17 February 2021

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IONICRE COMPLETES $12M PLACEMENT

- **Placement to raise $12.0 million to International and Australian Institutions and existing Investors**
- **Significantly strengthens the balance sheet and will enable the acceleration of work programs at the globally important Makuutu Rare Earth Project**
- **Funds raised will support:**
  - **Commencement of initial drilling on the newly acquired Exploration License 00147 to the east of the pending Resource update**
  - **Completion of the updated Mineral Resource Estimate expected by the end of February 2021**
  - **Finalisation of the Scoping Study expected to be released by the end of March 2021**

Ionic Rare Earths Limited (ASX: IXR) ("IonicRE" or "the Company") is pleased to announce it has received firm commitments to raise $12 million by way of a share placement at $0.04 ("Placement") in a significantly oversubscribed issue. The Placement was strongly supported by both key existing shareholders and new institutional investors.

The Placement significantly strengthens the balance sheet and greatly de-risks the development timeline at the Makuutu Rare Earths Project ("Makuutu"). Canaccord Genuity and Sixty Two Capital Pty Ltd acted as Joint Lead Managers to the Placement.

IonicRE Managing Director Tim Harrison commented that the strong response reflected the potential of Makuutu as a unique critical and heavy rare earth development opportunity.

"This is another positive milestone for IonicRE and our plans to fast track the development of the Makuutu Rare Earths Project. The extremely strong support we have received from institutional and existing shareholders has provided us with the opportunity to secure the required funding to now commit to key activities required to meet our accelerated timelines, as well as move IonicRE's interest from 51% to 60% upon completion of the Feasibility Study. We are excited to secure this support from institutional investors at this defining moment of the company's development."

"Makuutu, we believe, will become an increasingly important strategic asset as the implemented export restrictions in critical and heavy rare earth from China take effect. The Chinese dominance in supplying over 95% of the world's heavy rare earths production comes from their depleting reserves of ionic adsorption clays. Recent policy to prioritise and stockpile critical and heavy rare earths for

Chinese domestic supply means less exports. The two factors combined materially increase the value of Makuutu as a long-life, low-capital and high-margin critical and heavy rare earth asset."

"Global rare earth requirements to support investment commitments from world governments in electric vehicles, wind turbines, communications, defence and other technology applications extends well beyond just the supply of the light rare earths NdPr."

Placement Details

The Company has received binding commitments from new and existing institutional and sophisticated investors to raise $12.0 million (before costs) through the issue of 300,000,000 fully paid ordinary shares (Shares) at an issue price of $0.04 per Share, representing a 7.0% discount to the volume weighted average price (VWAP) over the past 10 trading days and a 12.7% premium to the 30-day VWAP of IonicRE's shares. Shares issued under the Placement will be issued utilising the Company's existing placement capacity pursuant to Listing Rules 7.1 and are expected to be issued on Wednesday 24th February 2021. The Shares issued under the Placement will rank equally with IonicRE's existing Shares quoted on the ASX. The Placement timetable is set out below.

Event	Date*
Placement commitments announced	Wednesday 17 February 2021
Settlement of New Shares via DVP	Tuesday 23 February 2021
Allotment and quotation of New Shares	Wednesday 24 February 2021
Dispatch of holding statements	Wednesday 24 February 2021

*These dates are indicative only and are subject to change. IonicRE may alter the above dates in its discretion subject to the Listing Rules and the Corporations Act.

Accelerated Activity at Makuutu

Funds raised now permit IonicRE to confidently progress key activities at Makuutu to advance the Project to completion of the Feasibility Study (FS) by October 2022.

The Company intends to use the net proceeds from the Placement as follows:

- Initiate RAB drilling program across the Makuutu Rare Earths Project, including initial drilling on the newly acquired Exploration License 00147;
- Initiate the Phase 2 metallurgical variability testwork across Makuutu to determine overall step change in metallurgical extractions with the optimised conditions;
- Initiate the next stage of site based activities including geotechnical and sterilisation programs for project development;
- Initiate the next stage of Environmental and Social Impact Study (ESIA) at Makuutu, which includes an enhanced community and stakeholder engagement program;
- Additional evaluation studies across the Project which has the potential to unlock additional value at Makuutu;
- Milestone payments; and
- Meet costs of the issue plus add to working capital.

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The Company remains on track to complete the revision of the Mineral Resource Estimate (MRE) by the end of February 2021, which will then feed directly into a revision of the Makuutu Rare Earths Project scoping study which is expected to be completed by the end of Q1 2021.

The upcoming drill program at Makuutu on the newly approved EL00147 represents the first exploration program conducted on the tenement. EL00147 was responsible for a 50% increase in the Exploration Target, announced 5th January 2021:

240 – 800 million tonnes grading 0.045 - 0.09% (450 - 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.

This includes an **EL00147 specific exploration target range of 60 – 270 million tonnes grading 0.055 - 0.09% (550 - 900 ppm) TREO**.

