25 September 2020

Company Announcement Office
Australian Securities Exchange
via electronic lodgement

Statutory Financial Statements, Appendix 4G and Annual General Meeting

Ionic Rare Earths Limited (ACN 083 646 477) (ASX: IXR) (**Company**) is pleased to provide its 2020 Annual Report and Statutory Financial Statements together with Appendix 4G.

The 2020 Annual General Meeting of the Company will be held on 27 November 2020 at the Park Business Centre, 45 Ventnor Avenue West Perth to commence at 10am.

Authorised for release by Brett Dickson, Company Secretary.

Brett Dickson
Company Secretary

IONIC RARE EARTHS LIMITED
(Formerly Oro Verde Limited)
ABN 84 083 646 477

ANNUAL REPORT

30 JUNE 2020

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
A P Rovira - Non-Executive Chairman
B D Dickson - Finance Director
T B Benson – Non-Executive Director (appointed 31 August 2020)
M J Steffens - Non-Executive Director (resigned 31 August 2020)

Chief Executive Officer
T J Harrison

Company Secretary
B D Dickson

Registered Office and Principal Place of Business
Level 1
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 Georges 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.

A P Rovira BSc (Hons), MAusIMM - (Chairman, Non-Executive Director) - Appointed 21 November 2014

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.

B D Dickson B.Bus, FCPA, FGIA, MAICD **–** (Finance Director & Company Secretary) – Appointed 21 November 2014

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

M J 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

T B Benson B.Sc – (Non-Executive Director) – 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 and off-take agreement negotiations 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

Wolf Minerals Limited – appointed 3 August 2020

MANAGEMENT

T J Harrison (Chief Executive Officer) – Appointed 26 June 2020

Mr. Harrison was Project Manager of IonicRE's Makuutu Rare Earths Project since the start of 2020 and has been driving development and value creation.

He 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 in multiple commodities, including rare earths, alumina, coal, cobalt, copper, gold, magnetite, molybdenum, nickel, rhenium, scandium, silver, and uranium.

This has involved roles in project development, process and flowsheet development, studies, test work planning and supervision, engineering, construction, commissioning, operations, project management, and as owners' team representative.

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
B D Dickson	23,420,330	24,000,000
A P Rovira	51,602,016	30,000,000
M J Steffens (resigned 31 August 2020)	-	20,000,000
T B Benson (appointed 31 August 2020)	-	-

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
B D Dickson	8	8
A P Rovira	8	8
M J Steffens	8	8

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 2020 were authorised for issue in accordance with a resolution of the directors on 23 September 2020. 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, Uganda through its 46% owned affiliate Rwenzori Rare Metals Limited and in Nicaragua through its 100% owned subsidiary Minera San Cristobal, SA.

Employees

Other than the Directors the group does not have any employees at 30 June 2020 (2019: 1).

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 2020 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 46% earning up to 60%)

After an extensive and very selective search, on 5 July 2019 Ionic Rare Earths Limited (**IonicRE** or **the Company)** announced it had entered into an agreement to acquire up to a 60% interest in the Makuutu Rare Earths Project (**Makuutu)** by acquiring an initial 20% interest in Ugandan company Rwenzori Rare Metals Limited (**Rwenzori**) which holds 100% of the Makuutu Project**.** IonicRE now holds a 46% interest in Rwenzori.

Makuutu comprises three licences covering approximately 132 km^2 located some 40 km east of the regional centre of Jinja and 120 km east of the capital city of Kampala (Figures 1 and 2). 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.

Makuutu contains ionic clay-type 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.

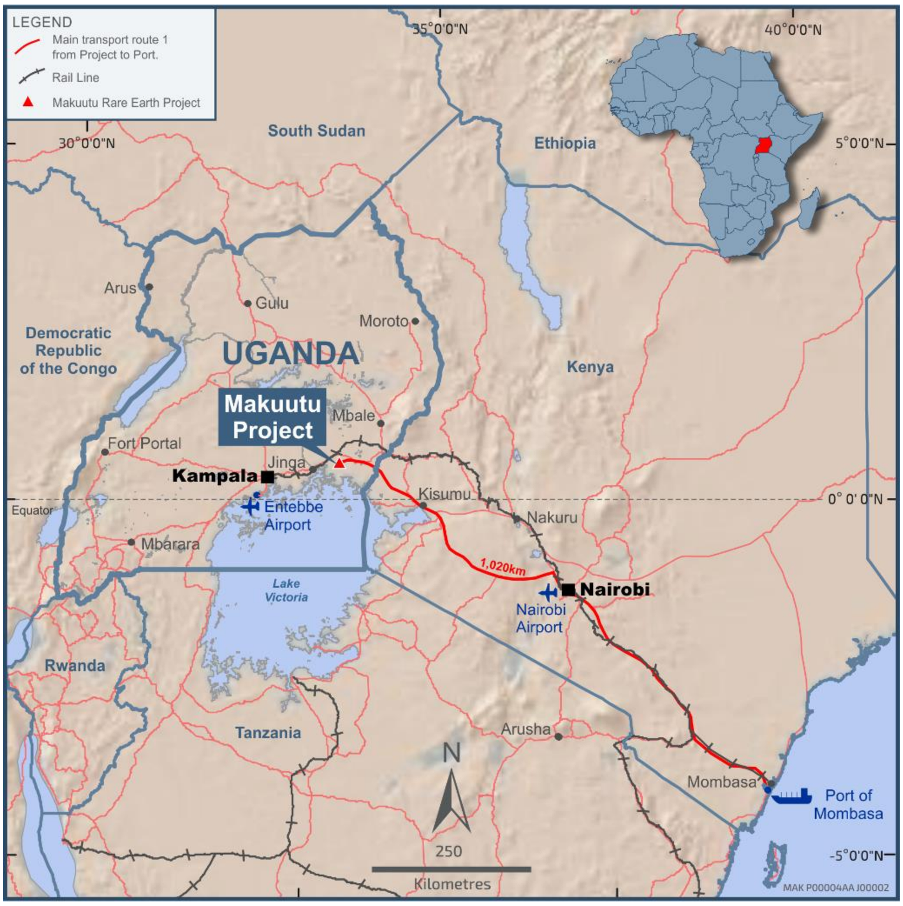


Figure 1. Makuutu Rare Earths Project Location.

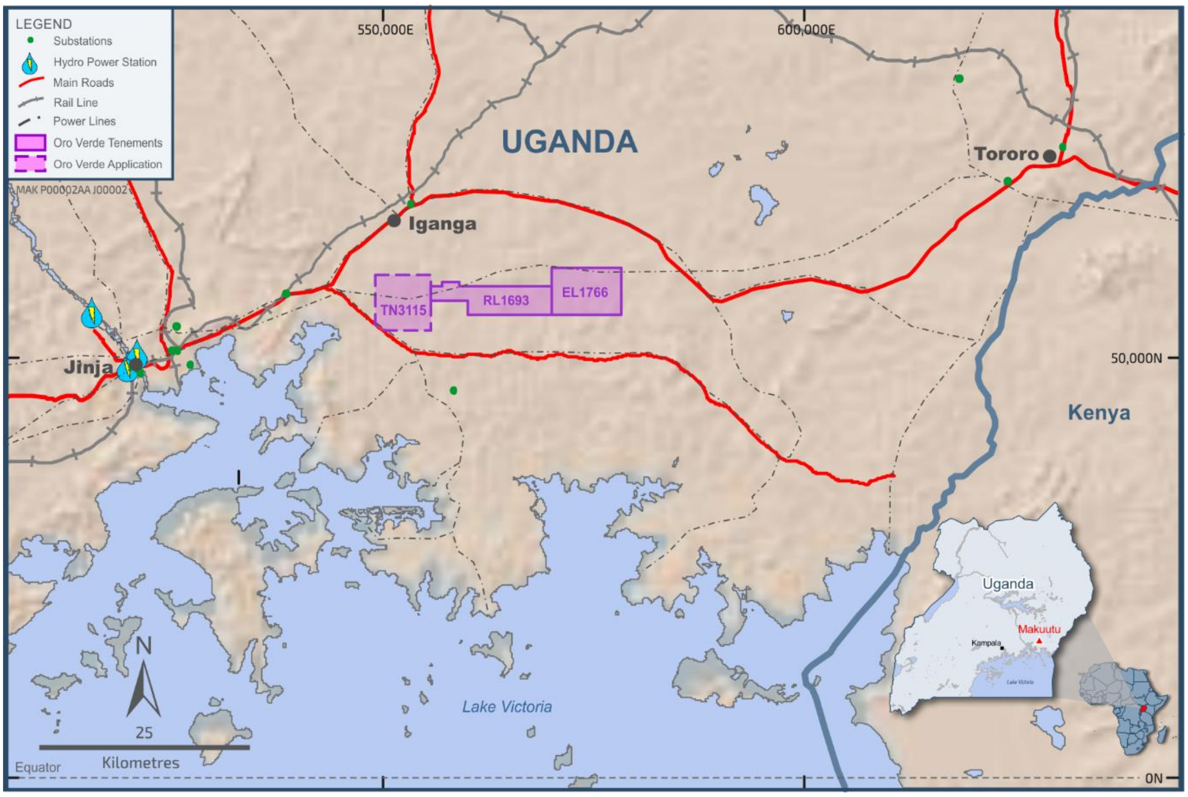


Figure 2. Makuutu Rare Earths Project Tenements and Major Infrastructure.

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 summarized in the following table.

MINING/PROCESSING STAGES	CLAY-HOSTED REE	HARD ROCK-HOSTED REE
Mineralisation	↗ Soft material, negligible (if any) blasting	↘ Hard rock
Mining	Low operating costs: ↗ Surface mining (0-15m) ↗ Minimal stripping of waste material ↗ Progressive rehabilitation of mined areas	High operating costs: ↘ Blasting required ↘ Could have high strip ratios
Processing – Mining site	↗ No crushing or milling ↗ Potential for static or in-situ leaching ↗ Ambient temperature ↗ Simple process plant	↘ Comminution, followed by beneficiation that often requires expensive (flotation) reagents
Mine product	↗ Mixed high-grade rare earth precipitate (~50-95% depending on precipitant) for feedstock into rare earth separation plant	↘ Mixed REE mineral concentrate (typically 20 – 40% TREO)
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 ↘ Complex plant (to withstand strong reagents and high temperatures) ↘ High reagent consumption per tonne of REO)
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)

The company commenced exploration shortly after acquiring an interest in Makuutu and late in 2019 completed an initial 750-metre drilling program in the Makuutu Central Zone (**MCZ)** (on tenement RL 1693). This program consisted of 41 diamond core holes and 3 window sampler holes for the purpose of generating a maiden Mineral Resource; a further 5 diamond core holes drilled in tenement EL 1766 to test for additional rare earth mineralisation potential.

