowed upon a few individuals.

Other Public Company Directorships in the past 3 years

Nil

M McGarvie MBT, MAICD, FAIM (Non-Executive Director) – appointed 16 July 2021

Mr. McGarvie is a senior mining executive with an extensive portfolio of technical/managerial appointments in a career exceeding 45 years in mine development, mineral processing, operational and management roles across Australia, Africa and the Middle East. He has had a long and distinguished career in the mining industry, a significant portion of this with Iluka Resources Limited and prior entities, including development roles within its mineral sands operation at Eneabba, Western Australia and a major role in returning the Sierra Rutile mineral sands operation in Sierra Leone (operated by Iluka) to profitable operations following the civil war in that country.

Other Public Company Directorships in the past 3 years

Nil

B Dickson B.Bus, FCPA, FGIA, MAICD – **(Company Secretary)** – appointed a director on 21 November 2014 (resigned as a director on 21 December 2020).

Mr Brett Dickson has over 20 years' experience in the financial management of companies, principally companies in early stage development of its resource or production and offers broad financial management skills. He has been Company Secretary and Chief Financial Officer (CFO) for a number of successful resource companies listed on the ASX.

Other Public Company Directorships in the past 3 years

Rox Resources Limited

A Rovira BSc (Hons), MAusIMM - **(Chairman, Non-Executive Director)** - appointed 21 November 2014 (resigned 21 December 2020)

Mr Tony Rovira has over 30 years technical and management experience in the mining industry, as an exploration and mining geologist, and as a company executive at Board level. Since graduating from Flinders University in South Australia in 1983, Tony has worked for companies both large and small, including BHP, Barrack Mines, Pegasus Gold and Jubilee Mines.

From 1997-2003 Tony was the General Manager of Exploration with Jubilee Mines, during which time he led the team that discovered and developed the world class Cosmos and Cosmos Deeps nickel sulphide deposits in Western Australia. In the year 2000, the Association of Mining and Exploration Companies awarded Mr Rovira the "Prospector of the Year Award" for these discoveries.

Other Public Company Directorships in the past 3 years

Azure Minerals Limited.

M Steffens BEng(Hons), PhD, MAusIMM - **(Non-Executive Director)** - appointed 30 November 2018 (resigned 31 August 2020)

Dr Steffens is a minerals engineer with a PhD in metallurgy from the WA School of Mines. His experience covers a broad range of commodities and includes areas of project evaluation, project management and process development, as well as experience in African minerals projects. He is a Member of the Australian Institute of Mining and Metallurgy.

Other Public Company Directorships in the past 3 years

Nil

B Marwood – **(Non-Executive Director)** – Appointed 21 December 2020 (resigned 16 July 2021)

Mr Marwood is a mining engineer and resources industry executive with more than 30 years of experience. He was instrumental in bringing into production the copper mines at Kipoi (DRC) and Rapu (Philippines); completing development of the Svartliden gold mine (Sweden) and has managed numerous feasibility studies and advanced stage resource projects in Australia, Africa, North America and Asia. He has worked in senior roles for groups such as Normandy Mining Ltd, Dragon Mining Ltd, Lafayette Mining Ltd, Moto Goldmines Ltd, Tiger Resources Ltd and Perseus Mining Ltd before his most recent role as Managing Director of Consolidated Zinc Limited.

Other Public Company Directorships in the past 3 years

Consolidated Zinc Limited

Middle Island Resources Limited

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report the interests of the directors in the securities of the company were:

	Number of Ordinary Shares*	Number of Options over Ordinary Shares*
T Benson (appointed 31 August 2020)	-	20,000,000
T Harrison (appointed 16 December 2020)	4,750,000	40,000,000
J Kelley (appointed 7 July 2021)	-	-
M McGarvie (appointed 16 July 2021)	-	-
B Marwood (resigned 16 July 21)	-	-
B Dickson (resigned 21 December 2020)	25,703,364	20,000,000
A Rovira (resigned 21 December 2020)	53,575,915	30,000,000
M Steffens (resigned 31 August 2020)	-	20,000,000

* represents holding at time of resignation if director resigned during the year

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the end of the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the *Corporations Act 2001*.

DIRECTORS' MEETINGS

During the year 8 directors' meetings were held. The number of meetings attended by each director was as follows:

	No. of meetings held while in office	Meetings attended
T Benson	4	4
T Harrison	4	4
J Kelley	-	-
M McGarvie	-	-
B Marwood	4	4
B Dickson	2	2
A Rovira	2	2
M Steffens	2	2

As at the date of this report, the company did not have audit, remuneration or nomination committees, as the directors believe the size of the company does not warrant their existence.

DIVIDENDS PAID OR PROPOSED

The company has not paid any dividends since the commencement of the financial year, and no dividends are proposed to be paid.

CORPORATE INFORMATION

The Financial Statements of Ionic Rare Earths Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on xx September 2021. The group's functional and presentation currency is AUD (\$).

Ionic Rare Earths Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

Principal Activities

The principal activity during the year of the group was investment in the mining and resource sector.

The group's business is conducted from operations located in Australia and Uganda through its 51% owned affiliate Rwenzori Rare Metals Limited. During the year the Company sold its 100% owned subsidiary Minera San Cristobal, SA which had conducted operations in Nicaragua.

Employees

Other than the Directors the group had 1 employee at 30 June 2021 (2020: Nil).

OPERATING AND FINANCIAL REVIEW

Covid-19

On 24 March 2020 and in response to the worsening COVID-19 pandemic and the ensuing global uncertainties and volatilities the Company suspended its exploration activities at Makuutu. In coming to this decision, the company considered advice and noted the actions of regulatory bodies and authorities in the jurisdictions of both Australia and Uganda.

The company took that step to safeguard the wellbeing and safety of its African-based team, contractors and the community in which the company operates. Additionally, at that time the company implemented necessary policies and procedures which include “no travel”, “social distancing”, “no congregating in groups” and “working from home where possible”.

While some restrictions have eased and the impact of COVID-19 is not expected to significantly affect the 2021/22 work program at Makuutu, the Company will continue to monitor the situation with the wellbeing of staff, contractors and community being of the utmost importance.

The Company was not eligible for and did not receive any government grant during the period.

Overview

Makuutu, Rare Earth Elements (IonicRE 51% earning up to 60%)

During the past financial year, Ionic Rare Earths Limited (**IonicRE** or **the Company**) has been solely focused on the progression and development of the Makuutu Rare Earths Project (**Makuutu** or **the Project**) in Uganda. Makuutu is 100% owned by the private Ugandan company Rwenzori Rare Metals Limited (**Rwenzori**), of which IonicRE is participating in an earn in agreement and has increased ownership from 31% at 30 June 2020, to 51% announced in October 2020 post submission of the application to renew Retention Licence 1693. The terms of the earn in provide a framework for IonicRE to acquire up to a 60% interest in Makuutu and Rwenzori upon completion of the Feasibility Study (expected before 1 November 2022) and has a pre-emptive right on the remaining 40%.

When IonicRE initially acquired their interest in Makuutu, the Project originally comprised three licences covering approximately 132 km² located some 40 km east of the regional centre of Jinja and 120 km east of the capital city of Kampala (Figure 1 and Figure 2).



Figure 1. Makuutu Rare Earths Project Location.

The area has excellent infrastructure with tarred (sealed) roads, rail, power and water all nearby giving good access throughout the year irrespective of weather conditions. The extent of the infrastructure immediately available to the Project is also illustrated within Figure 2.



Figure 2: Makuutu Rare Earths Project Location with major existing infrastructure.

Makuutu contains ionic adsorption clay (**IAC**) Rare Earth Element (REE) mineralisation similar to the ionic clay-type deposits of southern China where the world's cheapest and most readily accessible sources of Critical and Heavy Rare Earth Oxides (**CREO** and **HREO**) are extracted by rudimentary mining and processing methods.

Ionic clay-hosted Rare Earth deposits are significantly different from hard rock-hosted Rare Earth deposits. Typically, Rare Earth minerals can be recovered from ionic clay mineralisation using salt washing in mild leaching conditions to produce a high-grade Rare Earth Oxide (**REO**) chemical precipitate concentrate. This generally presents practical processing advantages which are summarised in the Figure 3.

IONIC CLAY RARE EARTH ELEMENTS VS HARD ROCK RARE EARTH ELEMENTS PROJECTS		
Significant project and cost advantages associated with ionic clay projects like Makuutu		
MINING/PROCESSING STAGES	IONIC ADSORPTION CLAY-HOSTED REE	HARD ROCK-HOSTED REE
Mineralisation	Soft material, negligible (if any) blasting Elevated HREO/CREO product content	Hard rock; Bastnaesite and Monazite (LREO dominant); Xenotime (HREO dominant)
Mining	Low relative operating costs: Surface mining (0-20 m) Minimal stripping of waste material Progressive rehabilitation of mined areas	High relative operating costs: Blasting required Could have high strip ratios
Processing Mining Site	No crushing or milling Simple process plant Potential for static or in-situ leaching with low reagent consumption at ambient temperature	Comminution, followed by beneficiation that often requires expensive (flotation) reagents to produce mineral concentrate
Mine Product	Mixed high-grade rare earths precipitate, either oxide or carbonate (+90% TREO grade) for feedstock directly into Rare Earth separation plant, low LaCe content	Mixed REE mineral concentrate (typically 20-40% TREO grade), high LaCe content, requires substantial processing before suitable for feed to rare earth separation plant
Product Payability	70-80% payability as mixed Rare Earth oxide/carbonate/chloride	35-40% payability as a mineral concentrate
Processing - Environmental	Non-radioactive tailings Solution treatment and reagent recovery requirements (somewhat off-set by advantageous supporting infrastructure)	Tailings often radioactive (complex and costly disposal) Legacy tailing management
Processing - Refinery (Typically not on Mining site)	Simple acid solubilisation followed by conventional REE separation Complex recycling of reagents and water	High temperature mineral "cracking" using strong reagents to solubilise the refractory REE minerals Complex capital-intensive plant required Radionuclide issues follow REE mineral concentrates

Figure 3: Comparison of advantages of with IAC over hard rock REE projects.

During the past financial year, the Company initiated a review of available information across the project area with a view to the potential for extension of mineralisation and in October 2020, two new additional tenements, Exploration Licences 00147 and 00148, were lodged to the Directorate of Geological Survey and Mines (DGSM) in Uganda. The new Exploration Licences present different opportunities which include:

- EL00147 covers an extensive area interpreted to host the continuation of the REE mineralised basin.
- EL00148 covering an area that has potential for rare earth mineralisation but also aggregate, stone and other materials that may be of use during project development, plus provide additional sites suitable for the process plant immediately adjacent an existing 132 kV transmission corridor.

The two new tenements, illustrated in Figure 4 on the radiometric ternary image, and Figure 5 showing the infrastructure development across the tenements, were approved in December 2020 and increased the overall tenement portfolio at Makuutu to approximately 243 km², or 234,000 hectares (Ha).

A breakdown of the tenements and status is provided in Table 1.

Table 1: Makuutu Rare Earths Project tenement Details as at 30 June 2021.

Licence ID	Licence Type	Application Date	Granted Date	Expiry Date	Area (km ²)
RL 1693	Retention	11/07/2017	02/11/2017	01/11/2022	43.78
RL 0007	Retention	27/03/2019	27/11/2019	27/11/2022	43.38
EL 1766	Exploration	07/04/2017	06/07/2018	05/07/2021	47.02
EL00147	Exploration	19/10/2020	28/12/2020	27/12/2023	60.30
EL00148	Exploration	21/10/2020	28/12/2020	27/12/2023	48.15

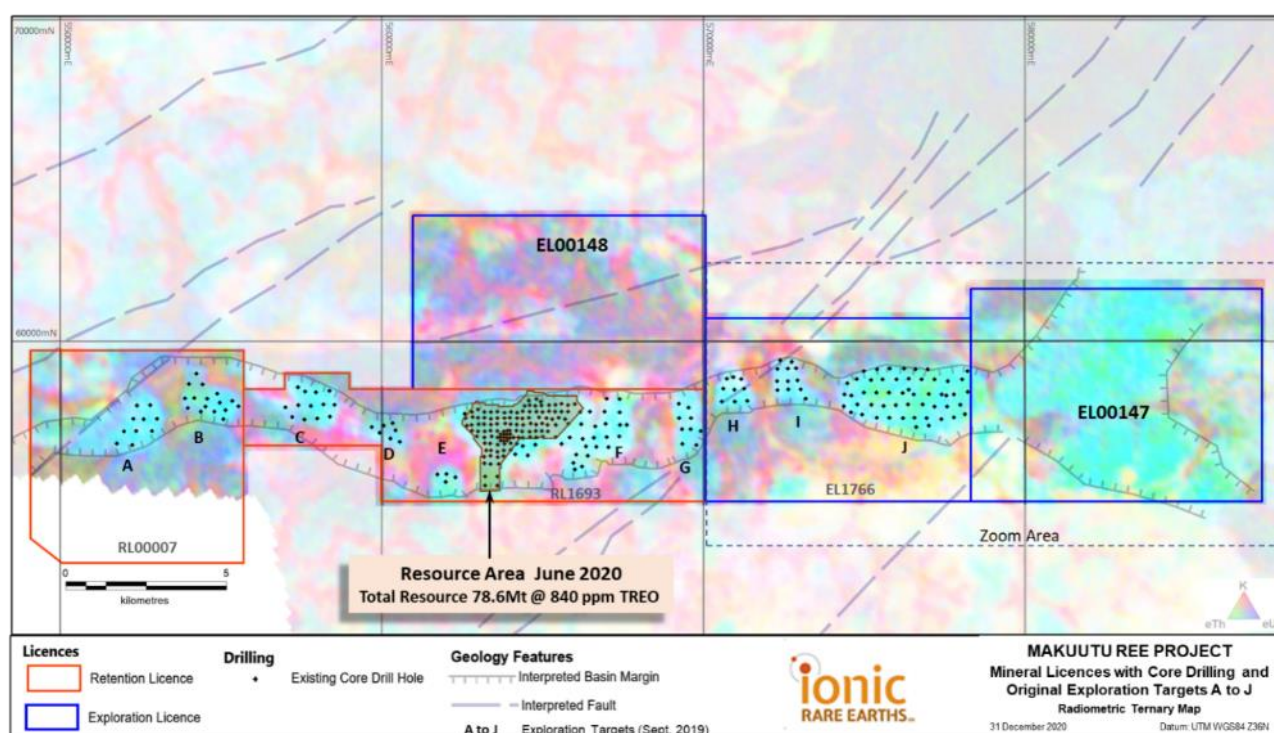


Figure 4: Makuutu Rare Earths Project tenement licences on ternary radiometric map.

On 13 July 2020, the company resumed the Phase 2 drill program at Makuutu, which was a 4,000-metre drill program aimed at increasing the overall Mineral Resource Estimate at Makuutu expanding beyond the central licence RL 1693 and further testing both eastern and western tenements held at the time. The Phase 2 drill program initially commenced on 16 March 2020, however this was suspended shortly thereafter with only 11 holes and 240 metres drilled prior to Government-imposed COVID-19 control measures rolled out.

The Phase 2 drill program added a further 3,700 metres (222 holes) stretching across approximately 26 kilometers of target of Makuutu between July 2020 and November 2020. The drill program specifically was a combination of drilling based upon spacing of 100m, 200m and 400m to provide sufficient information for the Project to confirm requirements for resource classification.