The potential of EL00147, is best illustrated by radiometric anomaly trends shown in Figure 1 and Figure 2, which show the new EL00147 as an immediate extension of the now 37 km long radiometric anomaly at Makuutu. The previous drill programs used the radiometric anomaly targeting methodology which has been refined and proven highly successful. The recently completed Phase 2 drilling program commencing in July 2020 which shows the characteristic radiometric anomaly trends consistent with the previous exploration targeting methods employed at Makuutu – with a demonstrated high success rate of 216 of 222 holes intersect ionic adsorption clay mineralisation above the Mineral Resource Estimate cut-off grade (ASX: 1st February 2021).

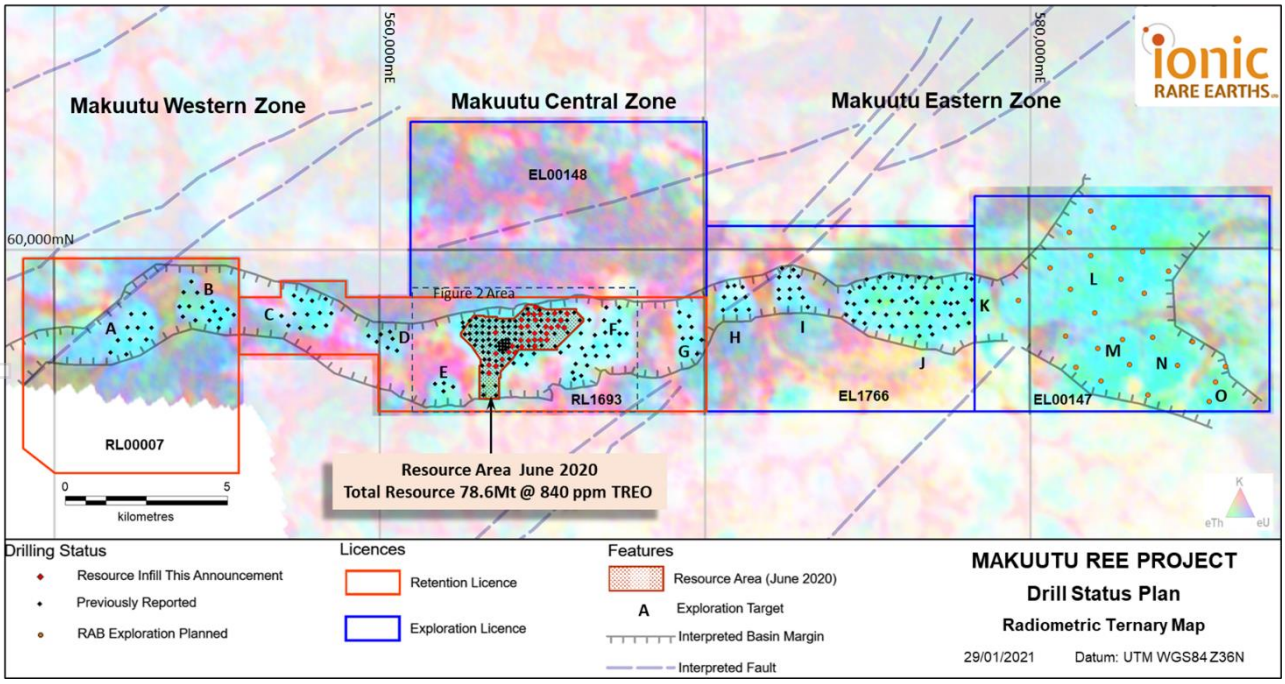

Figure 1: Makuutu Rare Earths Project plan view with the 2020 drill holes shown, existing MRE and Exploration Target areas shown. Zoom area diagram of EL00147 shown in Figure 2.