Of the 41 holes drilled in the MCZ 39 intersected mineralised clay grading greater than 500 ppm Total Rare Earth Oxides (**TREO**). Some of the more significant drill intersections include (ASX: 21 November 2019, 10 December 2019 and 23 December 2019):

RRMDD001: 15.0 metres @ 1,005 ppm TREO from 5.10 metres

RRMDD003: 9.3 metres @ 1,144 ppm TREO from 2.87 metres

RRMDD004: 4.2 metres @ 1,649 ppm TREO from 5.62 metres

RRMDD006: 4.0 metres @ 1,298 ppm TREO from 3.50 metres

RRMDD010: 8.7 metres @ 1,007 ppm TREO from 3.87 metres

RRMDD015: 9.7 metres @ 1,108 ppm TREO from 3.70 metres

RRMDD016: 8.1 metres @ 1,199 ppm TREO from 2.50 metres

RRMDD017: 7.3 metres @1,034 ppm TREO from 1.50 metres

RRMDD029: 7.5 metres @ 1,299 ppm TREO from 6.0 metres

RRMDD041: 6.50 metres @1,385 ppm TREO from 4.70 metres

The broad spaced drilling on EL 1766 tested laterite plateaus between 6 and 12 kilometres east of MCZ, in the Makuutu East Zone (**MEZ**) with all drill holes intersecting a similar mineralised lateritic profile as seen in the MCZ, with better intercepts including:

RRMDD042: 4.4 metres @ 981 ppm TREO from 3.80 metres

RRMDD043: 3.5 metres @ 589 ppm TREO from 2.95 metres

RRMDD046: 5.5 metres @ 642 ppm TREO from 3.75 metres

The first quarter of 2020 provided several significant milestones for the Company with the announcement of the maiden mineral resource for Makuutu followed up by excellent metallurgical results. Additionally, the Company's increased its ownership in Rwenzori, and therefore the Makuutu project, to 31%.

Drilling recommenced at Makuutu on 16 March 2020 however this was suspended shortly thereafter due to Government-imposed COVID-19 control measures.

Figure 3: Drilling the first infill drill hole RRMDD0047.

Following the outbreak of COVID-19, activities were restricted in April and May however IonicRE was still able to make significant advances, including;

- The Makuutu Mineral Resource Estimate being increased by some 53% to (ASX: 23 June 2020):

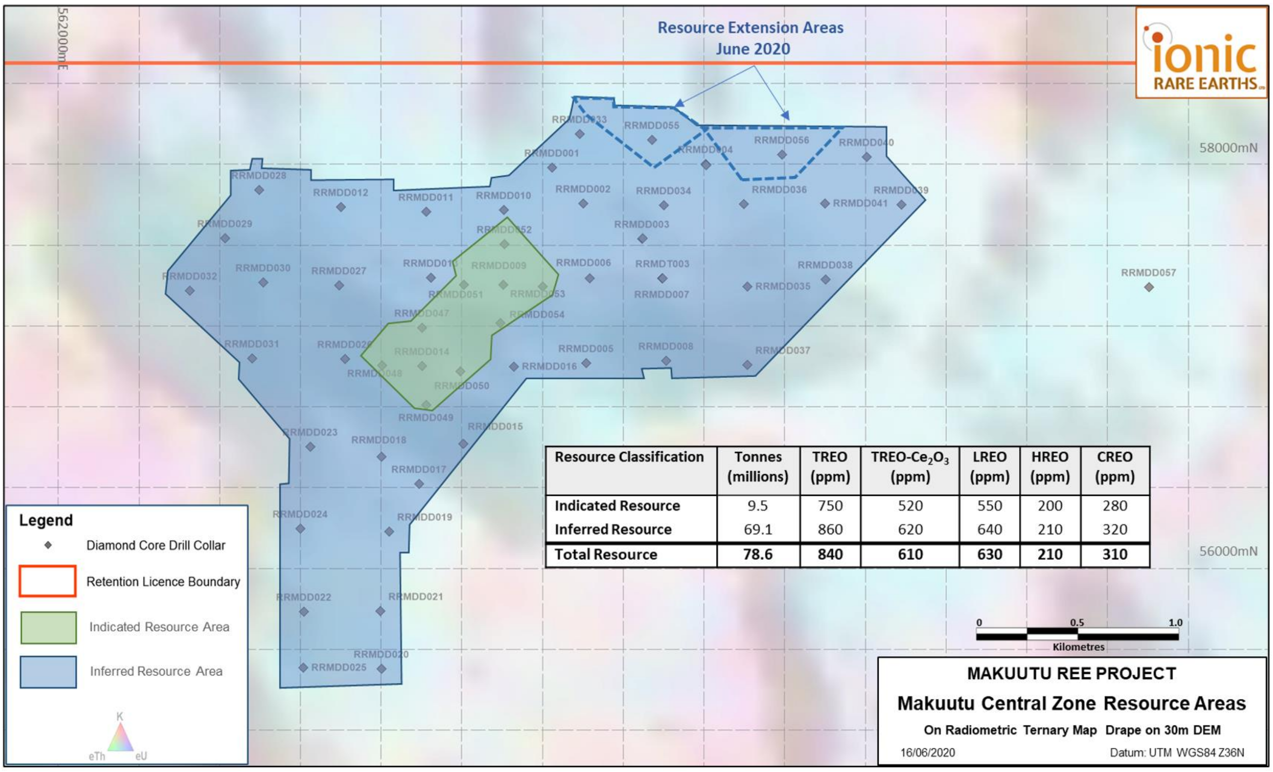
  78.6 Million tonnes @ 840 ppm TREO, at a cut-off grade of 300 ppm TREO-Ce_2O_3

- Obtaining further very positive results from optimisation of metallurgical test-work; and
- Generating further high-grade results from the drilling program curtailed by COVID-19.

Table 1: Makuutu Mineral Resource Estimate above 300ppm TREO-Ce_2O_3 Cut-off Grade

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO-Ce_2O_3 (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)
Indicated Resource	9.5	750	520	550	200	280
Inferred Resource	69.1	860	620	640	210	320
Total Resource	**78.6**	**840**	**610**	**630**	**210**	**310**

Rounding has been applied to 0.1Mt and 10ppm which may influence grade average calculations.
TREO = Total Rare Earth Oxide



Resource Classification	Tonnes (millions)	TREO (ppm)	TREO-Ce_2O_3 (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)
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Inferred Resource	69.1	860	620	640	210	320
Total Resource	**78.6**	**840**	**610**	**630**	**210**	**310**

Figure 4: Makuutu Central Zone Plan – Mineral Resource Estimate Areas June 2020.

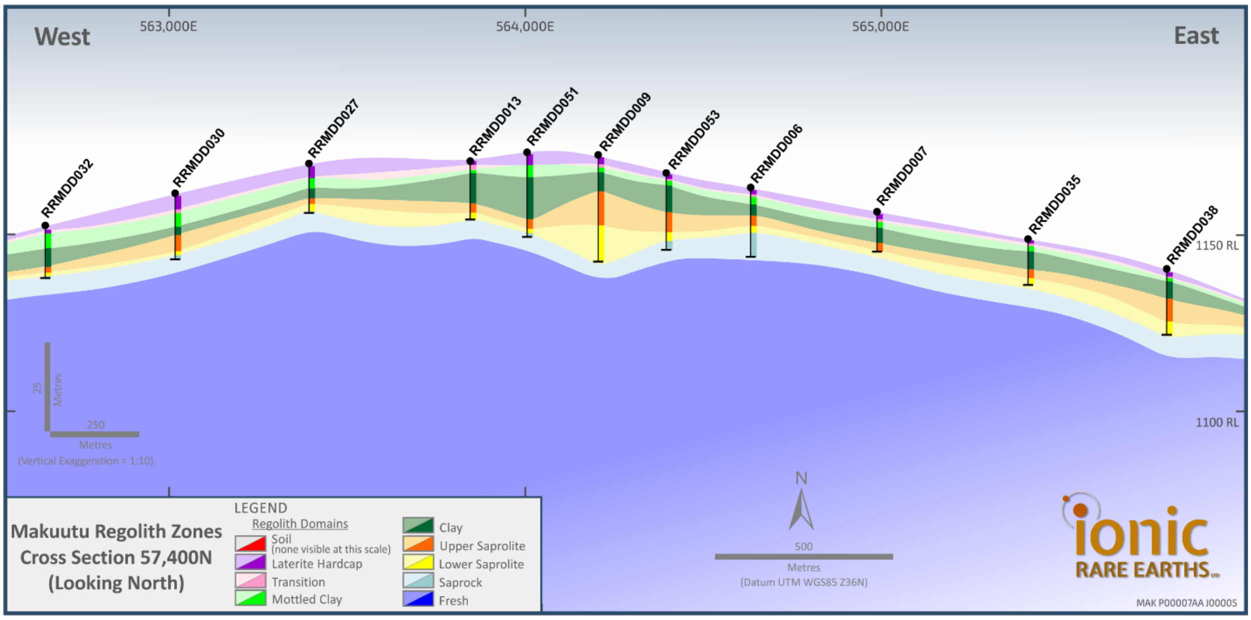


Figure 5: Makuutu Rare Earths Project; Cross Section of Regolith Zones.

Metallurgical results have been very positive with an initial variability testing program (ASX: 18 February 2020) demonstrating recoveries of up to 75% TREE-Ce. Following those early positive results, the Company commenced an optimisation program to understand the variability in mineralogy and metallurgy across the project mineralisation, and to ultimately drive towards higher recoveries, particularly for areas of the deposit that initially returned lower recoveries.