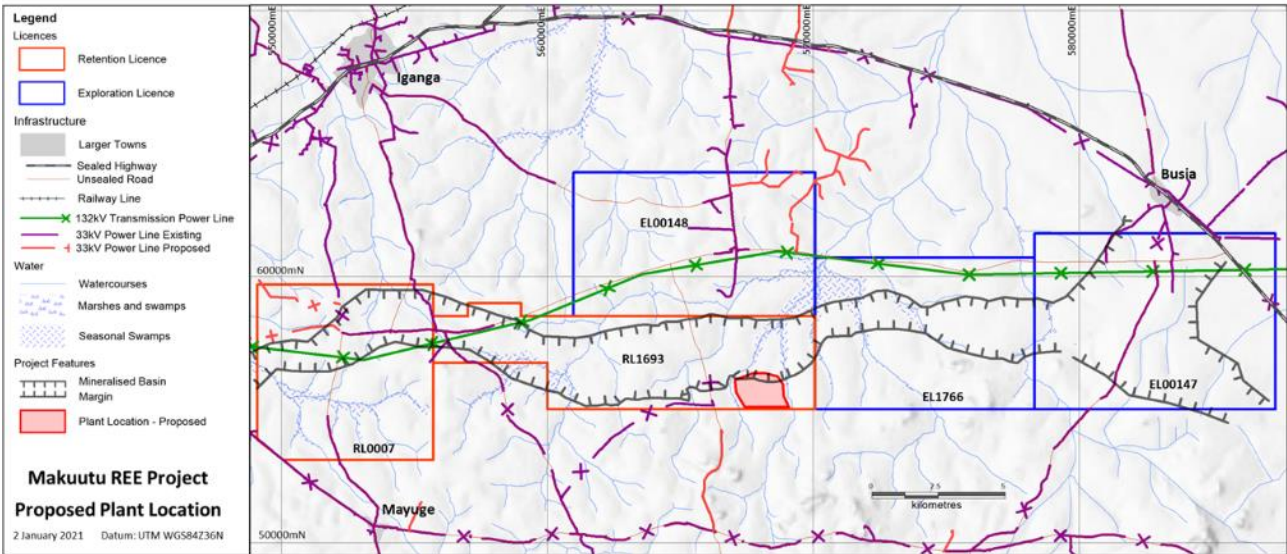


Figure 5: Makuutu Rare Earths Project including new ELs and currently installed available infrastructure.



Figure 6: Drilling resuming at Makuutu Rare Earths Project with hole RRMDD058

Of the 222 holes drilled across RL 1693, RL 00007 and EL 1766, 216 intersected mineralised clay grading greater than 200 ppm Total Rare Earth Oxides (TREO) minus cerium oxide (CeO₂). This culminated in a substantial update to the Mineral Resource Estimate (MRE) at Makuutu announced on 3 March 2021, which increased the total TREO content by 210% at Makuutu. The MRE update is provided in Table 2.

Table 2: Makuutu Resource above 200ppm TREO-CeO₂ Cut-off Grade

Resource Classification	Tonnes (millions)	TREO ¹ (ppm)	TREO-CeO ₂ (ppm)	LREO ² (ppm)	HREO ³ (ppm)	CREO ⁴ (ppm)	Sc ₂ O ₃ (ppm)
Indicated Resource	66	820	570	590	230	300	30
Inferred Resource	248	610	410	450	160	210	30
Total Resource	315	650	440	480	170	230	30

Rounding has been applied to 1Mt and 10ppm which may influence averaging calculation.

The MRE determined classified resources in nine (9) of the eleven (11) drilled areas.

Indicated Resources were constrained to the Makuutu Central Zone (MCZ) (RL 1693) where the 200-metre x 200-metre drill spacing has provided adequate data for this level of confidence. The Inferred Resource areas are drilled on a 400-metre x 400-metre spacing and will require further infill drilling to increase resource confidence.

Areas C and E failed to convert to resources during the MRE update, with mineralisation lacking sufficient continuity at the 400-metre x 400-metre drill spacing to be classified. These areas can be tested with closer spaced drilling in the future to provide more confidence in the continuity of mineralisation, which will have the potential to add further resource. As such, Exploration Targets have been maintained for these areas and future core drilling will look to convert these to additional resource.

The reported resources by each of the areas is listed in Table 3 with the resource areas shown by resource classification in Figure 7.

Table 3: Mineral Resources by Area

Classification	Indicated Resource			Inferred Resource			Total Resource		
Area	Tonnes (millions)	TREO (ppm)	TREO-CeO ₂ (ppm)	Tonnes (millions)	TREO (ppm)	TREO-CeO ₂ (ppm)	Tonnes (millions)	TREO (ppm)	TREO-CeO ₂ (ppm)
Central Zone	66	820	570	51	730	500	118	780	540
A				12	570	390	12	570	390
B				25	410	280	25	410	280
C				-	-	-	-	-	-
D				6	560	400	6	560	400
E				-	-	-	-	-	-
Central Zone East				37	740	520	37	740	520
F				11	570	390	11	570	390
G				6	660	450	6	660	450
H				4	780	560	4	780	560
I				96	550	350	96	550	350
Total Resource	66	820	570	248	610	410	315	650	440

Rounding has been applied to 1Mt and 10ppm which may influence averaging calculations.

¹ TREO (Total Rare Earth Oxide) = La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Y₂O₃ + Lu₂O₃.

² LREO (Light Rare Earth Oxide) = La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃

³ HREO (Heavy Rare Earth Oxide) = Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃, + Y₂O₃ + Lu₂O₃

⁴ CREO (Critical Rare Earth Oxide) = Nd₂O₃ + Eu₂O₃ + Tb₄O₇ + Dy₂O₃ + Y₂O₃ (From U.S. Department of Energy, Critical Materials Strategy, December 2011)

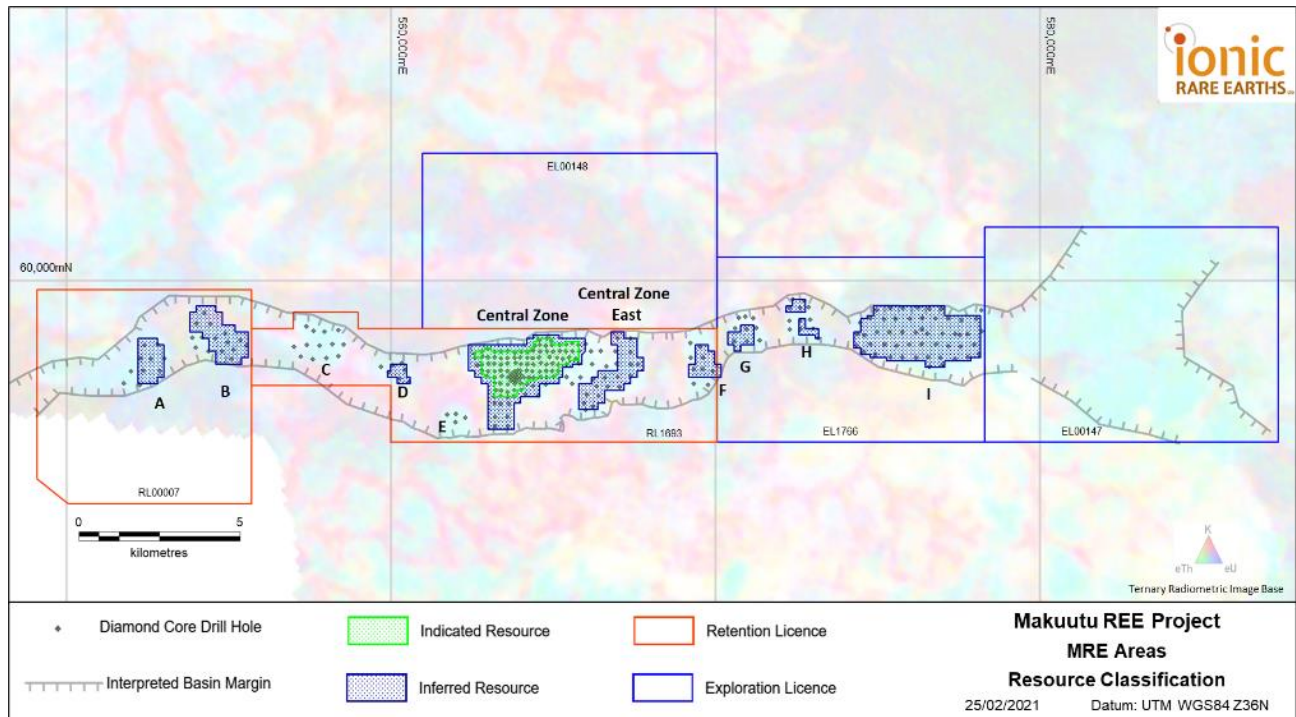


Figure 7: Mineral Resource Estimate (MRE) areas by classification

The REE mineralisation is concentrated in the weathered profile where it has dissolved from its primary mineral form, such as monazite and xenotime, then ionically bonded (adsorbed) or colloiddally bonded on to fine particles of aluminosilicate clays (e.g. kaolinite, illite, smectite). The adsorbed and colloidal REE is the target for extraction and production of REO at Makuutu, with the profile illustrated within Figure 8.

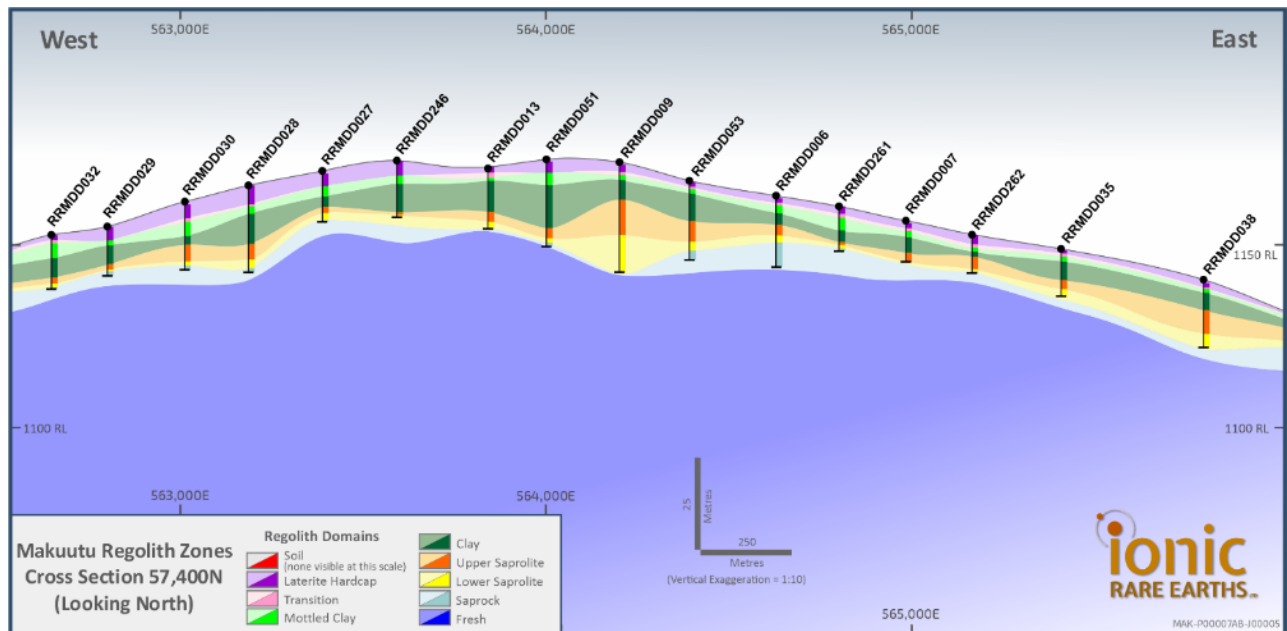


Figure 8: Cross Section 57,400N (Looking North) Regolith Zonation (10x vertical exaggeration)

On 3 March 2021, the Company announced Exploration Targets for the areas which failed to convert and post the MRE update plus new tenements acquired at Makuutu.

In RL 1693, areas C and E drilled in the 2020 drilling program and modelled in the MRE failed to achieve resource confidence due to lack of continuity of mineralisation with intercalated sand and clay units. Closer spaced drilling has the potential to define the mineralisation in these areas. Exploration target ranges for these zones are:

Area C: 14 – 27 million tonnes grading 450 – 675 ppm TREO

Area E: 5 – 10 million tonnes grading 450 – 675 ppm TREO

The combined Area C and E exploration target ranges are:

19 – 35 million tonnes grading 450 – 675 ppm TREO*

*This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. 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.

In RL 1693, a portion of the Central East area, illustrated in Figure 9, was not able to be classified during the MRE due to a lack of continuity of mineralisation at the 400-metre drill spacing. Further infill drilling has the potential to reclassify material from this area with an exploration target of:

8 – 17 Million tonnes grading 600 ppm – 820ppm TREO*

*This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. 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.

On 5 January 2021, the Company announced a material Exploration Target for EL00147 which covered the eastern extension of the REE mineralised trend as defined by airborne radiometric eU/eTh anomalism and was untested for REE. The exploration target ranges for EL00147, are:

60 – 270 million tonnes grading 550 – 900 ppm TREO*

*This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. 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.

The exploration target areas are shown in relation to the MRE areas in Figure 9.

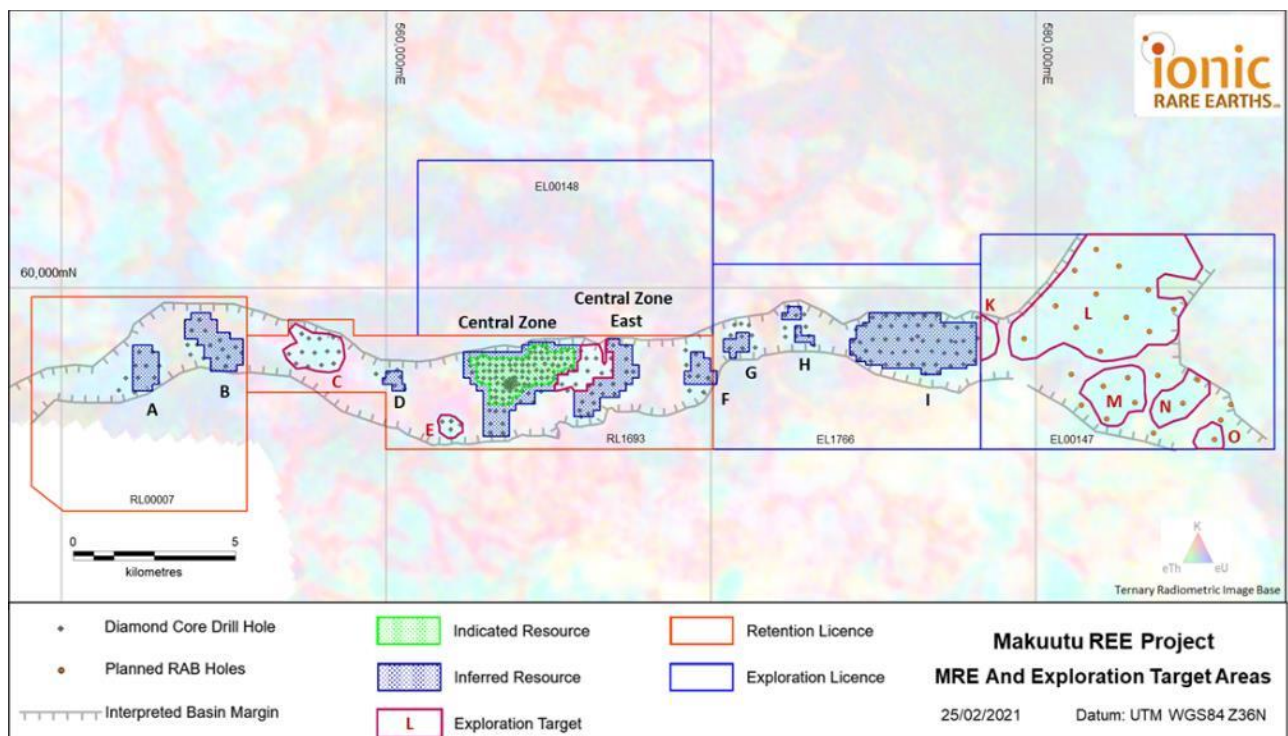


Figure 9: Makuutu Rare Earths Project Area with MRE and Exploration Target

In addition to the RL 1693 and EL00147 exploration targets, the hardcap material in the resource area has to date been the subject of preliminary REE extraction testwork determining potentially economical processing routes. This testwork has shown promising improvement during the evaluation to date, however at this time, is below the threshold for consideration of Reasonable Prospects of Eventual Economic Extraction ("RPEEE").