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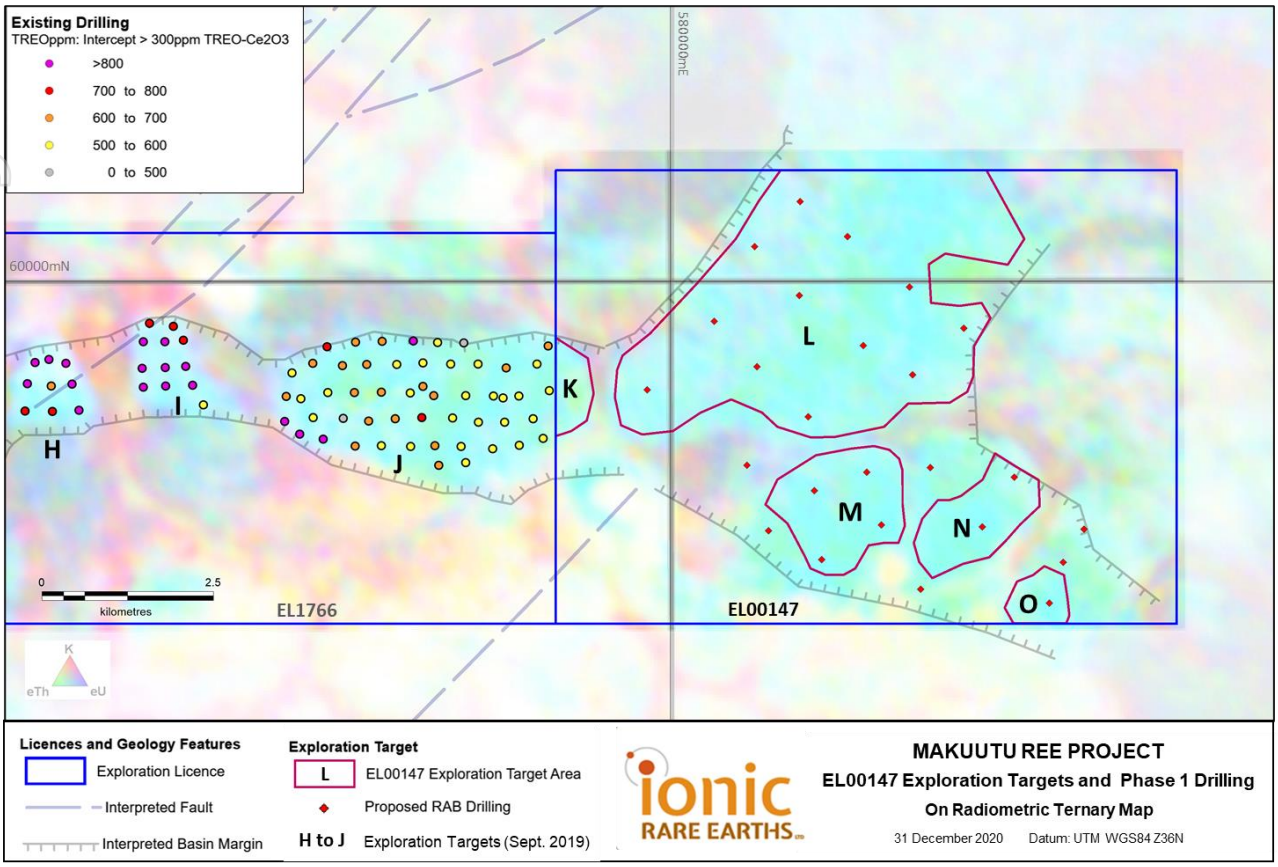

Figure 2: EL00147 Exploration Targets K to O and planned exploration Phase 1 drill hole locations.

The upcoming drill program will test wide spaced reconnaissance drilling across EL00147 plus the 4 other tenements for additional ionic adsorption clay mineralisation extension potential. 60 holes are planned in total with 25 holes planned for EL00147, as illustrated in Figure 1 and Figure 2.

Activities have commenced in preparation for drilling activity, which is planned to start in late March 2021, and the 60 holes are expected to be drilled within 6 weeks given the shallow nature of the mineralisation. Average hole depth to date has been 17 metres.

Pending a review of the results, the Company will then be able to determine the potential for a further increase in the overall scale potential at Makuutu.

Authorised for release by the Board.

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About Makuutu Rare Earths Project

The Makuutu Rare Earths Project is an ionic adsorption clay (IAC) hosted Rare Earth Element (REE) deposit located 120 km east of Kampala in Uganda. The deposit stretches 37 km in length and has demonstrated potential for a long life, low-cost capital intensity source of critical and heavy rare earths. These IAC deposits are prevalent in southern China which have been the source of the world's lowest cost critical and heavy REE production, however these deposits are gradually being exhausted and Makuutu represents one of only a handful of such deposits outside of southern China.

The Makuutu deposit is shallow, with less than 3 m of cover over a 12 m thick clay zone which results in low-cost bulk mining methods with low strip ratio. Processing is via simple acidified salt desorption heap leaching which washes the rare earths (in a chemical form) from the ore. The rare earths are precipitated as a mixed rare earth carbonate product, which attracts both a higher payability and achieves a high basket price due to the dominant high value critical and heavy rare earths which make up over 70% of the product basket. The Project has the potential of generating a high margin product with an operation life exceeding 30 years. The Project is also prospective for a low-cost Scandium co-product.

Competent Person Statements

Information in this report that relates to previously reported Exploration Targets and Exploration Results has been crossed-referenced in this report to the date that it was originally reported to ASX. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements.

The information in this report that relates to Mineral Resources for the Makuutu Rare Earths deposit was first released to the ASX on 23 June 2020 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Forward Looking Statements

This announcement has been prepared by Ionic Rare Earths Limited and may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Ionic Rare Earths Limited. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this document speak only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Ionic Rare Earths Limited does not undertake any obligation to update or revise any information or any of the forward looking statements in this document or any changes in events, conditions or circumstances on which any such forward looking statement is based.

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