Optimisation of a composite sample of mineralisation that initially produced low recoveries, uncharacteristic of the broader Makuutu mineralisation was undertaken. It was found that by lowering the pH of the lixiviant (leaching liquor) and prolonging the extraction time to 14 days – as is applicable to commercial-scale static leach processing operations – the recovery of Rare Earths increased dramatically, with a particular enhancement of the CREO and HREO recoveries. Figure 6 illustrates the general effect of various pH levels on dissolution of Makuutu Rare Earths.

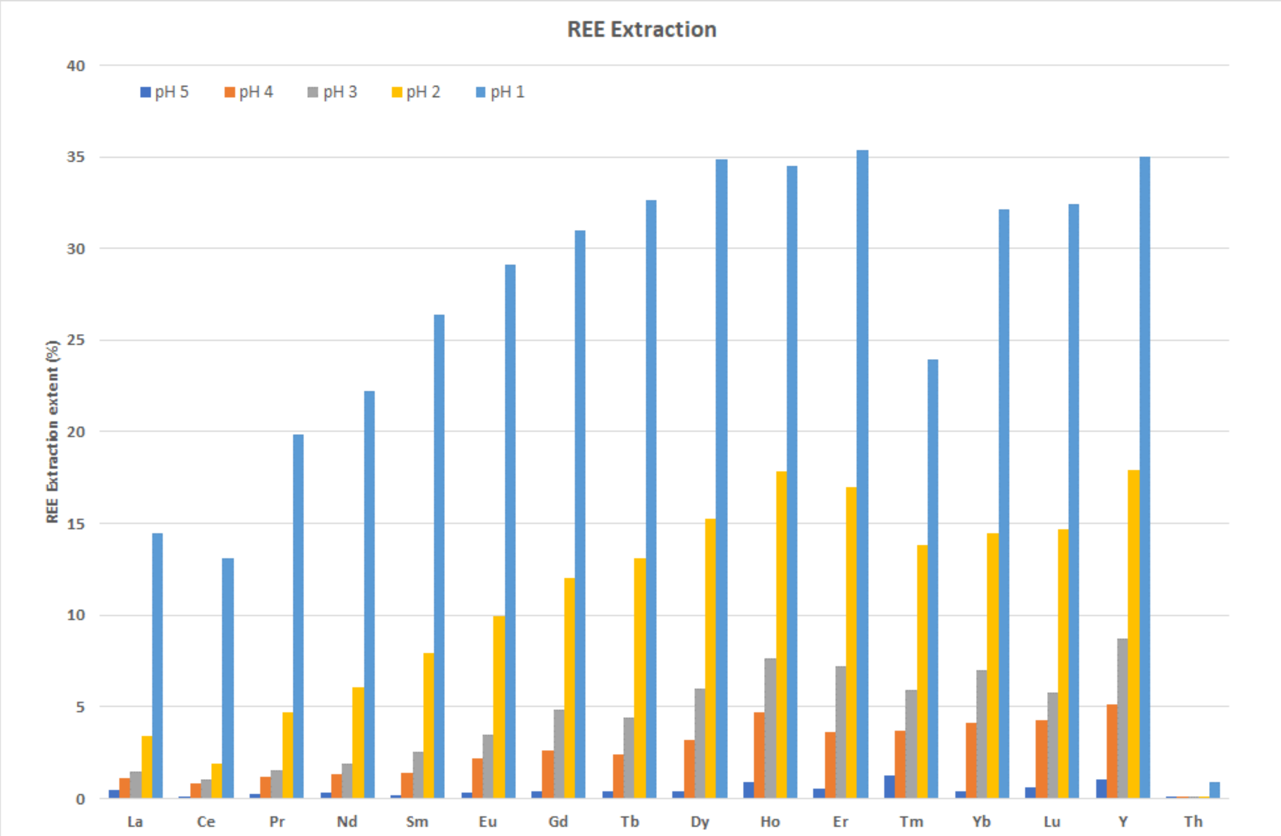


Figure 6: Effect of Lowering Extraction pH on Rare Earth Extraction plus Thorium.

The key outcomes and results from the optimisation program on the evaluated composite sample were:

- In some areas of the Makuutu deposit, a substantive portion of the REE exist in colloidal sediment form (oxides or hydroxides), which has likely resulted from natural weathering processes. Amending the testing procedure so that it is more akin to commercial operations demonstrates that the Rare Earths in the colloidal portion are also recoverable using a slightly more acidified process scheme, together with the easily water-soluble and salt-desorbed ionic form Rare Earths.
- The recovery of high-value REE (Critical and Heavy Rare Earth Elements, ~ 30% recovery) is markedly higher than the low-value REE (Lanthanum-La and Cerium-Ce, with ~14% recovery). This is favourable both for processing and also for the potential value of the mixed Rare Earth carbonate which will be the nominal product form.
- The leach liquor composition indicates a REE solution composition with > 51% Critical Rare Earth Elements and > 47% Heavy Rare Earth Elements, indicating the potential to produce a very high value mixed Rare Earth product. Figures 8 and 9 show the constituency of REE in the composite sample and also in the leach liquor (which is representative of the final product).