As such this warrants exclusion of the hardcap from the MRE, however maintaining an exploration target for this material of:

0 – 120 million tonnes grading 530 – 900 ppm TREO*

*This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. 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.

On 29 April 2021, the Company announced a positive result of the Makuutu Scoping Study ("**the Study**"). The Scoping Study outcomes demonstrate the potential for Makuutu to become a sustainable, long-life, relative low capital development cost supplying CREO and HREO to global markets, generating strong financial returns while also delivering significant social and economic benefits for the local communities in Uganda.

The Study was completed by IonicRE with input from a group of leading independent consultants.

The Base Case Scoping Study considers open pit mining over an initial 11-year mine life, with the IAC run of mine (**ROM**) feed to a modular heap leach plant where the REO is recovered from the IAC mineralisation via salt desorption to produce a mixed rare earth carbonate (**MREC**) product. The Base Case assumes the first module will process 2.5 million tonnes per annum (**Mtpa**) ROM and produce approximately 800 tpa REO equivalent product. Additionally, the Base Case then assumes given the low-cost capital modular development approach, additional modules will be added in years 2, 4, 6 and 9 to increase the plant throughput up to 12.5Mtpa by year 10.

KEY SCOPING STUDY HIGHLIGHTS

Strong Financial Returns over initial 11-year LOM based upon Indicated Mineral Resources

- Post-tax NPV8 of ~US\$321 million (~A\$428 million);
- Post-tax IRR of ~38%;
- Post-tax capital payback of ~5 years from first MREC production;
- Net Revenue totaling ~US\$2.52 billion (~A\$3.63 billion)
- Initial 11-year revenue forecast of ~ US\$73/kg REO equivalent produced (excluding Scandium) payable
- EBITDA totaling ~US\$1.28 billion (~A\$1.71 billion)
- Post Tax Free Cash Flow totaling ~ US\$766 million (~A\$1.02 billion)

Physical Parameters

- Initial 11-year Production Target of 84.5 Mt @ 810 ppm Total Rare Earths Oxide (TREO) for 68,400t of contained TREO;
- Initial 11-year Process Plant Feed comprises 69% Indicated Mineral Resources and 31% Inferred Mineral Resources;
- Initial 11-year strip ratio of 0.76;
- First module is 2.5 Mtpa, with additional modules added in years 2, 4, 6 and 9 increasing total ROM throughput to 12.5 Mtpa;

- REO anticipated production capacity increases from ~ 800 tpa REO equivalent (Year 1) up to ~ 3800 tpa REO equivalent in year 11;
- Initial 11-year TREO production of 29,400 t REO equivalent (~ 45,000 t MREC grading >90% TREO) via a modular heap leach salt desorption processing plant;
- Potential to produce appreciable Scandium Oxide by-product credit (~740 t Sc₂O₃) over initial 11-year period;
- Uniquely Positioned to be a Long-Term Sustainable CREO / HREO Producer;
- Makuutu basket to provide balanced CREO and HREO product, which combined makes up approximately 73% of the basket over initial 11-year period, the ideally positioned to benefit in looming inadequacies in CREO and HREO supply;
- Makuutu's basket contains a market leading 43% magnet REO content (Nd, Pr, Dy, Tb, plus Sm, Gd and Ho) and 44% HREO (refer to Figure 11);
- First production is targeted for early 2024, based on current environmental approvals timeline; and
- Makuutu Base Case to produce the permanent magnet rare earths (Nd, Pr, Tb and Dy) to enable approximately 35 GW of direct drive gearless offshore wind turbine capacity over the Base Case 11 year period.

Capital Costs & Operating Costs

- Pre-production Capital Expenditure ("CAPEX") (including contingency) of ~US\$89 million for Module 1 including mining fleet;
- Module 2 expansion in Year 2 for ~US\$40 million (including contingency) inclusive of mining, process plant plus infrastructure;
- Expansion from 2 to 5 Modules, CAPEX of ~US\$172 million funded by project cashflow;
- Initial 11-year AISC cash costs of operations of ~US\$12.60/t ROM feed;
- Initial 11-year AISC cash costs of operations of ~US\$36.40/kg REO equivalent produced;
- Initial 11-year AISC cash costs of operations of ~US\$23.70/kg REO equivalent produced (including Sc₂O₃ by-product credit); and
- Power for the Project to be delivered from low-cost hydroelectric power accessible from 132 kV power transmission corridor running immediately through project tenement.

Significant Upside Potential

- Base case utilises only 84.5 Mt of the Makuutu 315 million tonne MRE, with potential to increase to 27+ years;
- Upside identified considering all Mineral Resource Estimate at Makuutu would deliver a significant extension to the Project's LOM; and
- IonicRE to shortly commence a drilling program to convert further Inferred Resources to Indicated Resource status.

The Study indicated that a modular open pit and heap leach operation, starting with 1 module at 2.5Mtpa and progressively increasing over 10 years to treat 12.5Mtpa (5 modules) provides an optimal economic outcome for shareholders. The Study also confirmed that as the Mineral Resource Estimate confidence increases, along with potential for further total resource increase at Makuutu, the Makuutu Rare Earths Project is likely to be able to support a larger throughput and longer life mining and process throughput rate, suggesting that the increase in confidence obtained through additional infill drilling of inferred resources enabling increased classification to indicated resources or higher has a high probability of demonstrating an economic LOM exceeding 27 years.

The completed resource extension drilling, and radiometric anomaly confirms a large continuous deposit that extends approximately 26 km with potential for extension further to the east out to 37 km. The long narrow and shallow nature of the mineralisation, and low-cost simple processing could support one or more satellite processing arrangements.

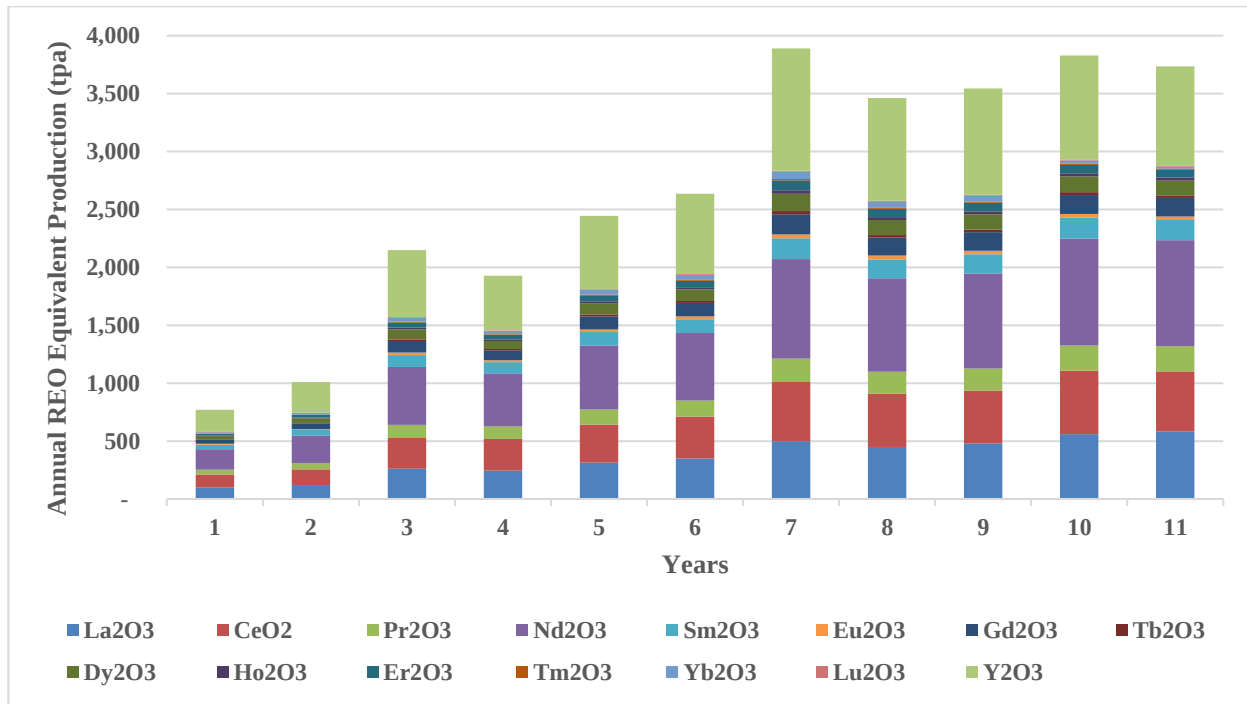


Figure 10: Annual REO production profile from Makuutu across Years 0 to 11.

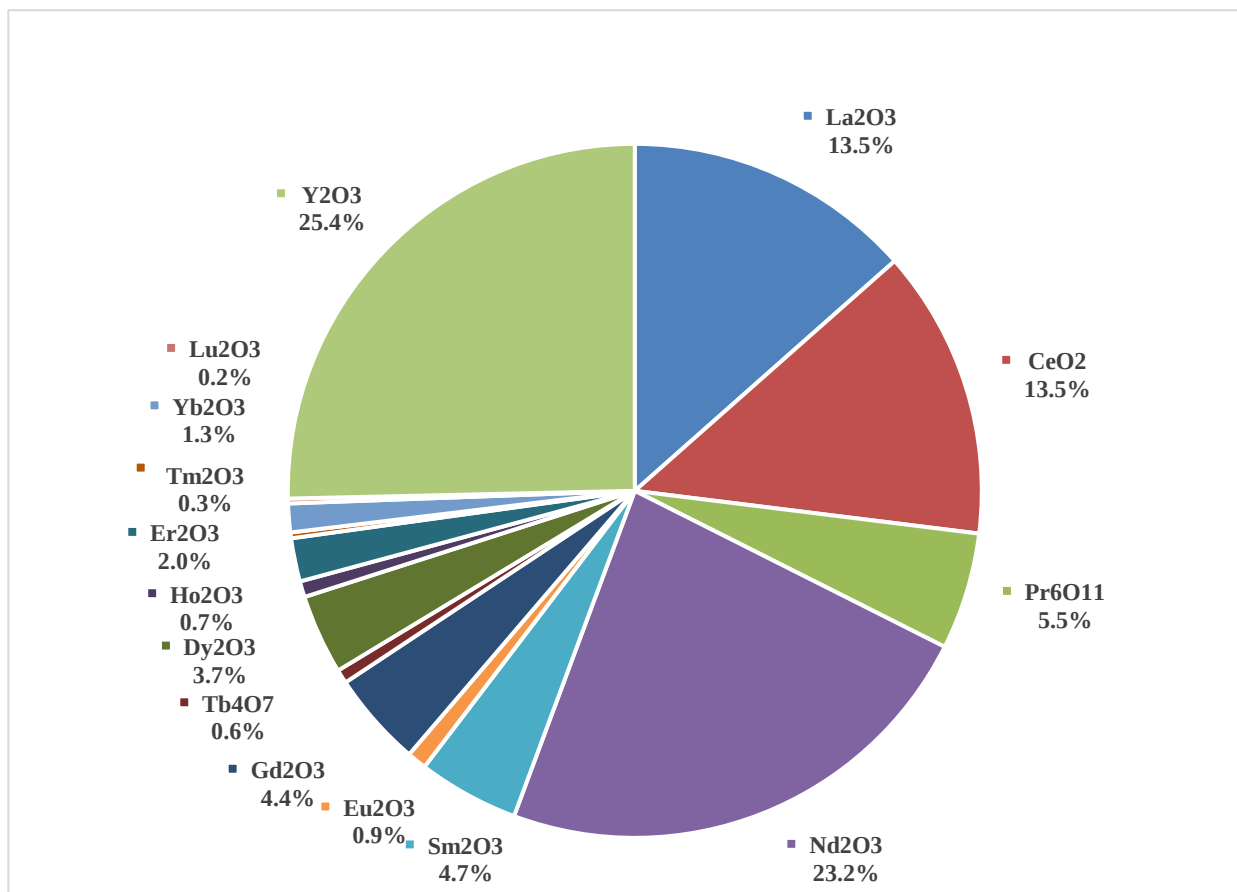


Figure 11: Makuutu Product basket over 11-year Base Case term.

As a result of the positive results of the Study, the Company has indicated the commencement of the Feasibility Study and plans to complete additional infill drilling at Makuutu to increase the confidence in the MRE to support the longer life basis for the Project moving forward. Furthermore, the Company indicated that there is significant potential to expand Resources at Makuutu which may warrant further increases in throughput.

On 19 March 2021, the Company initiated the Phase 3 Rotary Air Blast (**RAB**) reconnaissance drill program to test a number of exploration targets at the Project, including the highly prospective new tenement EL00147. The 1,200 metre (67 hole) RAB drill program aimed to test new targets plus test REE mineralisation in areas outside the previous focus of the Project. Some targets were potential alternate host types that have not been previously tested, with the planned holes illustrated within Figure 12.

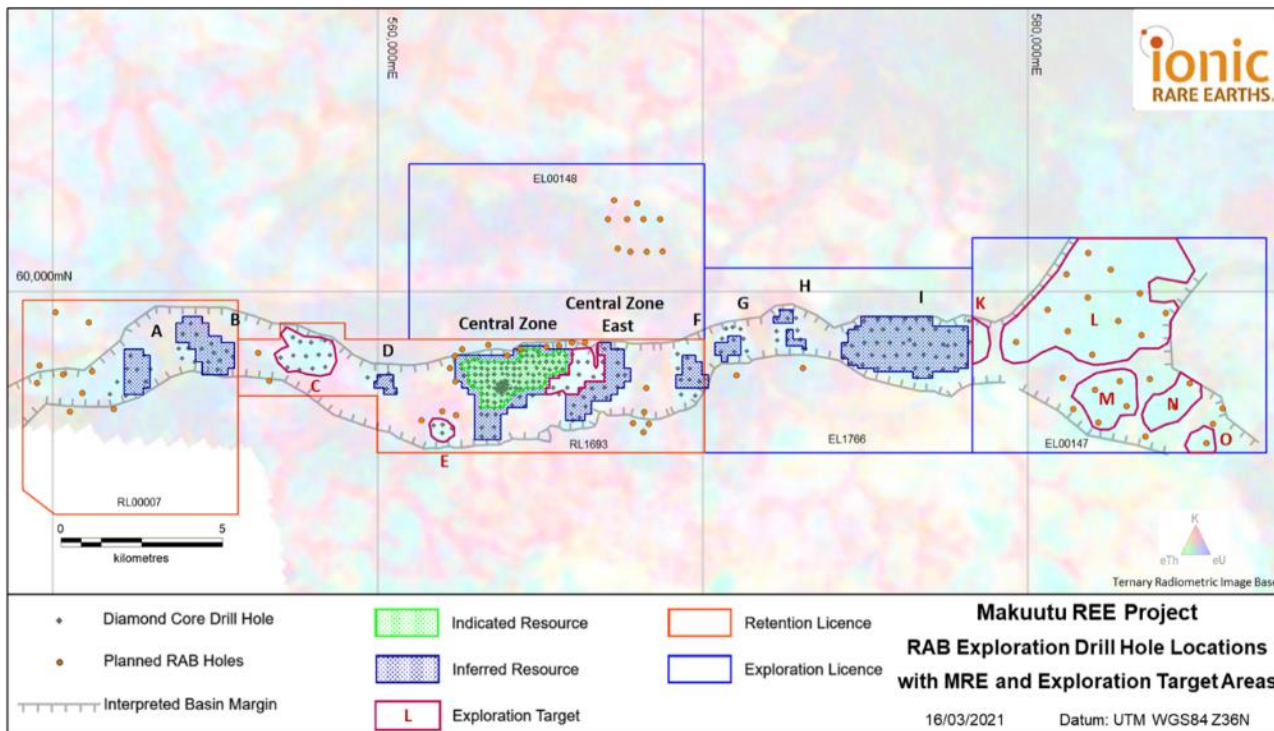


Figure 12: Mineral Resource Estimate (MRE) areas by classification with location of planned RAB holes



Figure 13: RMRB001 being drilled at Exploration Licence EL00147.