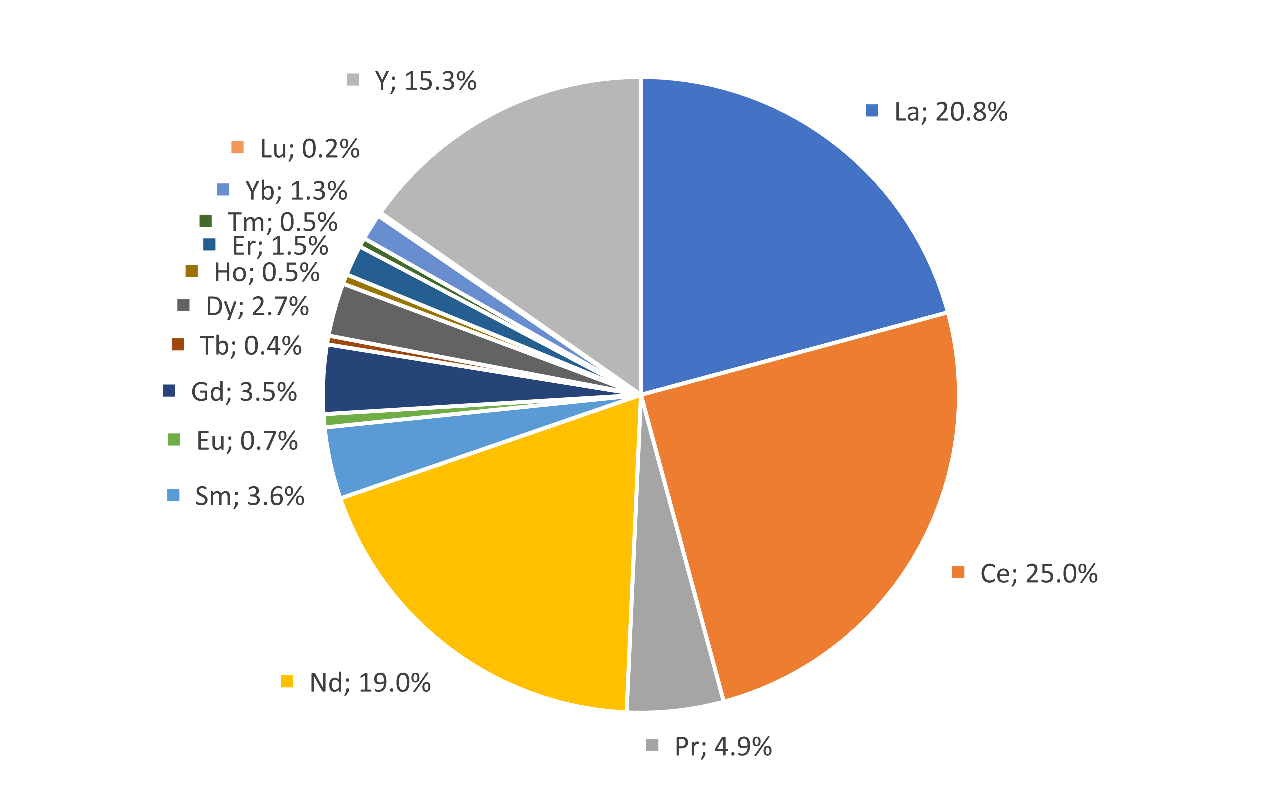


Figure 7: Composite sample REE distribution

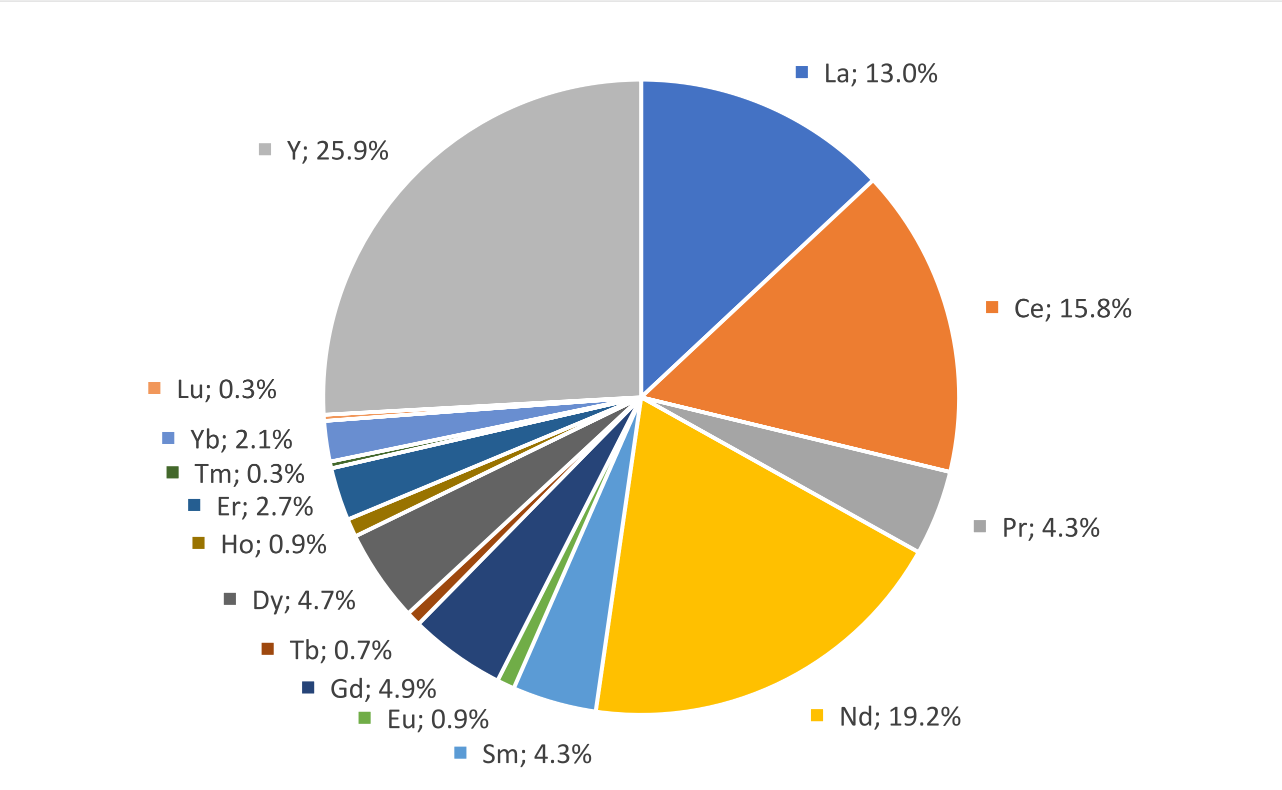


Figure 8: Leach liquor showing extracted REE distribution

The Company resumed drilling with two drill rigs in July 2020 with the objective of:

- Completing exploration and resource extension drilling of the full 26-kilometre mineralisation corridor from Makuutu Eastern Zone to Makuutu Western Zone;
- Assessing the short range REE grade variability within the current Mineral Resource to improve resource grade estimation confidence;
- Providing samples for metallurgical testwork representative of the broader project area.

This program, comprising over 3,700 metres of diamond core drilling, will add to the 990 metres of diamond core drilling initially undertaken at Makuutu, and will cover an area more than three times larger than the current Mineral Resource Estimate area.

Additionally, metallurgical optimisation testwork continues along with activities supporting the Makuutu Rare Earths Scoping Study which the company intends to complete in the December 2020 quarter.

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 is 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%

As at the date of this report the first three expenditure commitments set out in the above table have been met and IonicRE has earned a 46% 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.
5. During the earn-in phase there are milestone payments, payable in cash or IonicRE shares at the election of the Vendor, as follows:
   - US$750,000 on the Grant of Retention licence over RL1693 which is due to expire in November 2020;
   - US$375,000 on production of 10 kg of mixed rare-earth product from pilot or demonstration plant activities; and
   - 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 earnt by IonicRE.

Nicaragua

The Company operates the San Isidro mineral concessions in Nicaragua and has three exploration licences under application near the Topacio project (Figure 9).

Figure 9 Location of Nicaragua and IonicRE's Projects

San Isidro, (IonicRE 100%)

The San Isidro Gold Project constitutes a 25 km^2 mining concession in north-western Nicaragua and lies adjacent to the La India Gold Project, held by UK company Condor Gold Plc., which contains a reported 2.3 million ounce gold resource.

IonicRE's San Isidro Gold Project has the potential to contain La India-style vein-hosted epithermal gold mineralisation.

Opportunities to further monetise the value of San Isidro are being investigated.

New Concessions – Iguanas, Galeano and Tigre

Three mineral concession applications, **Iguanas, Galeano and Tigre** were submitted some time ago by Minera San Cristóbal, S.A. (MSC, a 100% owned Nicaraguan subsidiary of IonicRE) for ground covering the land adjacent to the Topacio gold project.

The Nicaraguan Ministry of Mines and Energy (MEM) has accepted these applications with certification for the approval of the three concession applications by the MDLB Municipality completed and returned to MEM.

Final signoff from MEM for the award of these concessions is awaited, though given the extended time the applications have been with MEM, the award of the concessions cannot be assured.

Operating Results

The Group's income was $1,226 (2019: $75,326) and the loss was $1,486,254 (2019: $978,314) for the financial year. Exploration expenses of $54,791 (2019: $186,831) and salaries, wages and consulting fee-based payments of $269,395 (2019: $380,702) account for approximately 22% (2019: 64%) of this year's loss.

	2020 $	2019 $
Operating income	1,226	75,326
Operating loss	(1,486,254)	(978,314)

Year in Review

Review of Financial Position

During the year, the Group raised $2,296,982 (after all expenses) through the issue of 461,470,000 fully paid shares.

As a result of that raising and the raising of $3,500,000 (before expenses) subsequent to the end of the financial period 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 2020 the cash balance of the group stood at $829,933.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

IonicRE will continue to advance the Makuutu Rare Earth Project with the aim of finalising a scoping study by the end of 2020. Upon the successful completion of the scoping study it is expected that a feasibility study on the Makuutu project will commence.

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 2021 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 $16,650 (2019: $17,052).

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) (Continued)

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

A P Rovira	Chairman (Non-Executive)
B D Dickson	Finance Director
M J Steffens	Director (Non-Executive) – (resigned 31 August 2020)
T J Harrison	Chief Executive Officer - (appointed 26 June 2020)
W G Martinick	Chairman (Non-Executive) - (Retired 30 November 2018)
B L Farrell	Director (Non-Executive) - (Resigned 16 November 2018)
D V Bright	Chief Executive Officer - (Contract finished 16 December 2018)

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. Non 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 40,000,000 options (2019: Nil) were issued to key management personnel, details of the options are set out elsewhere in this report. No shares were issued (2019: 2,971,698) 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, Chief Executive Officer:

- Term of agreement – to 31 January 2021.
- Fixed consulting fee of $24,000 per month
- Short Term Incentive of $50,000 upon the issue of a positive scoping study suitable for release to the Australian Securities Exchange before 1 November 2020.
- Termination by either party with three months' notice.

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 2020	**Salaries and fees**	**Non-Monetary Benefit[1]**	**Super annuation**	**Options**			
	$		$	$	$	$	
Directors							
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[5]	134,088	5,550	-	115,500	255,138	115,500	-
T J Harrison[6]	-	-	-	-	-	-	-
Total	302,838	16,650	22,549	231,000	573,037	231,000	-

	Short term		Post-employment	Share based payments	Total	Total options related	Total performance related
30 June 2019	**Salaries and fees**	**Non-Monetary Benefit[1]**	**Super-annuation**	**Options**			
	$		$	$	$	$	
Directors							
W G Martinick[2]	16,739	2,079	1,590	-	20,408	-	-
M J Steffens[5]	19,162	2,912	-	-	22,074	-	-
B D Dickson	120,000	4,991	2,850	-	127,841	-	-
A P Rovira	30,000	4,991	2,850	-	37,841	-	-
B L Farrell[4]	11,332	2,079	1,077	-	14,488	-	-
D V Bright[3]	23,607	-	-	-	23,607	-	-
Total	220,840	17,052	8,367	-	246,259		

1. The Non-Monetary Benefit relates to the Directors' Indemnity Insurance.
2. Retired 30 November 208
3. Contracted finish 16 December 2018
4. Resigned 16 December 2018
5. Appointed 30 November 2018
6. Appointed Chief Executive Office on 26 June 2020

During the year directors received shares to the value of Nil (2019: $12,600) in lieu of cash fees.

Compensation Options: Granted and Vested during the year.

During the year 40,000,000 compensation options were granted (2019: Nil).

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 (2019: Nil), in addition no Compensation Options were forfeited (2019: 25,000,000).

REMUNERATION REPORT (Audited) (Continued)

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 (2019: Nil).

Shareholdings of Key Management Personnel

2020	Balance 1 July 2019	Purchased	On Exercise of Options	Received in lieu of fees	Balance 30 June 2020
Specified Directors					
M J Steffens	-	-	-	-	-
A P Rovira	51,602,016	-	-	-	51,602,016
B D Dickson	23,420,330	-	-	-	23,420,330
Executives					
T J Harrison	-	-	-	-	-
Total	75,022,346	-	-	-	75,022,346

Option Holdings of Key Management Personnel

2020	Balance at beginning of year 1 July 2019	Granted	Options Exercised	Options Lapsed	Balance at end of year 30 June 2020	Vested at 30 June 2020	
						Vested & Exercisable	Unvested
M J Steffens	-	20,000,000	-	-	20,000,000	20,000,000	-
A P Rovira	42,000,000	10,000,000	-	22,000,000	30,000,000	30,000,000	-
B D Dickson	36,000,000	10,000,000	-	22,000,000	24,000,000	24,000,000	-
T J Harrison	-	20,000,000[1]	-	-	20,000,000	20,000,000	-
Total	**78,000,000**	**60,000,000**	**-**	**44,000,000**	**94,000,000**	**94,000,000**	**-**

1. These options were issued prior to T J Harrison becoming a KMP and CEO.

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 $17,872 (2019: $4,800).

Amounts due and unpaid at 30 June 2020 to Key Management Personnel include consulting fees of $10,539 (2019: $9,034) to Braunelle Trust, a related party of M J Steffens.

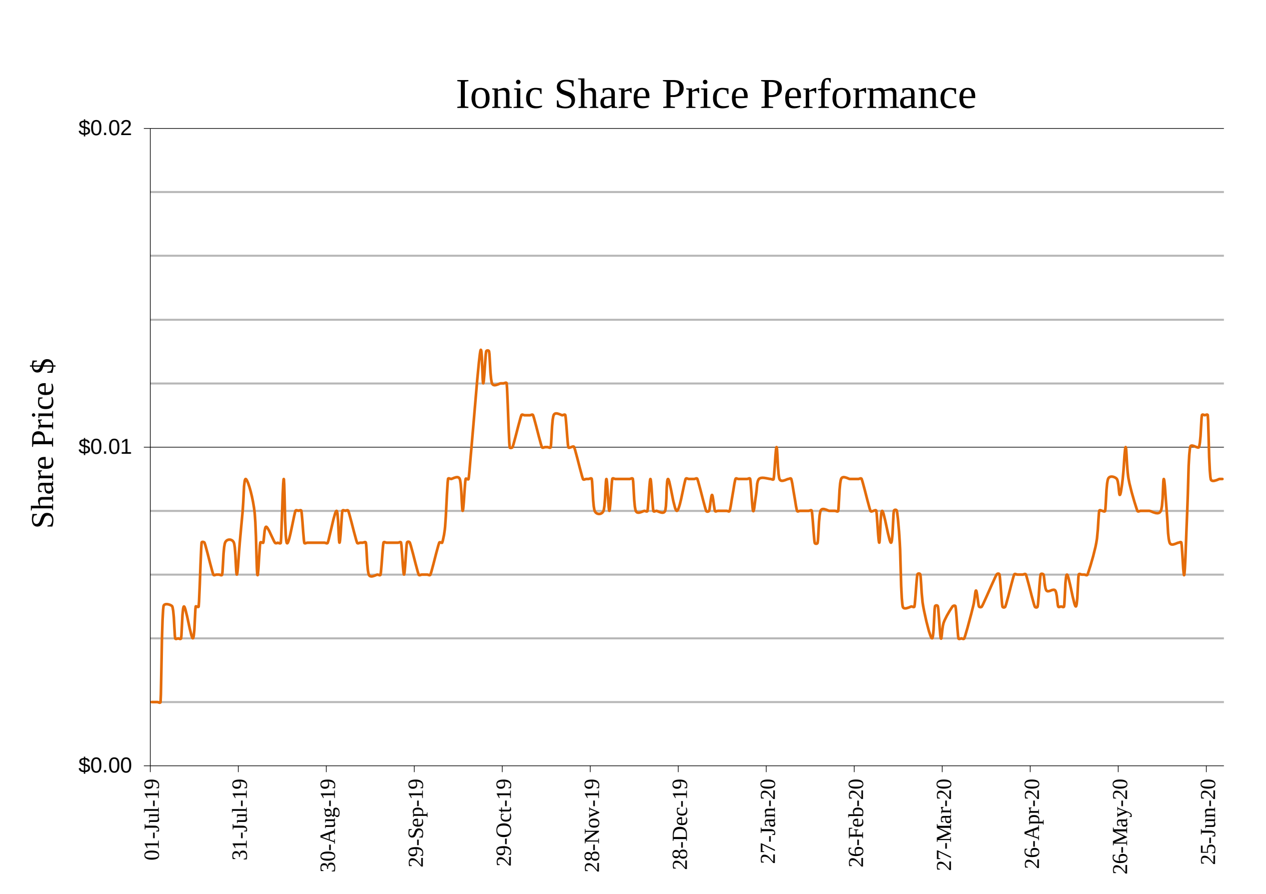
Company's Performance

Company's share price performance

The Company's share price performance shown in the below graph for the year ended 30 June 2020 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.

REMUNERATION REPORT (Audited) (Continued)



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 2020.

	2020	2019	2018	2017	2016
Basic loss per share (cents)	(0.07)	(0.06)	(0.24)	(0.14)	(0.26)

Voting and comments made at the company's 2018 Annual General Meeting

IonicRE received a 97.3% "yes" vote on its remuneration report for the 2019 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 448,000,000 (2019: 435,000,000) share options outstanding.

	Issued	**Lapsed/ Exercised**	**Total number of Options**
Balance at the beginning of the year			435,000,000
Share option movements during the year			
Exercisable at 5.0 cents, on or before 30 Sep '19	-	(73,000,000)	(73,000,000)
Exercisable at 0.5 cents, on or before 31 Aug '22	50,000,000	(50,000,000)	-
Exercisable at 1.8 cents, on or before 30 Nov '22	100,000,000	-	100,000,000
Exercisable at 0.75 cents, on or before 31 July '22	-	(14,000,000)	(14,000,000)
Total options issued and exercised in the year to 30 June 2020	150,000,000	(137,000,000)	13,000,000
		Total	448,000,000

The balance is comprised the following:

Date Granted	**Expiry Date**	**Exercise Price (cents)**	**Number of Options**
15 December 2017	30 November 2020	1.3	22,000,000
25 July 2018	31 July 2021	0.75	326,000,000
23 December 2019	30 November 2022	1.8	40,000,000
24 March 2020	30 November 2022	1.8	20,000,000
12 August 2020	30 November 2022	1.8	40,000,000
Total number of options outstanding at the date of this report			448,000,000

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.

No options were exercised during the financial year. Since the end of the financial year 50,000,000 options exercisable at $0.005 and 14,000,000 options exercisable at $0.0075 options have been exercised.

On 13 August 2018 the Company issued 50,000,000 Performance Rights. Pursuant to an agreement entered into between the holder of the Performance Rights and the Company 35,000,000 Performance Rights were cancelled and 15,000,000 million vested on 10 February 2020, as a result 15,000,000 fully paid ordinary shares in the capital of the Company were issued.

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**");

(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**");

(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**").

On 4 August 2020 the Tranche A Performance Rights met their vesting condition.

As at 30 June 2020 and the date of this report, other than as set out above, no performance share has vested.

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.

Details of the amount paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services underline the general principals relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-audit firms. There were no non-audit related services provided.

	Consolidated	
1. Audit Services	**2020 $**	2019 $
BDO Audit (WA) Pty Ltd – audit and review of financial reports	**39,169**	40,624
BDO (WA) Pty Ltd – Tax advice and attendance at AGM	**14,100**	410
Total remuneration for audit services	**53,269**	41,034

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, BDO Audit (WA) Pty Ltd, as presented on page 24 of this Annual Report.

EVENTS AFTER REPORTING DATE

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 FY2021.

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 2021 financial year.

On 3 July 2020 the Company completed a share placement of 312,500,000 shares at $0.008 each to raise $2,500,000 (before expenses of the issue) and on 31 July 2020 the Company completed a Share Purchase Plan and issued 125,000,036 shares at $0.008 to raise $1,000,000.

During September 2020 the criteria for the group to move to 46% ownership of Rwenzori Rate Metals Limited was met.

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,

A Rovira
Chairman
Perth, 24 September 2020

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 2020 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 2020.

On behalf of the Board

A Rovira
Chairman
Perth, 24 September 2020

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF IONIC RARE EARTHS LIMITED

As lead auditor of Ionic Rare Earths Limited for the year ended 30 June 2020, 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 entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

24 September 2020

IONIC RARE EARTHS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED 2020 $	2019 $
Continuing operations			
Revenue			
Interest Received	3	1,226	4,138
Other income	3	-	71,188
Expenses			
Depreciation	4	-	(3,354)
Consultants		(65,895)	(23,608)
Directors' fees (excluding executives)	4	(114,974)	(107,233)
Executives' salaries, wages and consulting fees	4	(203,500)	(249,861)
Interest expenses		-	(1,177)
Exploration expenses	4	(54,791)	(186,831)
Legal fees		(56,633)	(1,782)
Travel and accommodation		(21,930)	(31,585)
Administration expenses		(208,444)	(136,527)
Insurance		(20,103)	(18,216)
Promotion		(42,651)	(2,782)
Share based payments	22	(670,660)	(288,096)
Impairment of receivables		(27,899)	(2,588)
Loss from continuing operations before income tax		(1,486,254)	(978,314)
Income tax credit/(expense)	5	-	-
Loss for the year		(1,486,254)	(978,314)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences in translating foreign controlled entities		1,262	15,489
Total other comprehensive loss net of tax		1,262	15,489
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,484,992)	(962,825)
Total Loss per share for loss attributable to the ordinary equity holders			
Basic loss per share (cents)	16	(0.07)	(0.06)
Diluted loss per share (cents)	16	(0.07)	(0.06)

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 2020

	Notes	CONSOLIDATED 2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	14	829,933	691,153
Receivables		16,761	28,722
Other		6,541	6,677
Total current assets		853,235	726,552
Non-current assets			
Investments	7	2,461,308	-
Exploration & evaluation expenditure	8	525,697	-
Total non-current assets		2,987,005	-
Total assets		3,840,240	726,552
LIABILITIES			
Current liabilities			
Payables	10	127,980	65,378
Other	11	210,000	-
Total current liabilities		337,980	65,378
Total liabilities		337,980	65,378
Net assets		3,502,260	661,174
EQUITY			
Issued capital	12	27,938,424	24,503,006
Reserves	13	6,119,656	5,227,734
Accumulated losses		(30,555,820)	(29,069,566)
Total equity		3,502,260	661,174

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

	Notes	CONSOLIDATED 2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(757,340)	(751,892)
Payments for exploration expenditure		(54,791)	(186,831)
Interest received		1,226	4,138
Net cash flows used in operating activities	14	(810,905)	(934,585)
Cash flows from investing activities			
Proceeds from sale of mineral concessions		-	28,796
Proceeds from sale of plant and equipment		-	30,393
Payment for investments		(1,031,673)	-
Payment for capitalised exploration		(525,697)	
Net cash flows used in investing activities		(1,557,370)	59,189
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of transaction costs)		2,296,982	1,332,601
Proceeds received in advance of 3 July share placement		210,000	-
Repayment of borrowings		-	(100,000)
Interest on borrowings		-	(3,420)
Net cash flows from financing activities		2,506,982	1,229,181
Net (decrease)/ increase in cash and cash equivalents		138,707	353,785
Cash and cash equivalents at the beginning of the financial year		691,153	322,994
Effect of exchange rate changes on cash and cash equivalents		73	14,374
Cash and cash equivalents at the end of the financial year	14	829,933	691,153

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 2020

	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)
Transactions with owners in their capacity as owners						
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

	Ordinary shares	Convertible notes Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	$	$	$	$	$	$
At 1 July 2018	23,157,805	136,403	5,038,101	(250,355)	(28,091,252)	(9,298)
Loss for the period	-	-	-	-	(978,314)	(978,314)
Other Comprehensive loss	-	-	-	15,489	-	15,489
Total comprehensive loss for the period	-	-	-	15,489	(978,314)	(962,825)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,437,600	-	-	-	-	1,437,600
Transaction Costs	(92,399)	-	-	-	-	(92,399)
Share based payments	-	-	288,096	-	-	288,096
At 30 June 2019	24,503,006	136,403	5,326,197	(234,866)	(29,069,566)	661,174

The above Consolidated Statement of 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 2020 was authorised for issue in accordance with a resolution of the directors on 23 September 2020. 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 and is based on historical cost basis, except for certain available-for-sale financial assets, which have been measured at fair value. 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 Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2020 of $1,486,254 (2019: $978,314) and experienced net cash outflows from operating activities of $810,905 (2019: $934,585). At 30 June 2020, the Consolidated Entity had net current assets of $515,255 (2019: $661,174).