Initial RAB holes reported 1 April 2021 confirmed the presence of thick near surface clay zones, with initial holes confirming the presence of sedimentary basin and regolith clay intercepts on Exploration Licence 00147.

Results for the Phase 3 RAB drill program were received and reported 15 July 2021, confirming a major extension of REE bearing clay mineralisation at EL00147. Equally as important were results confirming REE bearing clay mineralisation has been intersected in between previously targeted areas identified by the eU/eTh radiometric responses (that indicate a laterite hardcap is present at surface). The drilling demonstrated that the hardcap is buried by over 1 metre of soil in some areas and the targeting eU/eTh radiometric response obscured. These results indicate new areas for follow up exploration that were previously not tested due to the lack of, or subdued, radiometric eU/eTh response. The results are illustrated in Figure 14.

As a result of the drilling results reported 20 July 2021, Rwenzori applied for a new Exploration Licence (TN03573) to the northwest of the Project area. The thick clay interval in RMRB063, more than 2 km north and west of the basin margin provided the basis for the application of the 55.5 square kilometres exploration licence (EL) to the north of the existing licences which is also illustrated in Figure 14.

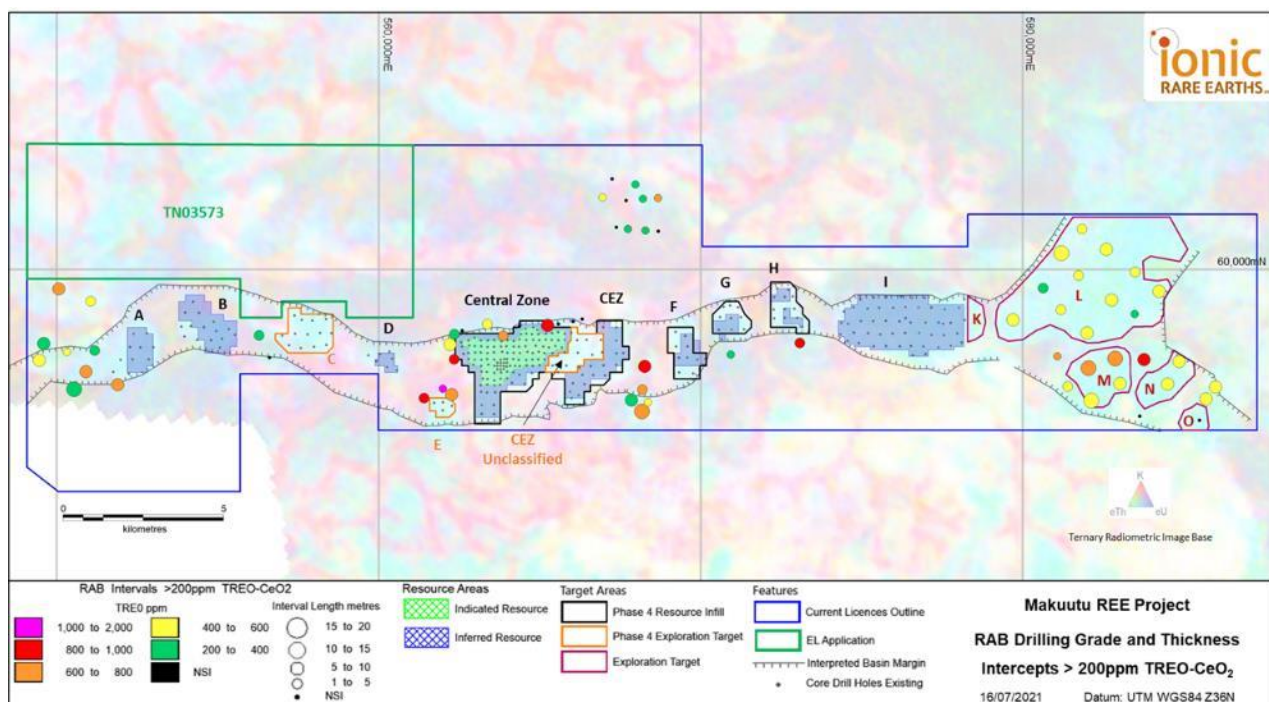


Figure 14: Phase 3 RAB drill results and new Exploration Licence application TN03573.

On 20 June 2021, Rwenzori applied to the DGSM for the conversion of EL 1766 to a Retention Licence. Rwenzori received advice that this was approved on 6 July 2021, with the Rwenzori then granted Retention Licence 00234 which is due to expire on 05 July 2024.

Post completion of the reporting period, the Company in July 2021 initiated the Phase 4 infill drill program, mobilising three drill rigs to site in the largest drill program started to date at Makuutu. The Phase 4 program has approved 7,800 metres of infill drilling to increase the confidence on the MRE and target the increase in the measured and indicated resource base at Makuutu to in excess of 250 million tonnes to support the Feasibility Study. It is expected that drilling will be completed in October 2021, ahead of a substantial MRE update planned for Q1 2022.

Additionally, metallurgical optimisation testwork, including heap leach testwork, metallurgical variability and process modelling continues along with activities supporting the Makuutu Rare Earths Feasibility Study. On 28 June 2021, IonicRE awarded Melbourne based Mincore Pty Ltd (**Mincore**), the Engineering Manager role for the completion of a Feasibility Study. The Feasibility Study remains on track and is targeting completion in October 2022.

On 31 March 2021, the Company advised of the engagement of key Ugandan consultants and the commencement of the Environmental and Social Impact Assessment (ESIA) and enhanced Stakeholder Engagement programs at Makuutu, which is targeting a low carbon dioxide (CO₂) footprint due to the availability of low-cost hydroelectric power within close proximity of the Project.

Over the reporting period, the Company undertook a strategic partnering process of the development of Makuutu, enabling access to the CREO and HREO products from the Project. Discussions continue with numerous global groups at the end of the June 2021.

On 7 April 2021, IonicRE announced the signing of a milestone non-binding Memorandum of Understanding (MOU) with China Rare Metals and Rare Earth (Jiangsu) Co., Ltd (CREJ), a subsidiary of global rare earth giant Chinalco, in relation to the development of Makuutu.

Highlights of the MOU include:

1. IonicRE and CREJ have agreed to use their reasonable endeavours to strategically cooperate to accelerate Makuutu mine development and production for mutual benefit; as well as
2. Potential for future investment in IonicRE, and/or the Makuutu Rare Earths Project directly, and/or off-take agreements, as agreed by the parties, for rare earth product produced by IonicRE.

Chinalco is the world's largest market capitalised rare earth miner and separator, with numerous dedicated subsidiaries operating in mining and rare earth separation, including the Heavy Rare Earth Element (HREE) rich ionic adsorption clay (IAC) mines in Guangdong and Guangxi Provinces and a number of REE separation plants in Jiangsu Province operated by CREJ. Most of the global Rare Earth Oxides (REO) produced globally are initially processed and separated within China. Therefore, it is of strategic importance to IonicRE, to have successfully negotiated this MOU and welcomes Chinalco and CREJ as a potential cornerstone project partner.

Chinalco and CREJ completed an extensive due diligence review on Makuutu over a twelve (12) months period preceding the MOU signing, in conjunction with numerous meetings between the IonicRE executive team and CREJ, demonstrating that Makuutu is not only a high quality REE project, but a key globally strategic CREO and HREO resource.

The initial due diligence completed by Chinalco and CREJ on key areas relating to the Makuutu included the following:

- Project geology, drilling results and Mineral Resource Estimation;
- Preliminary metallurgical test work review;
- Review of product quality and integration into existing REE separation operations;
- Review of Ugandan Mining Act and Regulations;
- Review of Ugandan Corporate Business Regulations and Taxation Code, pertinent to the Mining Industry;
- Review of Ugandan National Environmental Act;
- Review of local infrastructure; and
- Review of political and country risk.

A framework and work program has been initiated between parties to accelerate the development and provide input to the progression of the MOU from non-binding to binding.

Importantly discussions continue with other global groups and post end of the reporting period, IonicRE announced on 9 August 2021 the initiation of a Scoping Study to review the economics in development a standalone HREO separation and refining facility. The development of such a facility would be the first HREO refining capacity developed outside of China which has a near monopoly of global HREO refining capacity. As such the development of the HREO facility has the support of numerous global strategic partner groups and the Company will update the market at the appropriate time as those discussions advance.

On 28 January 2021, the Company unveiled plans to actively market the huge scandium potential of Makuutu to global groups interested in the development of low cost long life supply for the development of aluminium scandium alloys for the light weighting of global transportation. Activities remain ongoing at the end of the reporting period which will see activity increase over the next 12 months as Makuutu advances towards the mining licence application.

Transaction Details

Shareholder approval for the following transaction was obtained at a General Meeting of the Company held on 19 August 2019.

The Makuutu Rare Earth Elements project is owned 100% by Ugandan registered Rwenzori Rare Metals Limited (**Rwenzori**) which in turn was owned 85% by South African registered Rare Earth Elements Africa Proprietary Limited (**REEA**). IonicRE has entered into a binding option agreement with both companies that enables it to acquire up to a 60% direct interest in Rwenzori, and thereby up to a 60% indirect interest in the project by:

1. the payment of US\$10,000 for a 30-day exclusive option period. This payment has been made.
2. upon exercise of the option, the payment of US\$100,000 cash and issuing US\$150,000 in IonicRE shares, at a 30-day VWAP in return for an immediate 20% interest in RRM; This has been completed.
3. IonicRE to contribute US\$1,700,000 of expenditure by 1 October 2020 to earn up to a 51% staged interest in RRM as follows:

Spend	Interest earned	Cumulative Interest earned
Exercise of Option US\$100,000 as in 2 above	20%	20%
Expenditure contribution of US\$650,000	11%	31%
Expenditure contribution of further US\$800,000	15%	46%
Expenditure contribution of further US\$250,000	5%	51%

During the reporting period, the final expenditure commitments set out in the above table was met and IonicRE has earned a 51% interest in the share capital of Rwenzori.

4. IonicRE to fund to completion of a bankable feasibility study to earn an additional 9% interest for a cumulative 60% interest in Rwenzori. This is presently in action.
5. During the earn-in phase there are milestone payments, payable in cash or IonicRE shares at the election of the Vendor, as follows:
 1. US\$750,000 on the Grant of Retention licence over RL1693 which is due to expire in November 2020. This payment has been made;
 2. US\$375,000 on production of 10 kg of mixed rare-earth product from pilot or demonstration plant activities; and
 3. US\$375,000 on conversion of existing licences to mining licences.
6. At any time should IonicRE not continue to invest in the project and project development ceases for at least two months Rwenzori has the right to return the capital invested by IonicRE and reclaim all interest earned by IonicRE.

Nicaragua

The Company sold its interest in Nicaragua during the period.

Operating Results

The Group's income was \$215,161 (2020: \$1,226) and the loss was \$2,377,629 (2020: \$1,486,254) for the financial year. Salaries, wages and consulting fee-based payments of \$677,232 (2020: \$269,395) and share based payments of \$979,763 (2020: \$670,660) account for approximately 69% (2020: 63%) of this year's loss.

	2021	2020
	\$	\$
Operating income	215,161	1,226
Operating loss	(2,377,629)	(1,486,254)

Year in Review

Review of Financial Position

During the year, the Group raised \$14,482,357 (after all expenses) through the issue of 737,500,036 fully paid shares and \$1,405,000 through the exercise of 204,000,000 options.

As a result of those raisings the directors believe that at the date of this report the Group has a sound capital structure and is in a position to progress the planned exploration on the Company's mineral properties.

At 30 June 2021 the cash balance of the group stood at \$11,055,530.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

IonicRE will continue to advance the Makuutu Rare Earth Project with the aim of finalising a feasibility study by the end of October 2022. Upon the successful completion of the feasibility study it is expected that a decision on further investment into the Makuutu project will be made.

The impact of COVID-19 on the Group going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2022 interim and annual financial statements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Ionic Rare Earths Limited against legal costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was \$22,000 (2020: \$16,650).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to significant environmental regulation in respect of its exploration activities. It aims to ensure the appropriate standard of environmental care is achieved and in so doing, is aware of all relevant environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review. The directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that the Company has no current reporting requirements but may be required to report in the future.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to or intervened in any proceedings during the year.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. 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.

For the purposes of this report, the term 'executive' encompasses the chief executive and secretaries of the Parent and the Group.

Details of key management personnel during the whole or part of the financial period

T B Benson	Chairman (Non-Executive)
T J Harrison	Managing Director - (appointed 21 December 2020, previously CEO)
B J Marwood	Director (Non-Executive) – (appointed 21 December 2020, resigned 16 July 2021)
B D Dickson	Finance Director – (resigned as a director 21 December 2020, continues as Company Secretary)
A P Rovira	Chairman (Non-Executive) – (resigned 21 December 2020)
M J Steffens	Director (Non-Executive) – (resigned 31 August 2020)

Remuneration philosophy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on individual performance and market conditions.

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board can reduce, cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Compensation of Directors and Executive Officer

(i) Compensation Policy

The Board of Directors of Ionic Rare Earths Limited is responsible for determining and reviewing compensation arrangements for the directors and the Chief Executive Officer.

(ii) Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed and reviewed annually. The latest determination was in 2011 when shareholders approved an aggregate remuneration of \$400,000 per year. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No consultants were used during the year.

REMUNERATION REPORT (Audited) (Continued)

Non-executive directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have an equity interest in the company on which board they sit.

(iii) Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- align the interests of executives with those of shareholders; and
- ensure total compensation is competitive by market standards.

Structure

The Board periodically assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

(iv) Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Board. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

(v) Variable Compensation

Objective

The objective is to link the achievement of the company's targets with the compensation received by the executives charged with meeting those targets.

Currently, the company does not restrict executives from entering into arrangements to protect the value of unvested Long-Term Incentives. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

Share-based compensation

Options or shares may be issued to directors and executives as part of their remuneration. The options or shares are not issued based on performance criteria but are issued to the directors and executives of Ionic Rare Earths Limited to increase goal congruence between executives, directors and shareholders.

During the year 60,000,000 options (2020: 40,000,000) were issued to key management personnel, details of the options are set out elsewhere in this report. No shares were issued (2020: nil) in lieu of cash directors' fee, details of the shares issued are set out elsewhere in this report.

Structure

Actual payments granted to each KMP are determined by the Board who meet periodically to assess the achievements of the company's targets. There are currently no targets established.

Employment contracts

Remuneration and other terms of employment for the following KMP are formalised in service agreements, the terms of which are set out below:

REMUNERATION REPORT (Audited) (Continued)

Mr T J Harrison, Managing Director:

- Term of agreement – to 31 December 2022.
- Fixed consulting fee of \$30,000 per month
- Termination by either party with six months' notice.

Mr B D Dickson, Company Secretary:

- Term of agreement – to 31 December 2022.
- Fixed consulting fee of \$12,500 per month
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination or the equivalent of 6 months remuneration whichever is the greater.

Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and group are as follows:

	Short term		Post-employment	Share based payments	Total	Total options related	Total performance related
30 June 2021	Salaries and fees	Non-Monetary Benefit ¹	Super-Annuation	Options			
Directors	\$		\$	\$	\$	\$	
T B Benson ²	118,367	6,060	11,243	211,400	347,070	211,400	-
T J Harrison ^{3 & 8}	362,500	3,920	-	224,100	590,520	224,100	50,000
B J Marwood ⁴	9,581	3,820	9,581	-	22,982	-	-
B D Dickson ⁵	120,000	3,480	19,162	112,050	254,692	112,050	-
A P Rovira ⁶	25,000	3,480	2,375	112,050	142,905	112,050	-
M J Steffens ⁷	18,888	1,240	-	-	20,128	-	-
Total	654,336	22,000	42,361	659,600	1,378,297	659,600	50,000

	Short term		Post-employment	Share based payments	Total	Total options related	Total performance related
30 June 2020	Salaries and fees	Non-Monetary Benefit ¹	Super-annuation	Options			
Directors	\$	\$	\$	\$	\$	\$	
T J Harrison	-	-	-	-	-	-	-
B D Dickson	128,750	5,550	18,750	57,750	210,800	57,750	-
A P Rovira	40,000	5,550	3,799	57,750	107,099	57,750	-
M J Steffens ⁷	134,088	5,550	-	115,500	255,138	115,500	-
Total	302,838	16,650	22,549	231,000	573,037	231,000	-

1. The Non-Monetary Benefit relates to the Directors' Indemnity Insurance.
2. Appointed 31 August 2020
3. Appointed a director on 21 December 2020, previously Chief Executive Officer
4. Appointed 21 December 2020, resigned 16 July 2021
5. Resigned 21 December 2020, continues as Company Secretary
6. Resigned 21 December 2020
7. Resigned 31 August 2020
8. Includes a \$50,000 bonus met through the issue of 3,571,428 fully paid ordinary shares as a result of Mr. Harrison meeting a performance criteria of the Company completing a positive scoping study before 1 November 2020

REMUNERATION REPORT (Audited) (Continued)

Compensation Options: Granted and Vested during the year.

During the year 60,000,000 compensation options were granted (2020: 40,000,000). The weighted average fair value of the options granted was 1.10 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	a	b
Grant date	3 Dec 2020	3 Dec 2020
Number of options issued	10,000,000	50,000,000
Weighted average exercise price (cents)	1.8	2.15
Weighted average life of the option (years)	2.0	3.0
Weighted average underlying share price (cents)	1.6	1.6
Expected share price volatility (%)	130	130
Risk free interest rate (%)	0.10	0.12
Fair value per options	0.0099	0.0112

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. No Compensation Options were exercised during the financial period (2020: Nil); 20,000,000 Compensation Options were forfeited (2020: Nil).

The Company's remuneration policy prohibits directors and executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Apart from the issue of options the company currently has no performance-based remuneration component built into director and executive remuneration (2020: Nil).

Shareholdings of Key Management Personnel

2021	Balance 1 July 2020	Purchased	On Exercise of Options	Share-based payment	Sold	Balance 30 June 2021
Specified Directors						
T B Benson	-	-	-	-	-	-
T J Harrison	-	1,178,572	-	3,571,428	-	4,750,000
B J Marwood ¹	-	-	-	-	-	-
B D Dickson	23,420,330	1,283,034	4,000,000	-	(24,045,330)	4,658,034
A P Rovira ¹	51,602,016	1,973,899	-	-	-	53,575,915
M J Steffens	-	-	-	-	-	-
Total	75,022,346	4,435,505	4,000,000	3,571,428	(24,045,330)	62,983,949

Option Holdings of Key Management Personnel

2021	Balance at beginning of year 1 July 2020	Granted	Options Exercised	Options Lapsed	Balance at end of year 30 June 2021	Vested at 30 June 2021	
						Vested & Exercisable	Unvested
T B Benson	-	20,000,000	-	-	20,000,000	20,000,000	-
T J Harrison	20,000,000	20,000,000	-	-	40,000,000	40,000,000	-
B J Marwood ¹	-	-	-	-	-	-	-
B D Dickson	24,000,000	10,000,000	(4,000,000)	(10,000,000)	20,000,000	20,000,000	-
A P Rovira ¹	30,000,000	10,000,000	-	(30,000,000)	10,000,000	10,000,000	-
M J Steffens ¹	20,000,000	-	-	-	20,000,000	20,000,000	-
Total	94,000,000	60,000,000	(4,000,000)	(40,000,000)	110,000,000	110,000,000	-

1. Holdings as at date of retirement or resignation as a director

REMUNERATION REPORT (Audited) (Continued)

Other Transactions

The Company has entered into a sub-lease agreement on normal commercial terms with Azure Minerals Limited, a company of which Mr Rovira is a director. During the year, the Company paid sub-lease fees totalling \$9,255 (2020: \$17,872).

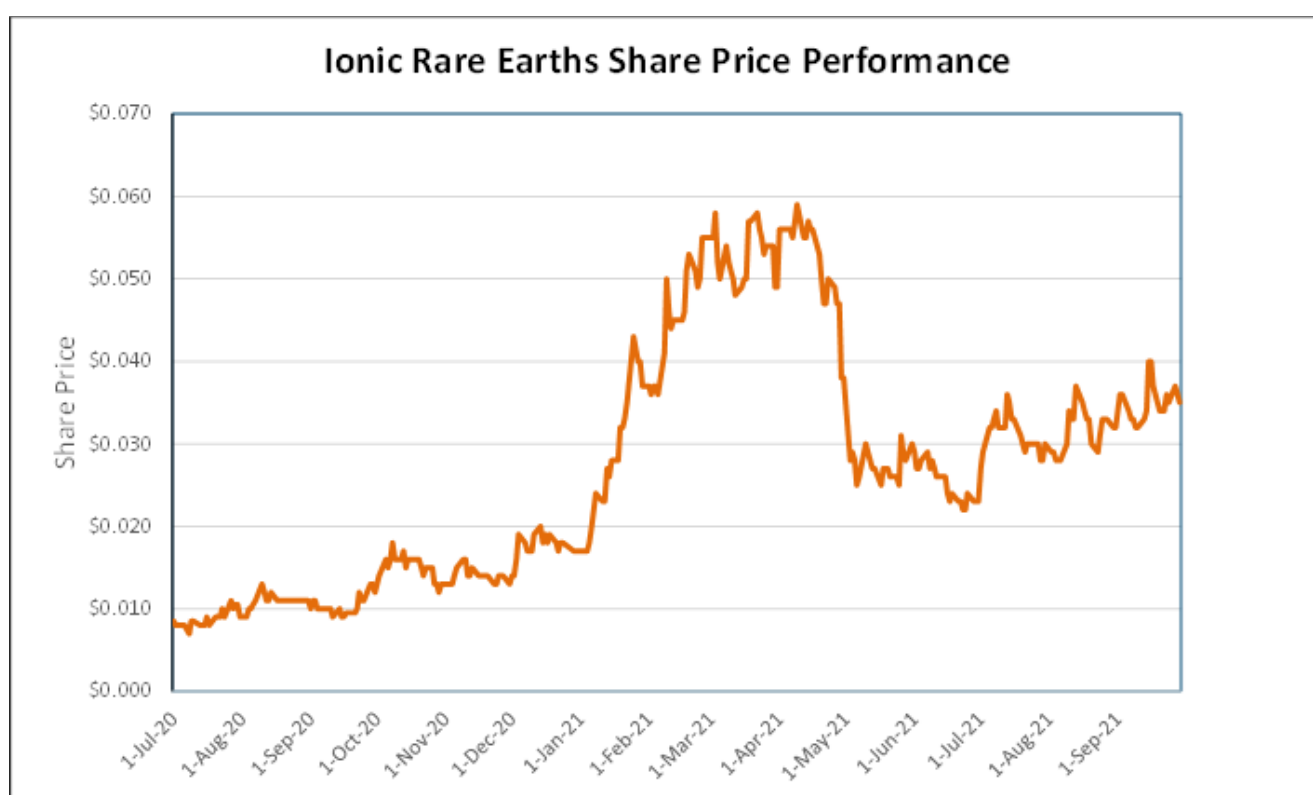
Amounts due and unpaid at 30 June 2021 to Key Management Personnel include consulting fees of \$47,500

Company's Performance

Company's share price performance

The Company's share price performance shown in the below graph for the year ended 30 June 2021 and is a reflection of the Company's performance during the year.

The variable component of the executives' remuneration, which at this stage only includes share options, is indirectly linked to the Company's share price performance.



Loss per share

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2021.

	2021	2020	2019	2018	2017
Basic loss per share (cents)	(0.08)	(0.07)	(0.06)	(0.24)	(0.14)

Voting and comments made at the company's 2020 Annual General Meeting

IonicRE received a 88.5% "yes" vote on its remuneration report for the 2020 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report (Audited)

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the company support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional Australian Securities Exchange information section of this annual report.

SHARE OPTIONS

At the date of this report, there were 175,000,000 (2020: 448,000,000) share options outstanding.

	Issued	Lapsed/ Exercised	Total number of Options
Balance at the beginning of the year			472,000,000
<i>Share option movements during the year</i>			
Exercisable at 1.3 cents, on or before 30 Nov '20	-	(22,000,000)	(22,000,000)
Exercisable at 0.5 cents, on or before 30 Aug '22	-	(50,000,000)	(50,000,000)
Exercisable at 1.8 cents, on or before 30 Nov '22	50,000,000	(10,000,000)	40,000,000
Exercisable at 2.15 cents, on or before 30 Nov '22	50,000,000	(10,000,000)	40,000,000
Exercisable at 6.0 cents, on or before 28 Feb '24	35,000,000	-	35,000,000
Exercisable at 0.75 cents, on or before 31 July '21	-	(340,000,000)	(340,000,000)
Total options issued and exercised in the year to 30 June 2021	135,000,000	(432,000,000)	(297,000,000)
		Total	175,000,000

The balance is comprised the following:

Date Granted	Expiry Date	Exercise Price (cents)	Number of Options
23 December 2019	30 November 2022	1.80	30,000,000
24 March 2020	30 November 2022	1.80	20,000,000
12 August 2020	30 November 2022	1.80	40,000,000
3 December 2020	30 November 2022	1.80	10,000,000
3 December 2020	30 November 2023	2.15	40,000,000
24 February 2021	28 February 2024	6.00	25,000,000
1 February 2021	28 February 2024	6.00	10,000,000
Total number of options outstanding at the date of this report			175,000,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

During the financial year 50,000,000 options exercisable at \$0.005 and 154,000,000 options exercisable at \$0.0075 were exercised. Since the end of the financial year 154,000,000 options exercisable at \$0.0075 have been exercised.

On 31 March 2020 the Company issued 100,000,000 Performance Rights to Airguide Advisory Pte. Ltd in consideration for corporate advisory services. All Performance Rights met vesting conditions during the year and as a result 100,000,000 fully paid ordinary shares were issued.

There are no outstanding Performance Rights.

NON AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

There were no non-audit services provided during the year.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, BDO Audit (WA) Pty Ltd, as presented on page 30 of this Annual Report.

EVENTS AFTER REPORTING DATE

On 7 July 2021 Ms Jill Kelley was appointed a director of the Company and on 16 July Mr. Maxwell McGarvie was appointed a director of the Company. Mr Brad Marwood resigned as a director on 16 July 2021.

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Signed in accordance with a resolution of the directors,



T Benson
Chairman
Perth, 30 September 2021

IONIC RARE EARTHS LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ionic Rare Earths Limited, I state that:

- 1) In the opinion of the directors:
 - (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards which, as stated in accounting policy Note 2 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) subject to achievement of the matters as set out in Note 2(a), 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 2021.

On behalf of the Board



T Benson
Chairman
Perth, 30 September 2021

AUDITORS DECLARATION OF INDEPENDENCE



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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF IONIC RARE EARTHS LIMITED

As lead auditor of Ionic Rare Earths Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ionic Rare Earths Limited and the entity it controlled during the period.

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light blue horizontal line.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2021

IONIC RARE EARTHS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2021

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	Notes	CONSOLIDATED 2021 \$	2020 \$
Other income			
Interest Received		1,212	1,226
Other income		213,949	-
Expenses			
Consultants		(102,524)	(65,895)
Directors' fees (excluding executives)	3	(103,886)	(114,974)
Executives' salaries, wages and consulting fees	3	(470,822)	(203,500)
Exploration expenses	3	-	(54,791)
Legal fees		(43,086)	(56,633)
Travel and accommodation		(10,750)	(21,930)
Administration expenses		(500,366)	(208,444)
Insurance		(28,297)	(20,103)
Promotion		(161,673)	(42,651)
Share based payments	20	(979,763)	(670,660)
Loss on sale of subsidiary		(191,623)	-
Impairment of receivables		-	(27,899)
Loss from continuing operations before income tax		(2,377,629)	(1,486,254)
Income tax credit/(expense)	4	-	-
Loss for the year		(2,377,629)	(1,486,254)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(589,586)	1,262
Other comprehensive income net of tax		(589,586)	1,262
Total comprehensive loss for the year, net of tax		(2,967,215)	(1,484,992)
Attributable to:			
Equity holders of the parent		(2,967,215)	(1,484,992)
Non-controlling interests		-	-
		(2,967,215)	(1,484,992)
<i>Total Loss per share for loss attributable to the ordinary equity holders</i>			
Basic loss per share (cents)	14	(0.08)	(0.07)
Diluted loss per share (cents)	14	(0.08)	(0.07)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

IONIC RARE EARTHS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

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		CONSOLIDATED	
	Notes	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	12	11,055,530	829,933
Receivables		63,604	16,761
Other		15,530	6,541
Total current assets		<u>11,134,664</u>	<u>853,235</u>
Non-current assets			
Investments	6	3,536,269	2,461,308
Exploration & evaluation expenditure	7	3,409,530	525,697
Total non-current assets		<u>6,945,799</u>	<u>2,987,005</u>
Total assets		<u>18,080,463</u>	<u>3,840,240</u>
LIABILITIES			
Current liabilities			
Payables	9	394,698	127,980
Other		-	210,000
Total current liabilities		<u>394,698</u>	<u>337,980</u>
Total liabilities		<u>394,698</u>	<u>337,980</u>
Net assets		<u>17,685,765</u>	<u>3,502,260</u>
EQUITY			
Issued capital	10	43,393,406	27,938,424
Reserves	11	7,225,808	6,119,656
Accumulated losses		(32,933,449)	(30,555,820)
Total equity		<u>17,685,765</u>	<u>3,502,260</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IONIC RARE EARTHS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
FOR YEAR ENDED 30 JUNE 2021

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	Notes	CONSOLIDATED 2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,333,717)	(757,340)
Payments for exploration expenditure		-	(54,791)
Interest received		1,212	1,226
Net cash flows used in operating activities	12	<u>(1,332,505)</u>	<u>(810,905)</u>
Cash flows from investing activities			
Receipt of government R&D rebate		213,949	-
Proceeds from sale of subsidiary		53,436	-
Deconsolidation of subsidiary		(11,456)	-
Payment for investments		(1,210,048)	(1,031,673)
Payment for capitalised exploration		<u>(3,165,136)</u>	<u>(525,697)</u>
Net cash flows used in investing activities		<u>(4,119,255)</u>	<u>(1,557,370)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of transaction costs)		15,677,357	2,296,982
Proceeds received in advance of share placement		-	210,000
Net cash flows from financing activities		<u>15,677,357</u>	<u>2,506,982</u>
Net increase in cash and cash equivalents		10,225,597	138,707
Cash and cash equivalents at the beginning of the financial year		829,933	691,153
Effect of exchange rate changes on cash and cash equivalents		-	73
Cash and cash equivalents at the end of the financial year	12	<u><u>11,055,530</u></u>	<u><u>829,933</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

IONIC RARE EARTHS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2021

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	Ordinary Shares	Convertible Notes Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
At 1 July 2020	27,938,424	136,403	6,216,857	(233,604)	(30,555,820)	3,502,260
Loss for the period	-	-	-	-	(2,377,629)	(2,377,629)
Other comprehensive loss	-	-	-	(589,586)	-	(589,586)
Total comprehensive loss for the period	-	-	-	(589,586)	(2,377,629)	(2,967,215)
Shares issued during the period	16,955,000	-	-	-	-	16,955,000
Transaction costs	(1,017,643)	-	-	-	-	(1,017,643)
Vesting of performance rights	386,100	-	(386,100)	-	-	-
Share based transaction costs	(868,475)	-	868,475	-	-	-
Share based payments	-	-	979,763	-	-	979,763
Foreign currency translation	-	-	-	233,600	-	233,600
At 30 June 2021	43,393,406	136,403	7,678,995	(589,590)	(32,933,449)	17,685,765

	Ordinary Shares	Convertible Notes Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
At 1 July 2019	24,503,006	136,403	5,326,197	(234,866)	(29,069,566)	661,174
Loss for the period	-	-	-	-	(1,486,254)	(1,486,254)
Other comprehensive loss	-	-	-	1,262	-	1,262
Total comprehensive loss for the period	-	-	-	1,262	(1,486,254)	(1,484,992)
Shares issued during the period	3,489,756	-	-	-	-	3,489,756
Transaction costs	(159,338)	-	-	-	-	(159,338)
Vesting of performance rights	105,000	-	(105,000)	-	-	-
Share based payments	-	-	995,660	-	-	995,660
At 30 June 2020	27,938,424	136,403	6,216,857	(233,604)	(30,555,820)	3,502,260

Changes in Equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The Consolidated Financial report of Ionic Rare Earths Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 29 September 2021. The consolidated financial statements and notes represent those of Ionic Rare Earths Limited and its controlled entities (the “Group”). The consolidated entity’s functional and presentation currency is AUD (\$). The separate financial statements of the parent entity, Ionic Rare Earths Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

Ionic Rare Earths Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial report is a general-purpose Financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial report has also been prepared on an accruals basis. The Group is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded that would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial reports and notes also comply with International Financial Reporting Standards.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a loss after tax of \$2,377,629 (2020: \$1,486,254) for the year ended 30 June 2021 and experienced net cash outflows from operating activities of \$1,332,505 (2020: \$810,905).