The ability of the Consolidated Entity to continue as a going concern is dependent on securing additional funding either through the issue of further shares, convertible notes or a combination of both in order to continue to actively explore its mineral properties and meet its spend and milestone payment commitments under the Makuutu earn-in agreement (refer note 7).

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.

These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that on successful completion of fund raising activities referred to above there will be sufficient funds to meet the Consolidated Entity's working capital requirements and as at the date of this report the Consolidated Entity believes it can meet all liabilities as and when they fall due.

The Directors have reviewed the business outlook and the assets and liabilities of the Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Consolidated Entity will continue to be successful in securing additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises. The Directors note that on 3 July 2020 the Company completed a share placement of 312,500,000 shares at $0.008 each to raise $2,500,000 (before expenses of the issue) and on 31 July 2020 a further $1,000,000 (before expenses of the issue) was raised through the issue of 125,000,036 shares by way of a Share Purchase Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

Should the Consolidated Entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differs from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary if the Consolidated Entity is unable to continue as a going concern.

(b) Adoption of new and amended accounting standards

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of AASB 16: Leases which became mandatory for the first time this reporting period commencing 1 July 2019. The adoption of this standard did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following relevant standards and interpretations have been issued by the Australian Accounting Standards Board (AASB) but are not yet effective for the year ending 30 June 2020:

AASB 2018-6: *Amendments to the Australia Accounting Standards – Definition of a business*

This standard amends AASB 3 Business Combinations' ("AASB 3") definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The revisions to AASB 3 also introduced an optional concentration test. If the concentration test is met, the set of activities and assets acquired is determined not to be a business combination and asset acquisition accounting is applied. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group's assessment of the impact of this new amendment is that it is not expected to have a material impact on the Group in the current or future reporting periods.

(iv) Other standards not yet applicable

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 9.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 7).

Expenditure incurred in order to acquire the project has been capitalised as initial cost an investment in associate (being Rwenzori Rare Metals Limited ('RML")) which represents the group's 20% interest RML which the group has significant influence over. In addition, exploration expenditure incurred during the period to increase the groups interest to 31% has also been capitalised as a further investment in RML.

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 22 were used.

Exploration and evaluation costs
Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. 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 excess 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Foreign currency translation (Continued)

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.

(j) 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income tax (Continued)

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.

(l) 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.

(m) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Share-based payment transactions (Continued)

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.

(o) 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.

(p) 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.

(q) Comparative figures

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

(r) Exploration and development expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs 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.

Farm-In policy
The farmee accounts for its expenditure under a farm-in arrangement in the same way as directly incurred exploration expenditure.

Farm-out policy
The farmor records expenditure made on behalf of the farmee but offsets any reimbursements for this expenditure. No gain or loss on farm-out arrangement is recognised.

	2020 $	2019 $
3. REVENUE		
The Group derives the following types of income		
Interest received	1,226	4,138
Profit on minerals concession sale	-	57,592

4. EXPENSES AND LOSSES

Profit/(loss) from continuing operations before income tax includes the following specific expenses

	2020 $	2019 $
Depreciation on equipment	-	3,354
Salaries & wages expenses	203,500	249,861
Operating lease rentals	17,872	23,588
Directors' benefit expense (excluding executive directors)	114,974	107,233
Exploration expenses	54,791	186,831

5. INCOME TAX

The major components of income tax expense are:

Statement of profit or loss and other comprehensive income

	2020 $	2019 $
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:

	2020 $	2019 $
Accounting loss before income tax	(1,486,254)	(978,314)
At the Group's statutory income tax rate	(408,720)	(269,036)
Less: Share options expenses during the year	184,432	79,226
Exploration expenditure	15,068	51,379
Other expenditure not allowable for income tax purposes	13,537	6,786
	(195,683)	(131,645)
Current year tax losses not brought to account	195,683	131,645
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:

	2020 $	2019 $
Deferred tax liabilities		
Prepayments	(1,799)	(1,836)
Total deferred tax liabilities	(1,799)	(1,836)
Deferred tax assets		
Accrued expenses	5,500	5,500
Capital raising costs	19,964	13,308
Tax assets/losses recognised /(not brought to account)	(23,665)	(16,972)
Total deferred tax assets	1,799	1,836
Net deferred tax liabilities/(asset)	-	-

5. INCOME TAX (Continued)

Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of $12,993,498 (2019: $12,268,908) 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.

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.

6. 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 Groups results.

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

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)

2019	**Australia**	**Nicaragua**	**Uganda**	**Total**
	$	**$**	**$**	**$**
Revenues	4,138	71,188	-	75,326
Loss	(779,904)	(198,410)	-	(978,314)
Non-current assets	-	-	-	-
Total assets	686,449	40,103	-	726,552
Total liabilities	(63,367)	(2,011)	-	(65,378)

7. INVESTMENTS

An amount of $2,461,308 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 21 for further information. This includes the amounts set out below.

	2020 $	2019 $
Subscription for initial 20% interest in Rwenzori Rare Metals Limited	148	-
US$100,000 paid to Rare Earth Elements Africa Pty Ltd	148,035	-
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 (,)	800,000	-
50,000,000 options (exercise price) of $0.005 issued to SCM	325,000	-
Expenditure on exploration and evaluation to additional 11% interest	954,689	
	2,461,308	**-**

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

The table below summarises the financial information for the associate that are material 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.

	2020 $	2019 $
Current assets		
Cash	18,346	-
Non-current assets		
Plant and equipment	9,690	-
Current Liabilities		
Payables	1,454	**-**
Net assets	**26,582**	**-**
Groups share in %	31%	-
Groups share in $	8,240	
Fair value uplift	2,453,068	
Carrying amount	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 31% to 46% and then from 46% to 51% by contributing US$800,000 and US$350,000 respectively. At 30 June 2020 the Company had expended US$342,480 towards the US$800,000 contribution (refer to note 21(c)).

8. EXPLORATION AND EVALUATION EXPENDITURE

	2020 $	2019 $
At Cost (a)	525,697	-
Impairment of exploration & evaluation expenditure	-	-
Carrying amount at the end of the financial year	525,697	-
Carrying amount at the beginning of the financial year	-	-
Additions	1,480,386	-
Transferred to Investment in Associate	(954,689)	-
Exchange differences	-	-
Carrying amount at the end of the financial year	525,697	-

(a) This amount represents contribution to expenditure to earn an additional 15% interest in Rwenzori Rare Metals Limited which hold the Makuutu exploration licence. At 30 June 2020 IonicRe held a 31% interest in Rwenzori rare Metals Limited. Subsequent to year end, the criteria for the next milestone was met and this amount was reclassified to investment in associate.

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.

9. 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.

(Non current) **Name of Subsidiary**	**Country of Incorporation**	**% equity held by consolidated entity**	
		2020	**2019**
Goldcap Resources Pty Limited	Australia	100	100
And its subsidiary			
Minera San Cristobal, S.A.	Nicaragua	100	100

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

	2020 $	2019 $
10. PAYABLES (Current)		
Trade creditors and accruals	127,980	65,378
11. OTHER LIABILITIES (Current)		
Amounts received in advance of capital raising completed on 3 July 2020	210,000	-

12. CONTRIBUTED EQUITY

	2020 $	2019 $
(a) Issued and paid up capital		
Fully paid ordinary shares	30,017,154	26,422,398
Less: capital raising costs	(2,078,730)	(1,919,392)
	27,938,424	24,503,006

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

		2020		2019	
		Number of shares	$	Number of shares	$
Beginning of the financial year		1,555,678,533	24,503,006	982,706,835	23,157,805
Issued during the year					
Issue at $0.0025	(i)	-	-	570,000,000	1,425,000
Issue at $0.0042	(ii)	-	-	2,971,698	12,600
Issue at $0.003	(i)	200,000,000	600,000	-	-
Issue at $0.006	(i)	117,720,000	706,320	-	-
Issue at $0.008	(iii)	129,179,517	1,033,436	-	-
Issue at $0.007	(iv)	15,000,000	105,000	-	-
Issue at $0.008	(i)	143,750,000	1,150,000	-	-
Cost of share issues		-	(159,338)	-	(92,399)
End of the financial year		2,161,328,050	27,938,424	1,555,678,533	24,503,006

(i) Funds raised from the share placements during the 2020 and 2019 year were used to progress the Group's exploration activities and for general working capital.

(ii) Issued in lieu of directors' fees and executive service fees – shares issued based on volume average weighted price for the relevant quarter.

(iii) Facilitation fee for the acquisition of the makutu project in Uganda

(iv) Issued on vesting of performance rights.

(c) Movements in unlisted options on issue

At the date of this report, there were 472,000,000 (2019: 435,000,000) share options outstanding.

	Issued	Exercised	Lapsed	Total number of Options
Balance at the beginning of the year				435,000,000
Share option movements during the year				
Total options issued and lapsed in the year to 30 June 2020	110,000,000	-	(73,000,000)	37,000,000
Balance at the end of the year				472,000,000

12. 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
15 December 2017	30 November 2020	1.3	22,000,000
25 July 2018	31 July 2021	0.75	340,000,000
6 September 2019	31 August 2022	0.5	50,000,000
23 December 2019	30 November 2022	1.8	40,000,000
24 March 2020	30 November 2022	1.8	20,000,000
Total number of options outstanding at the date of this report			472,000,000

(d) Director and staff shares issued

During the year the following shares were issued in lieu of fees.