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

The ability of the group to continue as a going concern is dependent on the Group being able to raise additional funds as required to meet ongoing and budgeted exploration commitments and for working capital. These conditions indicate a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Group’s cash requirements. The Directors believe that the Group will continue as a going concern.

As a result, the financial report has been prepared on a going concern basis. However, should the Group be unsuccessful in undertaking additional raisings, the Group may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Group not continue as a going concern.

Should the going concern basis not be appropriate, the entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Adoption of new and amended accounting standards

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

A number of other standards, amendments to standards and interpretations issued by the AASB which are not materially applicable to the Group have not been applied in preparing these consolidated financial statements.

(c) Basis of consolidation

The parent entity and its subsidiaries are collectively referred to as the "Group". The parent of this Group is Ionic Rare Earths Limited. Entities (including structured entities) over which the parent (or the Group) directly or indirectly exercises control are called "subsidiaries". The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the Group's subsidiaries is provided in Note 8.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are referred to as 'non-controlling interests'. The Group recognises any non-controlling interests in subsidiaries on a case-by-case basis either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

d) Significant accounting estimates and assumptions

Impact of Coronavirus (COVID-19) pandemic.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Treatment of expenditure on the Makuutu project

Management have applied judgement in the treatment of expenditure incurred on the Makuutu Project in Uganda. (see further details on the acquisition in Note 6).

Expenditure incurred in order to acquire the project has been capitalised as an initial cost of an investment in associate (being Rwenzori Rare Metals Limited ('RML')) which represents the group's 51% interest in RML which the group has significant influence over. In addition, exploration expenditure incurred during the period to increase the group's interest to 51% has been capitalised as a further investment in RML and to exploration and evaluation expenditure. Management have determined that they have significant influence as they do not have control over the management direction and control over the activities and operations of the Makuutu project.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Significant accounting estimates and assumptions (continued)

The group assesses whether there is objective evidence that the investment in associate is impaired by reference to the underlying project held by RML which is in exploration stage. Management have in accordance with AASB 6: Exploration and Evaluation of Mineral Assets, performed a review of impairment indicators on the investment in associate which included the review of the rights to tenure and future planned expenditure.

During the earn in period contributed expenditure incurred is deemed to be capitalised exploration and evaluation expenditure, as opposed to contributions towards the associate. Once an earn in milestone has been met, expenditure is transferred from capitalised exploration and evaluation expenditure to Investment in Associate.

Share based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal or implied barrier formula. For options issued in this financial year, the assumptions detailed as per Note 20 were used.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs (including costs such as the earn-in payments relating to the Makuutu project) which are carried forward where right of tenure of the area of interest is current and are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The future recoverability of exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(e) Investments in Associates

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or in other cases with greater than 50% where control has still not been obtained due to the lack of controls over the relevant activities. Investments in associates are accounted for by using the equity method of accounting after being initially recognised at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at the bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(h) Foreign currency translation

Both the functional and presentation currency of Ionic Rare Earths Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

All resulting exchange differences in the consolidated financial statements are taken to the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(i) Income tax

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 end of the reporting period.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income tax (continued)

Deferred income tax assets 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 losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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 end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Ionic Rare Earths Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Ionic Rare Earths Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(j) Other taxes

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

- where 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 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, are classified as operating cash flows.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Share-based payment transactions

The Group provides benefits to directors, employees and consultants of the Group (with shareholders' approval) in the form of share-based payment transactions, whereby directors, employees and consultants render services in exchange for options over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ionic Rare Earths Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each End of the reporting period until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had 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 is reflected as additional share dilution in the computation of earnings per share.

(m) Contributed equity

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.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued capital.

Basic earnings per share is calculated as net 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Earnings per share

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been 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.

(o) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(p) Exploration and development expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs, including costs such as the earn-in payments relating to the Makuutu project, which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

	2021	2020
	\$	\$
3. EXPENSES AND LOSSES		
Profit/(loss) from continuing operations before income tax includes the following specific expenses		
Salaries & wages expenses	470,822	203,500
Operating lease rentals	12,255	17,872
Directors' benefit expense (excluding executive directors)	103,886	114,974
Exploration expenses	-	54,791

4. INCOME TAX

	2021 \$	2020 \$
The major components of income tax expense are:		
Statement of profit or loss and other comprehensive income		
Current income tax benefit/(expense)	-	-
Deferred income tax benefit/(expense)	-	-
Income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income	-	-

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting loss before income tax	(2,377,629)	(1,486,254)
At the Group's statutory income tax rate of 26% (2020: 27.5%)	(618,185)	(408,720)
Less: Share options expenses during the year	254,738	184,432
Exploration expenditure	-	15,068
Government grants exempt from tax	(55,627)	-
Other expenditure not allowable for income tax purposes	49,822	13,537
	(369,252)	(195,683)
Current year tax losses not brought to account	369,252	195,683
Income tax (benefit)/expense reported in the consolidated statement of profit or loss and other comprehensive income	-	-

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

Deferred tax liabilities

Prepayments	(4,038)	(1,799)
Total deferred tax liabilities	(4,038)	(1,799)

Deferred tax assets

Accrued expenses	5,200	5,500
Capital raising costs	19,377	19,964
Tax assets/losses recognised /(not brought to account)	(20,539)	(23,665)
Total deferred tax assets	4,038	1,799

Net deferred tax liabilities/(asset)	-	-
--------------------------------------	---	---

Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of \$13,432,620 (2020: \$12,993,498) that may be available for offset against future taxable profits of the companies in which the losses arose. The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company provided that :

- (i) the provisions of deductibility imposed by law are complied with;
- (ii) the group satisfies the continuity of ownership test from the period the losses were incurred to the time they are to be utilised; and
- (iii) no change in tax legislation adversely affect the realisation or the benefit from the deductions.

Tax Consolidation

Ionic Rare Earths Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate the income tax expense to the wholly owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote.

4. INCOME TAX (Continued)

Tax effect accounting by members of the tax consolidated group

The allocation of taxes under the tax sharing and funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Ionic Rare Earths Limited. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

5. OPERATING SEGMENT

The Group has based its operating segment on the internal reports that are reviewed and used by the Board of Directors ("Board") (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group does not have production and is only currently involved in exploration activities. As a consequence, activities in the operating segment are identified by the Board based on the manner in which resources are allocated and the nature of the resources provided.

Based on this criterion, the Board has determined that the Group has one operating segment, being exploration, and the segment operations and results are the same as the Group's results.

During the period the Company conducted its activities across three geographic locations, being Australia, Uganda and Nicaragua.

2021	Australia	Nicaragua	Uganda	Total
	\$	\$	\$	\$
Revenues	215,161	-	-	215,161
Loss	(2,186,007)	(191,622)	-	(2,377,629)
Non-current assets	-	-	6,945,799	6,945,799
Total assets	11,134,664	-	6,945,799	18,080,463
Total liabilities	(394,698)	-	-	(394,698)
2020	Australia	Nicaragua	Uganda	Total
	\$	\$	\$	\$
Revenues	1,226	-	-	1,226
Loss	(1,403,790)	(27,899)	(54,791)	(1,486,480)
Non-current assets	-	-	-	-
Total assets	841,780	11,455	2,987,005	3,840,240
Total liabilities	(260,585)	-	(77,395)	(337,980)

6. INVESTMENTS

An amount of \$3,526,269 has been presented in the financial statements as an Investment in Associates. This represents amounts incurred to acquire an interest in Rwenzori Rare Metals Limited which holds 100% of the Makuutu Rare Earth Elements project. Refer to note 19 for further information. This includes the amounts set out below.

	2021	2020
	\$	\$
Subscription for initial 20% interest in Rwenzori Rare Metals Limited	148	148
US\$100,000 paid to Rare Earth Elements Africa Pty Ltd	148,035	148,035
29,179,517 fully paid shares issued to Rare Earth Elements Africa Pty Ltd	233,436	233,436
100,000,000 fully paid shares issued to Southern Cross Mining Pty Ltd	800,000	800,000
50,000,000 options (exercise price) of \$0.005 issued to SCM	325,000	325,000
Expenditure on exploration and evaluation for additional 11% interest	954,689	954,689
Expenditure on exploration and evaluation for additional 15% interest	1,166,337	-
Expenditure on exploration and evaluation for additional 5% interest	498,210	-
Movement in foreign exchange	(589,586)	-
	3,536,269	2,461,308

Summarised financial information for associate – Rwenzori Rare Metals Limited (RRM)

The table below summarises the financial information for the associate that is relevant to Ionic Rare Earths Limited. The information disclosed reflects the amounts presented in the financial statements of RRM and not Ionic Rare Earths Limited share of those amounts. They have been amended to reflect adjustments, if any, made by Ionic Rare Earths Limited when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Current assets		
Cash	110,693	18,346
Non-current assets		
Plant and equipment	31,284	9,690
Other	38,533	
Current Liabilities		
Payables	(123,499)	(1,454)
Net assets	57,011	26,582
Groups share in %	51%	31%
Groups share in \$	29,076	8,240
Fair value uplift	3,507,541	2,453,068
Carrying amount	3,536,617	2,461,308

The fair value uplift is attributable to IonicRE's contribution towards exploration in excess of their share of the net assets of RRM.

The Company's may increase its interest in RRM from 51% to 60% by the completion of a bankable feasibility study.

7. EXPLORATION AND EVALUATION EXPENDITURE

	2021	2020
	\$	\$
At Cost (a)	3,409,530	525,697
Impairment of exploration & evaluation expenditure	-	-
Carrying amount at the end of the financial year	<u>3,409,530</u>	<u>525,697</u>
Carrying amount at the beginning of the financial year	525,697	-
Additions	2,883,833	1,480,386
Transferred to Investment in Associate	-	(954,689)
Carrying amount at the end of the financial year	<u>3,409,530</u>	<u>525,697</u>

(a) This amount represents contribution to expenditure to earn a 51% interest in Rwenzori Rare Metals Limited which hold the Makuutu exploration licence.

Recovery of the capitalised amount is dependent upon:

- (i) the continuance of the Group's right to tenure of the area of interest;
- (ii) the results of future exploration; and
- (iii) the successful development and commercial exploitation, or alternatively sale.

8. INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares.
Each country of incorporation is also its principal place of business.

Name of Subsidiary	Country of Incorporation	% equity held by consolidated entity	
		2021	2020
Goldcap Resources Pty Limited	Australia	100	100
And its subsidiary			
Minera San Cristobal, S.A.	Nicaragua	-	100

There are no significant restrictions over the Group's ability to access or use assets and settle liabilities of the group.

	2021	2020
	\$	\$
9. PAYABLES (Current)		
Trade creditors and accruals	<u>394,698</u>	<u>127,980</u>

10. CONTRIBUTED EQUITY

	2021 \$	2020 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	47,358,254	30,017,154
Less: capital raising costs	(3,964,848)	(2,078,730)
	<u>43,393,406</u>	<u>27,938,424</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movements in ordinary share capital

		2021		2020	
		Number of shares	\$	Number of shares	\$
Beginning of the financial year		2,161,328,050	27,938,424	1,555,678,533	24,503,006
<i>Issued during the year</i>					
Issue at \$0.04	(i)	300,000,000	12,000,000	-	-
Issue at \$0.0075	(ii)	154,000,000	1,155,000	-	-
Issue at \$0.005	(ii)	50,000,000	250,000	-	-
Issue at \$0.014	(iii)	3,571,428	50,000	-	-
Issue at \$0.008	(i)	437,500,036	3,500,000	143,750,000	1,150,000
Issue at \$0.0044	(iv)	33,300,000	145,200	-	-
Issue at \$0.0039	(iv)	33,300,000	128,700	-	-
Issue at \$0.0034	(iv)	33,400,000	112,200	-	-
Issue at \$0.007	(iv)	-	-	15,000,000	105,000
Issue at \$0.003	(i)	-	-	200,000,000	600,000
Issue at \$0.006	(i)	-	-	117,720,000	706,320
Issue at \$0.008	(v)	-	-	129,179,517	1,033,436
Cost of share issues		-	(1,886,118)	-	(159,338)
End of the financial year		<u>3,206,399,514</u>	<u>43,393,406</u>	<u>2,161,328,050</u>	<u>27,938,424</u>

(i) Funds raised from the share placements during the 2021 and 2020 year were used to progress the Group's exploration activities and for general working capital.

(ii) Exercise of options

(iii) Issued in lieu of cash bonus.

(iv) Issued on vesting of performance rights.

(v) Facilitation fee for the acquisition of the Makutu project in Uganda

(c) Movements in unlisted options on issue

At balance date, there were 361,000,000 (2020: 472,000,000) share options outstanding.

	Issued	Exercised	Lapsed	Total number of Options
Balance at the beginning of the year				472,000,000
<i>Share option movements during the year</i>				
Total options issued and lapsed in the year to 30 June 2021	135,000,000	(204,000,000)	(42,000,000)	(111,000,000)
Balance at the end of the year				<u>361,000,000</u>

10. CONTRIBUTED EQUITY (Continued)

(c) Movements in unlisted options on issue (Continued)

The balance of options on issue is comprised of the following:

Date Granted	Expiry Date	Exercise Price (cents)	Number of Options
25 July 2018	31 July 2021	0.75	186,000,000
23 December 2019	30 November 2022	1.80	30,000,000
24 March 2020	30 November 2022	1.80	20,000,000
12 August 2020	30 November 2022	1.80	40,000,000
3 December 2020	30 November 2022	1.80	10,000,000
3 December 2020	30 November 2023	2.15	40,000,000
24 February 2021	28 February 2024	6.00	25,000,000
1 February 2021	28 February 2024	6.00	10,000,000
Total number of options outstanding at the date of this report			361,000,000

(d) Capital Management

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

The Group is not exposed to any externally imposed capital requirements.

11. RESERVES

	2021	2020
	\$	\$
Share Option Reserve		
Balance at beginning of year	6,216,857	5,326,197
Vesting of performance rights	(386,100)	(105,000)
Movement during the year	1,848,238	995,660
Balance at the end of year	<u>7,678,995</u>	<u>6,216,857</u>
Convertible Note Equity Reserve		
Balance at beginning of year	136,403	136,403
Movement during the year	-	-
Balance at the end of year	<u>136,403</u>	<u>136,403</u>
Foreign Currency Translation Reserve		
Balance at beginning of year	(233,604)	(234,866)
Movement during the year	(355,986)	1,262
Balance at the end of year	<u>(589,590)</u>	<u>(233,604)</u>

Nature and purpose of reserves

Share option reserve

This reserve records the value of options issued to directors, employees and associates as part of their remuneration.