	Number of Shares	
Specified Directors	**2020**	**2019**
W G Martinick	-	2,971,698
Total	-	2,971,698

(e) 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.

13. RESERVES

	2020 $	2019 $
Share Option Reserve		
Balance at beginning of year	5,326,197	5,038,101
Vesting of performance rights	(105,000)	-
Movement during the year	995,660	288,096
Balance at the end of year	6,216,857	5,326,197
Convertible Note Equity Reserve		
Balance at beginning of year	136,403	136,403
Movement during the year	-	-
Balance at the end of year	136,403	136,403
Foreign Currency Translation Reserve		
Balance at beginning of year	(234,866)	(250,355)
Movement during the year	1,262	15,489
Balance at the end of year	(233,604)	(234,866)

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.

14. STATEMENT OF CASH FLOWS

	2020 $	2019 $
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Net loss	(1,486,254)	(978,314)
Depreciation of plant and equipment	-	3,354
Share based payments	670,660	288,096
Fees paid through share issue	-	12,600
Profit on asset sales	-	(42,392)
Interest on director loan	-	3,420
Changes in assets and liabilities		
Trade receivables	(16,761)	(16,083)
Prepayments	136	(1,805)
Trade and other creditors	21,314	(203,461)
Net cash flows used in operating activities	(810,905)	(934,585)

(a) Reconciliation of cash

Cash balance comprises:		
Cash at bank	796,432	657,652
Short term deposit	33,501	33,501
Closing cash balance	829,933	691,153

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 2020, the Group had borrowing facilities of $30,000 (2019: $30,000). The short term deposit is provided as security for $30,000 of the facilities. This facility is unutilised at 30 June 2020.

The fair value of cash and cash equivalents is $829,933 (2019: $691,153).

The effective interest rate on cash at bank was 0.8% (2019: 1.0%).

Refer to Note 20 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 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	-
	1,358,436	**-**

15. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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 FY2021.

15. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

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 2021 financial year.

On 3 July 2020 the Company completed a share placement of 312,500,000 shares at $0.008 each to raise $2,500,000 (before expenses of the issue) and on 31 July 2020 the Company completed a Share Purchase Plan and issued 125,000,036 shares at $0.008 to raise $1,000,000.

During September 2020, the criteria for the group to move to 46% ownership of Rwenzori Rate Metals Limited was met.

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.

16. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit 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 earnings per share amounts are calculated by dividing the net profit 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 earnings per share:

	2020 *Cents*	2019 *Cents*
(a) Basic and diluted earnings per share		
From continuing operations attributable to the ordinary Owners of the company	(0.07)	(0.06)
	$	**$**
(b) Reconciliations of earnings used in calculating earnings per share		
Loss attributable to the ordinary Owners of the company used in calculating basic and diluted earnings per share		
From continuing operations	(1,486,254)	(978,314)
Weighted average number of ordinary shares on issue used in the calculation of continuing and discontinued basic and diluted earnings per share	2,000,293,466	1,517,735,008

(c) Effect of dilutive securities

Options on issue at reporting date could potentially dilute basic earnings 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.

17. AUDITOR'S REMUNERATION

	2020 $	2019 $
Amounts received or due for an audit or review of financial statements:		
BDO Audit (WA) Pty Ltd	39,169	40,624
	39,169	40,624

18. KEY MANAGEMENT PERSONNEL

Compensation of key management personnel by compensation

Short-term	319,488	258,792
Post-employment	22,549	46,042
Share-based payment	231,000	12,600
	573,037	317,434

19. 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 2020 %	Equity interest 2019 %	Investment 2020 $	Investment 2019 $
Goldcap Resources	Australia	100	100	120,000	120,000
and its 100% owned subsidiary					
Minera San Cristobal, S.A.	Nicaragua	100	100	-	-
				120,000	120,000

(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 directors. During the year the Company paid sub-lease fees totalling $17,892 (2019: $4,800).

(d) Loans to/from Key Management Personnel

There were no loans outstanding to or from key management personnel as at 30 June 2020 (2019: Nil).

(e) Other transactions and balances with Key Management Personnel

During the year directors received shares to the value of Nil (2019: $12,600) in lieu of cash fees.

Amounts due and unpaid at 30 June 2020 to Key Management Personnel includes consulting fees of $10,539 to Braunelle Trust, a related party of M J Steffens.

20. 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.

20. FINANCIAL INSTRUMENTS (Continued)

(i) Interest Rate Risk (Continued)

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

	2020	2019
Australia	$	$
Financial assets		
Cash at bank	784,977	679,772
Nicaragua		
Financial assets		
Cash at bank	11,455	11,381

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 Higher/(Lower)		Equity Higher/(Lower)	
	2020	2019	2020	2019
	$	$	$	$
CONSOLIDATED				
+1% (100 basis points)	7,964	6,912	7,964	6,912
-1% (100 basis points)	(7,964)	(6,912)	(7,964)	(6,912)

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:

	2020	2019
	$	$
6 months or less	127,980	65,378
6 – 12 months	-	-
1 – 5 years	-	-
	127,980	65,378

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.

20. FINANCIAL INSTRUMENTS (Continued)

(ii) Liquidity Risk (Continued)

	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	$	$	$	$	$
CONSOLIDATED					
Year ended 30 June 2020					
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
Year ended 30 June 2019					
Financial assets					
Cash & cash equivalents	691,153	-	-	-	691,153
Trade & other receivables	28,722	-	-	-	28,722
	719,875	-	-	-	719,875
Financial liabilities					
Trade & other payables	65,378	-	-	-	65,378
	65,378	-	-	-	63,378
Net Maturity	654,497	-	-	-	654,497

(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:

20. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk (Continued)

CONSOLIDATED	**CARRYING AMOUNT**		**AGGREGATE NET FAIR VALUE**	
	2020 $	**2019 $**	**2020 $**	**2019 $**
FINANCIAL ASSET				
Cash	829,933	691,153	829,933	691,153
Receivables	16,761	28,722	16,761	28,722
Total financial assets	846,694	719,875	846,694	719,875
INANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	127,980	65,378	127,980	65,378
Total financial liabilities	127,980	65,378	127,980	65,378

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 Sates Dollar (USD) and Nicaragua Cordoba (NiC). The currencies in which the transactions primarily are denominated are USD 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:

	2020 (AUD) NiC	**2019 (AUD) NiC**
Cash	11,455	11,381
Trade Receivables	-	28,722
Trade Payables	-	(2,011)
Gross Statement of Financial Position Exposure	11,455	38,092
Forward exchange contracts	-	-
Net Exposure	11,455	38,092

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2020	**2019**	**2020**	**2019**
AUD/NiC	22.7	23.2	23.5	23.3

20. 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 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 2018.

	Equity $	Profit or loss $
30 June 2020		
Nicaragua Cordoba	Nil	-
30 June 2019		
Nicaragua Cordoba	+/- 1,984	-

21. 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:

	2020 $	2019 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	841,780	686,449
Non-Current assets	2,987,005	-
Total assets	3,828,785	686,449
LIABILITIES		
Current liabilities	337,980	63,367
Total liabilities	337,980	63,367
EQUITY		
Issued capital	27,938,424	24,503,006
Reserves		
Share-option	6,216,857	5,326,197
Convertible note equity	136,403	136,403
Accumulated loses	(30,800,879)	(29,342,523)
Total Equity	3,490,805	623,083

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Total loss	(1,458,355)	(1,118,682)
Total comprehensive loss	(1,458,355)	(1,118,682)

(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.

21. 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 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 payment has been made and the issue of shares 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%

   As at the date of this report the first three expenditure commitments set out in the above table have been met and IonicRE has earned a 46% 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 RRM.
5. During the earn-in phase there are milestone payments, payable in cash or IonicRe shares at the election of the Vendor, as follows:
   - US$750,000 on the Grant of Retention licence over RL1693 which is due to expire in November 2020;
   - US$375,000 on production of 10 kg of mixed rare-earth product from pilot or demonstration plant activities; and
   - 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 RRM has the right to return the capital sunk by IonicRE and reclaim all interest earnt by IonicRE.

Ionic Rare Earths Limited does not have any other contingent liabilities as at 30 June 2020 or 30 June 2019.

22. 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.

22. SHARE BASED PAYMENTS (Continued)

(b) Directors and executive options

During the year 60,000,000 options were issued to directors and senior executives (2019: Nil). Set out below are summaries of options issued to senior executives.

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

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.88 years (2019: 1.14 years).

2019

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	5,000,000
31 Mar '15	30 Sep '19	5.0	0.28	2,000,000	-	-	-	2,000,000	2,000,000
15 Dec '17	30 Nov '20	1.3	0.35	47,000,000	-	-	25,000,000	22,000,000	22,000,000
TOTAL				**54,000,000**	**-**	**-**	**25,000,000**	**29,000,000**	**29,000,000**
Weighted average exercise price				$0.0018			$0.013	$0.022	$0.022

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.14 years (2018: 2.27 years).

Fair value of director and senior executive options granted

During the year 60,000,000 options were issued (2019: Nil). The weighted average fair value of the options granted was 0.48 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	a	**b**
Number of options issued	40,000,000	20,000,000
Weighted average exercise price (cents)	1.8	1.8
Weighted average life of the option (years)	3	2.7
Weighted average underlying share price (cents)	0.9	0.5
Expected share price volatility (%)	135	135
Risk free interest rate (%)	0.73	0.30

Total expenses arising from share-based payment transactions to executives in their capacity as executives recognised during the period were as follows

	Consolidated	
	2020	**2019**
	$	**$**
Options issued to executives	**284,560**	**-**

22. SHARE BASED PAYMENTS (Continued)

(c) Performance Share Rights

During the year 100,000,000 performance rights were granted (2019: 50,000,000). Set out below are summaries of performance rights issued.