Convertible note equity reserve

This reserve records the equity portion attributable to the convertible notes at the time of issue.

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of foreign controlled subsidiaries.

12. STATEMENT OF CASH FLOWS

	2021	2020
	\$	\$
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Net loss	(2,377,629)	(1,486,254)
Share based payments	979,763	670,660
Fees paid through share issue	50,000	-
Loss on sale of subsidiary	191,623	-
R&D income classified as Investing Activity	(213,949)	-
<i>Changes in assets and liabilities</i>		
Trade receivables	(46,848)	(16,761)
Prepayments	(8,989)	136
Trade and other creditors	93,524	21,314
Net cash flows used in operating activities	(1,332,505)	(810,905)

(a) Reconciliation of cash

Cash balance comprises:

Cash at bank	11,022,029	796,432
Short term deposit	33,501	33,501
Closing cash balance	11,055,530	829,933

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made at various periods on call, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates. At 30 June 2021, the Group had borrowing facilities of \$30,000 (2020: \$30,000). The short term deposit is provided as security for \$30,000 of the facilities. This facility is unutilised at 30 June 2021.

The fair value of cash and cash equivalents is \$11,055,530 (2020: \$829,933).

The effective interest rate on cash at bank was 0.1% (2020: 0.8%).

Refer to Note 18 for risk exposure.

(b) Non-cash investing and financing activities

During the financial year the Group undertook the following non-cash financing activities.

Shares issued in lieu of cash bonus

3,571,428 fully paid shares issued to Horizon Metallurgy Pty Ltd 50,000 -

Shares issued as facilitation fees for the introduction of the Makuutu Project

29,179,517 fully paid shares issued to Rare Earth Elements Africa Pty Ltd - 233,436

100,000,000 fully paid shares issued to Southern Cross Mining Pty Ltd (SCM) - 800,000

50,000,000 options (exercise price) of \$0.005 issued to SCM - 325,000

50,000 1,358,436

13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 July 2021 Ms Jill Kelley was appointed a director of the Company and on 16 July Mr. Maxwell McGarvie was appointed a director of the Company. Mr Brad Marwood resigned as a director on 16 July 2021.

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

14. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary Owners of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary Owners of the parent by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income / (loss) and share data used in the calculations of basic and diluted loss per share:

	2021	2020
	Cents	Cents
(a) Basic and diluted loss per share		
From continuing operations attributable to the ordinary Owners of the company	(0.08)	(0.07)
	\$	\$
(b) Reconciliations of losses used in calculating losses per share		
Loss attributable to the ordinary Owners of the company used in calculating basic and diluted earnings per share		
From continuing operations	(2,377,629)	(1,486,254)
Weighted average number of ordinary shares on issue used in the calculation of continuing and discontinued basic and diluted earnings per share	2,875,075,245	2,000,293,466
(c) Effect of dilutive securities		
Options on issue at reporting date could potentially dilute basic loss per share in the future. The effect in the current year is to decrease the loss per share hence they are considered anti-dilutive. Accordingly, diluted loss per share has not been disclosed.		

15. AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
<i>Amounts received or due for an audit or review of financial statements:</i>		
BDO Audit (WA) Pty Ltd	41,903	39,169
	<u>41,903</u>	<u>39,169</u>

16. KEY MANAGEMENT PERSONNEL

Compensation of key management personnel by compensation

	2021	2020
	\$	\$
Short-term	676,336	319,488
Post-employment	42,361	22,549
Share-based payment	659,600	231,000
	1,378,297	573,037

17. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statement of Ionic Rare Earths Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest	
		2021	2020
		%	%
Goldcap Resources	Australia	100	100
and its 100% owned subsidiary			
Minera San Cristobal, S.A.	Nicaragua	-	100

(b) Ultimate parent

Ionic Rare Earths Limited is the ultimate parent entity.

(c) Other

The Company has entered into a sub-lease agreement on normal commercial terms with Azure Minerals Limited, a company of which Mr Rovira is a director. During the year the Company paid sub-lease fees totalling \$9,255 (2020: \$17,892).

(d) Loans to/from Key Management Personnel

There were no loans outstanding to or from key management personnel as at 30 June 2021 (2020: Nil).

(e) Other transactions and balances with Key Management Personnel

Amounts due and unpaid at 30 June 2021 to Key Management Personnel includes consulting fees of \$20,000 to Coolform Investments Pty Ltd, a related party of B D Dickson and consulting fees of \$27,500 to Horizon Metallurgy Pty Ltd, a related party of TJ Harrison.

18. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments comprise receivables, payables and cash.

The Group's main risks arising from the financial instruments are:

- (i) interest rate risk,
- (ii) liquidity risk,
- (iii) credit risk
- (iv) foreign currency risk.

Risk Exposures and Responses

(i) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

18. FINANCIAL INSTRUMENTS (Continued)

(i) Interest Rate Risk (Continued)

At reporting date, the Group had the following financial assets exposed to Australian and Ugandan variable interest rate risk:

	2021	2020
	\$	\$
Financial Assets – Cash at Bank		
Australia	11,055,530	784,977
Nicaragua	-	11,455
	<u>11,055,530</u>	<u>796,432</u>

The Group has no interest bearing liabilities and is therefore not exposed to interest rate risks.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

At 30 June, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post tax profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2021	2020	2021	2020
	\$	\$	\$	\$
CONSOLIDATED				
+1% (100 basis points)	110,555	7,964	110,555	7,964
-1% (100 basis points)	(110,555)	(7,964)	(110,555)	(7,964)

The movements in profit and equity are due to higher/lower interest costs from variable rate cash balances.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Undiscounted cash flows of financial liabilities are presented.

The Group has no derivative financial instruments.

The remaining contractual maturities of the Group's financial liabilities are:

	2021	2020
	\$	\$
6 months or less	394,698	127,980
6 – 12 months	-	-
1 – 5 years	-	-
	<u>394,698</u>	<u>127,980</u>

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and (outflows). Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Group's overall liquidity risk.

18. FINANCIAL INSTRUMENTS (Continued)

(ii) Liquidity Risk (Continued)

	<6 months \$	6 – 12 months \$	1 – 5 years \$	> 5 years \$	Total \$
CONSOLIDATED					
<i>Year ended 30 June 2021</i>					
Financial assets					
Cash & cash equivalents	11,055,530	-	-	-	11,055,530
Trade & other receivables	63,605	-	-	-	63,605
	11,119,135	-	-	-	11,119,135
Financial liabilities					
Trade & other payables	394,698	-	-	-	394,698
Net Maturity	10,724,437	-	-	-	10,724,437
<i>Year ended 30 June 2020</i>					
Financial assets					
Cash & cash equivalents	829,933	-	-	-	829,933
Trade & other receivables	16,761	-	-	-	16,761
	846,694	-	-	-	846,694
Financial liabilities					
Trade & other payables	127,980	-	-	-	127,980
Net Maturity	718,714	-	-	-	718,714

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and investments.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets of the Group, which comprises of cash and cash equivalents, trade and other receivables and available for sale financial assets.

The Group does not hold any credit derivatives to offset its exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group places its cash deposits with institutions with a credit rating of AA or better and only with major banks.

Fair value

The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position due to their short-term nature. The carrying amounts of financial assets and liabilities as described in the statement of financial position are as follows:

18. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk (Continued)

CONSOLIDATED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2021 \$	2020 \$	2021 \$	2020 \$
FINANCIAL ASSET				
Cash	11,055,530	829,933	11,055,530	829,933
Receivables	63,605	16,761	63,605	16,761
Total financial assets	11,119,135	846,694	11,119,135	846,694
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	394,698	127,980	394,698	127,980
Total financial liabilities	394,698	127,980	394,698	127,980

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United States Dollar (USD), Ugandan Shilling (UGX) and Nicaragua Cordoba (NiC). The currencies in which the transactions primarily are denominated are USD, UGX and NiC.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date, expressed in Australian dollars (AUD), was:

	2021	2020
Cash	110,693	11,455
Trade Receivables	-	-
Trade Payables	106,090	-
Gross Statement of Financial Position Exposure	216,783	11,455
Forward exchange contracts	-	-
Net Exposure	216,783	11,455

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
AUD/NiC	25.78	22.7	26.22	23.5
AUD/UGX	2.73	-	2.67	-

18. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis

Over the reporting period there have been significant movements in the Australian dollar when compared to other currencies, it is therefore considered reasonable to review sensitivities base on a 10% movement in the Australian dollar. A 10 percent movement of the Australian dollar against the Nicaraguan Cordoba at 30 June would have had no effect on equity and loss. A 10 percent movement of the Australian dollar against the Ugandan Shilling at 30 June would have affected equity and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2020.

	Equity \$	Profit or loss \$
30 June 2021		
Ugandan Shilling	+/- 104,974	-
30 June 2020		
Ugandan Shilling	Nil	-

19. PARENT ENTITY FINACIAL INFORMATION

(a) Summary Financial Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards:

	2021 \$	2020 \$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	11,119,135	841,780
Non-Current assets	6,961,328	2,987,005
Total assets	<u>18,080,463</u>	<u>3,828,785</u>
LIABILITIES		
Current liabilities	394,698	337,980
Total liabilities	<u>394,698</u>	<u>337,980</u>
EQUITY		
Issued capital	43,393,406	27,938,424
Reserves		
Share-option	7,678,995	6,216,857
Convertible note equity	136,403	136,403
Foreign Currency Reserve	(589,590)	
Accumulated losses	(32,933,449)	(30,800,879)
Total Equity	<u>17,685,765</u>	<u>3,490,805</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Total loss	<u>(2,132,574)</u>	<u>(1,458,355)</u>
Total comprehensive loss	<u>(2,132,574)</u>	<u>(1,458,355)</u>

(b) Guarantees

Ionic Rare Earths Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

19. PARENT ENTITY FINANCIAL INFORMATION (Continued)

(c) Contingent liabilities

On 19 August 2019, the Group received shareholder approval to acquire up to a 60% interest in the Makuutu rare earths project (**Makuutu**). Makuutu is owned 100% by Ugandan registered Rwenzori Rare Metals Limited (**RRM**) which at the time was owned 85% by South African registered Rare Earth Elements Africa Proprietary Limited (**REEA**). IonicRE has entered into a binding option agreement with both companies that enables it to acquire up to a 60% direct interest in RRM, and thereby up to a 60% indirect interest in Makuutu. The Group currently has a 51% interest in RRM and to increase to 60% it must fund, to completion, a bankable feasibility study, which is in progress.

1. Additionally during the earn-in phase there are milestone payments, payable in cash or IonicRE shares at the election of the Vendor, those milestone payments remaining are as follows:
 - a. US\$375,000 on production of 10 kg of mixed rare-earth product from pilot or demonstration plant activities; and
 - b. US\$375,000 on conversion of existing licences to mining licences.
2. At any time should IonicRE not continue to invest in the project and project development ceases for at least two months RRM has the right to return the capital sunk by IonicRE and reclaim all interest earned by IonicRE.

20. SHARE BASED PAYMENTS

Details of each class of option issues are set out below.

(a) Employee and consultants' option plan

The Company does not have a current Employee and Consultants Option Plan and there are no options on issue that were issued under an Employee and Consultants Option Plan.

(b) Directors and executive options

During the year 60,000,000 options were issued to directors and senior executives (2020: 60,000,000). Set out below are summaries of options issued to senior executives.

2021

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and Exercisable at end of the year Number
15 Dec '17	30 Nov '20	1.3	0.35	22,000,000	-	-	22,000,000	-	-
23 Dec '19	30 Nov '22	1.8	0.58	40,000,000	-	-	10,000,000	30,000,000	30,000,000
24 Mar '20	30 Nov '22	1.8	0.27	20,000,000	-	-	-	20,000,000	20,000,000
3 Dec '20	30 Nov '22	1.8	0.99 ^a	-	10,000,000	-	-	10,000,000	10,000,000
3 Dec '20	30 Nov '23	2.15	1.12 ^b	-	50,000,000	-	10,000,000	40,000,000	40,000,000
TOTAL				82,000,000	60,000,000	-	42,000,000	100,000,000	100,000,000
Weighted average exercise price				\$0.017	\$0.021	-	\$0.016	\$0.019	\$0.019

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.82 years (2020: 1.88 years).

2020

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and Exercisable at end of the year Number
27 Nov '14	30 Sep '19	5.0	0.37	5,000,000	-	-	5,000,000	-	-
31 Mar '15	30 Sep '19	5.0	0.28	2,000,000	-	-	2,000,000	-	-
15 Dec '17	30 Nov '20	1.3	0.35	22,000,000	-	-	-	22,000,000	22,000,000
23 Dec '19	30 Nov '22	1.8	0.58 ^a	-	40,000,000	-	-	40,000,000	40,000,000
24 Mar '20	30 Nov '22	1.8	0.27 ^b	-	20,000,000	-	-	20,000,000	20,000,000
TOTAL				29,000,000	60,000,000	-	7,000,000	82,000,000	82,000,000
Weighted average exercise price				\$0.022	\$0.018	-	\$0.05	\$0.017	\$0.017

20. SHARE BASED PAYMENTS (Continued)

Fair value of director and senior executive options granted

During the year 60,000,000 options were issued (2020: 60,000,000). The weighted average fair value of the options granted was 1.10 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	a	b
Number of options issued	10,000,000	50,000,000
Weighted average exercise price (cents)	1.8	2.15
Weighted average life of the option (years)	2.0	3.0
Weighted average underlying share price (cents)	1.6	1.6
Expected share price volatility (%)	130	130
Risk free interest rate (%)	0.10	0.12
Fair value per option	0.0099	0.0112

(c) Performance Share Rights

No performance rights were granted during the year (2020: 100,000,000). Set out below are summaries of performance rights issued.

2021

Grant Date	Expiry Date	Vesting Share Price (cents)	Value per right at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Vested during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested at end of the year Number
31 Mar '20	31 Mar '23	1.1	0.44	33,300,000	-	33,300,000	-	-	-
31 Mar '20	31 Mar '23	2.2	0.39	33,300,000	-	33,300,000	-	-	-
31 Mar '20	31 Mar '23	3.3	0.34	33,400,000	-	33,400,000	-	-	-
TOTAL				100,000,000	-	100,000,000	-	-	-

2020

Grant Date	Expiry Date	Vesting Share Price (cents)	Value per right at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Vested during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested at end of the year Number
13 Aug '18	13 Aug '20	1.0	0.60	15,000,000	-	15,000,000	-	-	-
13 Aug '18	13 Aug '20	1.5	0.60	15,000,000	-	-	15,000,000	-	-
13 Aug '18	13 Aug '20	2.0	0.50	20,000,000	-	-	20,000,000	-	-
31 Mar '20	31 Mar '23	1.1	0.44	-	33,300,000	-	-	33,300,000	-
31 Mar '20	31 Mar '23	2.2	0.39	-	33,300,000	-	-	33,300,000	-
31 Mar '20	31 Mar '23	3.3	0.34	-	33,400,000	-	-	33,400,000	-
TOTAL				50,000,000	100,000,000	15,000,000	35,000,000	100,000,000	-

Airguide Advisory Pte. Ltd

On 31 March 2020 the Company issued 100,000,000 Performance Rights to Airguide Advisory Pte. Ltd in consideration for corporate advisory services. The vesting conditions for the Performance Rights were as follows:

- (i) based on the reference Share price of \$0.011 ("**Reference Price A**"), the Reference Date Market Capitalisation Target shall be \$22,000,000.00. In the event the Fully Diluted Market Capitalisation of the Company is equal or higher than \$22,000,000.00, calculated based on the 20-day VWAP of the Shares, the Vesting Condition of 33,300,000 Performance Rights shall be deemed satisfied ("**Tranche A Performance Rights**");

20. SHARE BASED PAYMENTS (Continued)

- (ii) based on the reference Share price of \$0.022 ("**Reference Price B**"), the Reference Date Market Capitalisation Target shall be \$44,100,000.00. In the event the Fully Diluted Market Capitalisation of the Company is equal or higher than \$44,100,000.00, calculated based on the 20-day VWAP of the Shares, the Vesting Condition of 33,300,000 Performance Rights shall be deemed satisfied ("**Tranche B Performance Rights**"); and
- (iii) based on the reference Share price of \$0.033 ("**Reference Price C**"), the Reference Date Market Capitalisation Target shall be \$66,100,000.00. In the event the Fully Diluted Market Capitalisation of the Company is equal or higher than \$66,100,000.00, calculated based on the 20-day VWAP of the Shares, the Vesting Condition of 33,400,000 Performance Rights shall be deemed satisfied ("**Tranche C Performance Rights**").

Total expenses arising from the issue of performance share rights were expensed in full in the year in which they were granted as there were no service conditions associated with the performance rights. During the year the performance conditions were met and the Rights were converted to shares.

d. Shares and Options issued to unrelated Parties

During the year three tranches of options were issued to unrelated consultants in lieu of cash fees. The services provided by the consultants were unable to be accurately valued and as such a value was placed on the options issued. The price of each option was calculated by using the Binominal Option valuation methodology applying the following inputs:

Grant date	12 August 2020	24 February 2021	1 February 2021
Number of options issued	40,000,000	25,000,000*	10,000,000
Expiry date (years)	2.34	3.00	3.00
Underlying share price (cents)	1.10	0.50	0.37
Exercise price (cents)	1.80	6.0	6.0
Expected share price volatility (%)	100	112	112
Risk free interest rate (%)	0.27	0.1	0.1
Fair value per option	0.005	0.035	0.012

*25,000,000 options were issued in relation to share issue costs, therefore have been offset against ordinary shares.

There were no other share based payments to unrelated parties during the 2021 or 2020 financial years.

Total expenses arising from share-based payment transactions during the period were as follows:

	Consolidated	
	2021	2020
	\$	\$
Options issued to executives (b)	659,600	284,560
Performance Share Rights Issued (c)	-	386,100
Options issued to unrelated parties (d)	320,163	-
Total	979,763	670,660

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the members of Ionic Rare Earths Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ionic Rare Earths Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Investment in Associate

Key audit matter	How the matter was addressed in our audit
At 30 June 2021, the carrying value of the equity accounted investment in associate Rwenzori Rare Metals Limited ("RRM") who holds 100% interest in the Makuutu Rare Earth Elements Project in Uganda is disclosed in Note 6. At each reporting period, the value of the equity accounted investment in RRM needs to be assessed for indicators of impairment. If indicators of impairment exist, the recoverable amount needs to be estimated. The assessment of the carrying value of the equity accounted investment in RRM was a key audit matter due to the judgement involved in determining the appropriate accounting treatment and determining whether there are any indicators to suggest that the investment in associate could be impaired.	Our procedures included, but were not limited to: • Considering the appropriateness of management's assessment of significant influence over RRM and accounting for the interest as an investment in associate; • Considering management's assessment of indicators that the investment in associate could be impaired; • Verifying the Group's contribution to RRM's exploration and evaluation expenditure to earn its equity interest in RRM during the year and confirming the Group's percentage ownership of RRM; • Reviewing the calculation for the carrying value of the investment including the Group's share in RRM's loss; • Reviewing ASX announcements, Board of Directors meetings minutes to assess for potential indicators of impairment; and • Assessing the adequacy of the related disclosures in Notes 2 and 6 to the financial report.



Carrying value of Exploration and Evaluation Expenditure

Key audit matter	How the matter was addressed in our audit
At 30 June 2021 the carrying value of capitalised exploration expenditure was disclosed in Note 7. As the carrying value of the exploration assets represent a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of these assets may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular, whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective area of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 2 and Note 7 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 26 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ionic Rare Earths Limited, for the year ended 30 June 2021, 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.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in blue ink, appearing to read 'J Prue', is written over a light blue horizontal line.

Jarrad Prue

Director

Perth, 30 September 2021

IONIC RARE EARTHS LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2021

Approach to Corporate Governance

Ionic Rare Earths Limited ACN 083 646 477 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained the reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <https://ionicre.com.au/governance/>

Charters

Board
 Audit and Risk Committee
 Nomination Committee
 Remuneration Committee

Policies and procedures

Policy and Procedure for the Selection and (Re)Appointment of Directors
 Process for Performance Evaluations
 Securities Trading Policy
 Code of Conduct (summary)
 Diversity Policy (summary)
 Continuous Disclosure Policy (summary)
 Continuous Disclosure Compliance Procedures (summary)
 Shareholder Communication and Investor Relations Policy
 Whistle Blower Policy
 Anti-Bribery and Corruption Policy

The Company reports below on whether it has followed each of the recommendations during the Reporting Period. This statement was approved by a resolution of the Board on, and the information in this statement is current as at, 29 September 2021.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company's website.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The checks which are undertaken, and the information provided to shareholders are set out in the Company's Policy and Procedure for the Selection and (Re)Appointment of Directors, which is disclosed on the Company's website.

The Company appointed Mr. Trevor Benson to the board on 31 August 2020, Ms Jill Kelley on 7 July 2021 and Mr Max McGarvie on 16 July 2021; the checks referred to in the Company's policies and Procedures for the selection and (Re)Appointment of Directors were undertaken.

The Company provided shareholders with all material information in relation to the election of Mr Trevor Benson at its 2020 Annual General Meeting.

Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment.

The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is related party of the Chief Executive Officer or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Recommendation 1.5

The Company has a Diversity Policy, a summary of which is disclosed on the Company's website. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company, the number of employees in Australia and the nature of the labour market in Uganda and Nicaragua, the Board considers that it is not practical to set measurable objectives for achieving gender diversity.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. During the Reporting Period, this included the Finance Director & Company Secretary:

	Proportion of women
Whole organisation (including the Board)	0 out of 4 (0%)
Senior executive positions	0 out of 1 (0%)
Board	0 out of 3 (0%)

Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chairperson's performance is evaluated by the other members of the Board in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Chairperson took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

Recommendation 1.7

The Chief Executive Officer is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chairman is responsible for evaluating the Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Company's senior executives took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

Principle 2: Structure the board to be effective and add value

Recommendation 2.1

The Board has not established a separate Nomination Committee. The Board believes that there would be no efficiencies or other benefits gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Although the Board has not established a separate Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Nomination Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Nomination Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when nomination related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented by the Board's current composition, which includes extensive geological experience and qualifications, experience in mineral processing, experience in operating in locations outside of Australia, accounting qualifications and financial management skills, leadership, governance and strategy.

While the Company is at exploration and feasibility stage, it does not wish to increase the size of the Board and considers that the Board weighted towards technical experience is appropriate at this stage of the Company's development. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations.

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

Director's name	Appointment date	Length of service at 30/06/2021	Independence status
T Benson Non-executive Chairman	31 August 2020	11 months	Independent
T Harrison Managing Director	12 December 2020	6 months	Not Independent
B Marwood Non-executive director	21 December 2020	6 months	Independent

Mr Marwood resigned effective 16 July 2020 and Ms Kelly and Mr McGarvie were appointed Independent Directors on 7 July and 16 July 2021, respectively.

Recommendation 2.4

The Board has a majority of directors who are independent. The Board does not wish to increase its size at present and considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise relevant to the Company's business.

Recommendation 2.5

The Chair is Mr Trevor Benson an independent director and is not the CEO of the Company.

Recommendation 2.6

The Company has an induction program that it uses when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity.

The full Board in its capacity as the Nomination Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the full Board in its capacity as the Nomination Committee considers what training or development should be undertaken to fill those gaps. In particular, the full Board in its capacity as the Nomination Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company expects that its board and senior executives will conduct themselves with integrity and honesty in accordance with the Code of Conduct. Directors, executives and employees shall deal with the Company's customers, suppliers, competitors, shareholders and each other with honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates.

The Company aims to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community and to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

The Company is to comply with all legislative and common law requirements which affect its business wherever it operates. Where the Company has operations overseas, it shall comply with the relevant local laws as well as any applicable Australian laws. Any transgression from the applicable legal rules is to be reported to the Managing Director as soon as a person becomes aware of such a transgression.

Recommendation 3.2

The Company has established a Code of Conduct for its directors, senior executives and employees, a summary of which is disclosed on the Company's website. Any breach of that code is reported to the board at the next meeting of directors.

Recommendation 3.3

The Company has adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct (or any potential breach of law or any other legal or ethical concern) without the fear of intimidation or reprisal.

Recommendation 3.4

The Company has established an anti-bribery and corruption policy which is disclosed on the Company's website. Any breach of that policy is immediately reported to the Chief Executive Officer and Chairman of the board of directors.

Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1

The Board has not established a separate Audit and Risk Committee. The Board believes that there would be no efficiencies or other benefits gained by establishing a separate Audit and Risk Committee. Accordingly, the Board performs the role of the Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit and Risk Committee. The Company's Audit and Risk Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Audit and Risk Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when audit or risk related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is an appendix to its Audit and Risk Committee Charter disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit and Risk Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from

the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit and Risk Committee (or its equivalent) and any recommendations are made to the Board.

Recommendation 4.2

Before the Board approved the Company financial statements for the half year ended 31 December 2020 and the full-year ended 30 June 2021, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (**Declaration**).

Recommendation 4.3

Processes are in place to verify the integrity of the Company's periodic corporate reports released to the market and not audited or reviewed by the external auditor. Examples of periodic corporate reports released by the company include quarterly cash flow reports. IonicRE has adopted a Continuous Disclosure Policy which sets out how market announcements are prepared and released and has appointed the Company Secretary as the Continuous Disclosure officer who oversees the drafting of and approves the final release of announcements. The Company Secretary is responsible for satisfying him/herself that the content of any announcement is accurate and not misleading and is supported by appropriate verification.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's Continuous Disclosure Policy and Continuous Disclosure Compliance Procedures are disclosed on the Company's website.

Recommendation 5.2

The Company secretary circulates all material market announcements to the board prior to release to ASX.

Recommendation 5.3

All new presentations are released to ASX Markets Platform ahead of any presentation to investors.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors on its website at www.ionicre.com.au.

Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication and Investor Relations Policy, which is disclosed on the Company's website.

Recommendation 6.3

The Company has in place a Shareholder Communication and Investor Relations Policy (disclosed on the Company's website) which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendation 6.4

All resolutions put to meetings of shareholders are decided by way of a poll.

Recommendation 6.5

The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd at www.computershare.com.au.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Board has not established a separate Audit and Risk Committee. The Board performs the role of the Audit and Risk Committee. Please refer to the disclosure above in relation to Recommendation 4.1.

Recommendation 7.2

The full Board in its capacity as the Audit and Risk Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

As the Company is not in production, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

- i. Market risk – movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.
- ii. Future capital risk – cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Board has not established a separate Remuneration Committee. The Board believes that there would be no efficiencies or other benefits gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of the Remuneration Committee. Although the Board has not established a separate Remuneration Committee, it has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee. The Company's Remuneration Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Remuneration Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when remuneration related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 23. The Company has not adopted a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements as other punitive measures, including dismissal, are available to be utilised by the Company.

Recommendation 8.3

The Company's Securities Trading Policy includes a statement of the Company's policy on prohibiting executives and directors from entering into transactions which limit the economic risk of participating in any equity-based remuneration scheme.

IONIC RARE EARTHS LIMITED
ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not disclosed elsewhere in this report is as follows. The information is current as at 21 September 2021.

Statement of shareholdings

Range	Names of 20 largest shareholders	Ordinary Shares		
		Fully paid		
		No of holders	No. of shares held	% held
100,001 or more	Mr Bilal Ahmad		157,450,000	4.64
	Mr Sufian Ahmad		156,833,320	4.62
	Ms Chunyan Niu		106,740,626	3.15
	JGM Property Investments Pty Ltd		104,650,000	3.08
	BNP Paribas Noms Pty Ltd <DRP>		82,879,521	2.44
	Markovic Family No 2 Pty Ltd		74,116,193	2.18
	Reco Holdings Pty Ltd		52,350,000	1.54
	Citicorp Nominees Pty Limied		40,196,673	1.18
	DDPEVCIC (WA) Pty Ltd		36,123,088	1.06
	Upsky Equity Pty Ltd		34,706,364	1.02
	Martinick Investments Pty Ltd		34,500,000	1.02
	MGL Corp Pty Ltd		30,000,000	0.88
	Mr Bongani Raziya		30,000,000	0.88
	Mr Bin Liu		29,179,517	0.86
	Compusure Superannuation Pty Ltd <staff>		28,000,000	0.83
	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>		25,000,000	0.74
			22,243,632	0.66
	BNP Paribas Nominees Pty Ltd Six Sis Ltd		22,034,710	0.65
	Rainmaker Holdings (WA) Pty Ltd		21,000,000	0.62
	Davy Corp Pty Ltd <Davy Investment A/C>		19,500,000	0.57
		20	1,107,503,644	32.65
	Various	2,899	2,096,780,649	61.81
	Sub-total		3,204,284,293	94.45
10,001 - 100,000	Various	4,008	184,487,312	5.44
5,001 – 10,000	Various	330	2,971,228	.09
1,001 – 5000	Various	216	545,363	.02
1 – 1,000	Various	289	111,318	.00
Total			3,392,399,514	100.00
	Holding an unmarketable parcel	1,168	7,796,648	0.23

The Company has the following unquoted securities on issue.

Security	Number
30 November 2022, 1.8 cent options	100,000,000
30 November 2023, 2.15 cent options	40,000,000
28 February 2024, 6.0 cent options	35,000,000

Restricted Securities

There are no restricted securities.

Voting Rights

All ordinary shares carry one vote per share without restriction.

IONIC RARE EARTHS LIMITED

ASX ADDITIONAL INFORMATION

Substantial Shareholders

As at 21 September 2021 there are no substantial shareholders who have notified the company in accordance with section 671B of the *Corporations Act 2001*

: Schedule of Mining Tenements Held

<i>Project</i>	<i>Location</i>	<i>Type of Concession</i>	<i>Concession No.</i>	<i>Percentage Held</i>
Makuutu	Uganda	Retention Licence	RL1693	51%*
		Retention Licence	RL00234	51%*
		Retention Licence	RL00007	51%*
		Exploration	EL00147	51%*
		Exploration	EL00148	51%*

* IonicRE may earn up to a 60% interest

MINERAL RESOURCES ESTIMATION GOVERNANCE STATEMENT

Governance of IonicRE's mineral resources is a responsibility of the Executive Management of the Company. The Makuutu mineral resource was first estimated in March 2020 and was updated on 23 June 2020 and again on 3 March 2021.

IonicRE has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls. The mineral resources reported have been estimated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, the Company carries out regular internal peer reviews of processes and contractors engaged.

Competent Persons named by IonicRE are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or of a "Recognised Professional Organisation", as included in a list on the JORC and ASX websites.

Makuutu Mineral Resource Estimate above 200ppm TREO-CeO₂ Cut-off Grade (ASX: 3 March 2021)

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO-CeO₂ (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)	Sc₂O₃ (ppm)
Indicated Resource	66	820	570	590	230	300	30
Inferred Resource	248	610	410	450	160	210	30
Total Resource	315	650	440	480	170	230	30

Rounding has been applied to 1Mt and 10ppm which may influence averaging calculation. All REO are tabulated in MRE announcement dated 3 March 2021 with formulas defining composition of Light Rare Earth Oxides (LREO), Heavy Rare Earth Oxides (HREO), Critical Rare Earth Oxides (CREO) and Total Rare Earth Oxides (TREO).

COMPETENT PERSON STATEMENT:

Information in this report that relates to previously reported Exploration Results has been cross-referenced in this report to the date that it was reported to ASX.

The information in this report that relates to Mineral Resources for the Makuutu deposit is extracted from the report "Mineral Resource Estimate Increased Threefold at Makuutu" created and released to ASX on 3 March 2021 and is available to view on www.asx.com.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.