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**	**48,300,000**	**35,000,000**	**66.700.000**	**-**

1620 Capital Pty Ltd

On 13 August 2018 the Company issued 50,000,000 Performance Rights to 1620 Capital Pty Ltd in consideration for corporate advisory services. The vesting conditions for the Performance Rights were as follows:

1. 15 million performance shares which vest if the 10 Day volume weighted average price ("VWAP") of the Company shares exceed $0.01 per share;
2. 15 million performance shares which vest if the 10 Day volume weighted average price ("VWAP") of the Company shares exceed $0.015 per share; and
3. 20 million performance shares which vest if the 10 Day volume weighted average price ("VWAP") of the Company shares exceed $0.02 per share

The Performance Rights were issued for nil cash consideration and no consideration will be payable upon vesting of the Performance Rights. Upon satisfaction of the vesting conditions, each Performance Right will automatically vest into one fully paid ordinary share of the Company. The Performance Rights will lapse on 13 August 2020.

On 10 February 2020 1620 Capital Pty Ltd and the Company reached agreement (**Agreement**) whereby it was acknowledged that, as at that date, the Vesting Condition in 1 above had been satisfied and 15,000,000 Performance Rights had vested (**Vested Performance Rights**) and the Vesting Conditions in 2 and 3 above had not been satisfied and 35,000,000 Performance Rights remained unvested (**Unvested Performance Rights**). The value of the performance rights issued have been expensed in prior periods.

Pursuant to the Agreement, from 10 February 2020, the Unvested Performance Rights were irrevocably cancelled for nil consideration and 1620 Capital no longer had any right to acquire any shares in the capital of IonicRE in respect of the Unvested Performance Rights and, within 5 business days of 10 February 2020, IonicRE would issue 15,000,000 fully paid ordinary shares in the capital of the Company to 1620 Capital (or its nominee/s) representing conversion of the Vested Performance Rights.

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**");

22. SHARE BASED PAYMENTS (Continued)

(c) Performance Share Rights (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**").

Fair value of performance rights granted

Pitcher Partners Corporate Pty Ltd (**Pitchers**) were requested to prepare a valuation of the Performance Rights. In carrying out its valuation Pitchers utilised a version of the Black Scholes Options Pricing Model (BSM) which incorporated Monte Carlo simulation analysis.

The BSM model applied the following inputs:

Item	**Tranche A**	**Trance B**	**Tranche C**
Underlying share price (cents)	$0.006	$0.006	$0.006
Exercise price	Nil	Nil	Nil
Share price volatility (%)	150%	150%	150%
Risk free Interest rate	0.34%	0.34%	0.34%
Expected dividend yield (%)	Nil	Nil	Nil
Expected life of the Rights the option (years)	3 years	3 years	3 years

This yielded the following valuations

Value per Right	$0.0044	$0.0039	$0.0034
Value per tranche	$145,200	$128,700	$112,200

Total expenses arising from the issue of performance share rights were expensed in full during the period as there were no service conditions associated with the performance rights and were as follows.

	Consolidated	
	2020	**2019**
	$	**$**
Performance Share Rights issued	**386,100**	288,096

22. SHARE BASED PAYMENTS (Continued)

d. Shares and Options issued to unrelated Parties

Investment in Associate

During the year, the Group acquired a 31% interest in Associate, Rwenzori Rare Metals Limited ("RRM") which owns 100% of the Makuutu Rare Earths Elements Project. To assist with negotiations for the acquisition the Group paid facilitation fees to unrelated parties consisting of 129,179,517 fully paid ordinary shares at $0.008 per share and 50,000,000 options an exercise price of $0.005.

The 50,000,000 options issued were valued at $0.0065 each. The price of each option was calculated by using the Black Scholes valuation methodology applying the following inputs:

Number of options issued	50,000,000
Grant date	19 August 2019
Expiry date (years)	3
Underlying share price (cents)	0.8
Exercise price (cents)	0.5
Expected share price volatility (%)	135
Risk free interest rate (%)	0.73

In accordance with AASB 2 *Share Based Payments*, there is a rebuttable presumption that the fair value of goods or services received can be estimated reliably for transactions with parties other than employees. This presumption has been rebutted given that the fair value of the underlying assets of RRM (being exploration and evaluation assets) could not be reliably measured. Accordingly, the Investment in RRM has been recorded based on the fair value of the shares issued, calculated at the closing share price on the date of issue.

There were no other share based payments to unrelated parties during the 2019 or 2020 financial years.

Total expenses arising from the issue of shares and options to unrelated parties were capitalised as Investment in Associate during the year as follows.

	Consolidated	
	2020	**2019**
	$	**$**
Investment in Associate	**1,358,436**	**-**

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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 subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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(a) 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 2020, the carrying value of the equity accounted investment in associate Rwenzori Rate Metals Limited ("RRM") who holds 100% interest in the Makuutu Rate Earth Elements Project in Uganda is disclosed in Note 7. 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 RMM 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(e) and 7 to the financial report.

BDO

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 2020, 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 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 15 to 19 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ionic Rare Earths Limited, for the year ended 30 June 2020, 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

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Director

Perth, 24 September 2020

IONIC RARE EARTHS LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2020

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

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, 23 September 2020.

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, and 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 re-election of Mr Tony Rovira at its 2019 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 sole senior executive (the Finance Director & Company Secretary) 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 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 30/06/2020	Independence status
M J Steffens Non-executive Director	30 November 2018	1 year 7 months	Independent
A P Rovira Non-executive director	21 November 2014	5 years 7 months	Independent
B D Dickson Finance Director	21 November 2014	5 years 7 months	Not independent

Dr Steffens resigned effective 31 August 2020 and Mr Trevor Benson was appointed an Independent non-executive director on 31 August 2020.

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 Tony Rovira an independent director and is not the CEO of the Company.

Recommendation 2.6

The Company has an induction program that it uses to 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 2019 and the full-year ended 30 June 2020, it received from the Finance Director a declaration that, in his 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**).

The Board did not receive a Declaration for each of the quarters ending 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

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.oroverde.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 15. 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 4 September 2019.

Statement of shareholdings

		Ordinary Shares		
Range	Names of 20 largest shareholders	Fully paid		
		No of holders	No. of shares held	% held
100,001 or more	Mr Bilal Ahmad		106,666,666	3.96
	Mr Sufian Ahmad		104,719,973	3.88
	JGM Property Investments Pty Ltd		103,400,000	3.84
	Ms Chunyan Niu		74,792,185	2.77
	MGL Corp Pty Ltd		55,000,000	2.04
	Mr Anthony Paul Rovira		52,315,915	1.94
	Markovic Family No 2 Pty Ltd		50,600,000	1.88
	Reco Holdings Pty Ltd		46,884,289	1.74
	Martinick Investments Pty Ltd		40,000,000	1.48
	Upsky Equity Pty Ltd		36,000,000	1.34
	Dr Wolf Gerhard Martinick		35,055,763	1.30
	Mr Hayden Malcolm Buswell		35,000,000	1.30
	BNP Paribas Nominees Pty Ltd		33,819,278	1.25
	Airguide International Pte Ltd		33,300,000	1.24
	J P Morgan Nominees Australia Pty Ltd		30,330,000	1.12
	Mrs Lisa Marlane Roberts		29,747,480	1.10
	Rare Earth Elements Africa (Pty) Ltd		29,179,517	1.08
	DDPEVCIC (WA) Pty Ltd		26,476,802	0.98
	Norfolk Blue Pty Ltd <Norfolk Blue A/c>		25,794,182	0.96
	Mr BD & GF Dickson		23,658,034	0.88
		20	972,740,084	36.08
	Various	1,258	1,681,031,799	62.35
	Sub-total		2,653,771,883	98.43
10,001 - 100,000	Various	696	41,086,649	1.52
5,001 – 10,000	Various	83	633,257	0.02
1,001 – 5000	Various	211	527,319	0.02
1 – 1,000	Various	257	108,978	0.01
Total		**2,525**	**2,696,128,086**	**100.00**
	Holding an unmarketable parcel	783	8,035,805	0.30

The Company has the following unquoted securities on issue.

Security	Number
30 November 2020, 1.3 cent options	22,000,000
31 July 2021, .075 cent options	326,000,000
30 November 2022, 1.8 cent options	100,000,000
Performance Rights with various vesting conditions	66,700,000

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 4 September 2020 shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	**No of Shares**
JGM Property Investments Pty Ltd	154,000,000

Table 1: Schedule of Mining Tenements Held

Project	*Common Name*	*Type of Concession*	*Concession No.*	*Percentage Held*
Hemco-SID	San Isidro	Exploration	1351	100%
Makuutu	-	Retention Licence	1693	31%
	-	Retention Licence	0007	31%
	-	Exploration	1766	31%

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 is a new resource this financial year and its first estimate was released to ASX on 10 March 2020. This estimate was updated on 23 June 2020.

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.

Table 2: Makuutu Mineral Resource Estimate above 300ppm TREO-Ce_2O_3 Cut-off Grade

Resource Classification	**Tonnes (millions)**	**TREO (ppm)**	**TREO-Ce_2O_3 (ppm)**	**LREO (ppm)**	**HREO (ppm)**	**CREO (ppm)**
Indicated Resource	9.5	750	520	550	200	280
Inferred Resource	69.1	860	620	640	210	320
Total Resource	**78.6**	**840**	**610**	**630**	**210**	**310**

Rounding has been applied to 0.1Mt and 10ppm which may influence grade average calculations.
TREO = Total Rare Earth Oxide

COMPETENT PERSON STATEMENT:

Information in this report that relates to previously reported Exploration Results has been crossed-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 "Significant 53% increase in Mineral Resource at the Makuutu Rare Earths Project" created and released to ASX on 23 June 2020 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.

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

IONIC RARE EARTHS LIMITED

ABN/ARBN	Financial year ended:
84 083 646 477	30 June 2020

Our corporate governance statement[1] for the period above can be found at:[2]

☒ These pages of our annual report: Page 58 to page 63

☐ This URL on our website:

The Corporate Governance Statement is accurate and up to date as at 23 September 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.[3]

Date:	25 September 2020
Name of authorised officer authorising lodgement:	Brett Dickson – Company Secretary

[1] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

[2] Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

[3] Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ and we have disclosed a copy of our board charter at: https://ionicre.com.au/wp-content/uploads/2016/11/board_charter.pdf	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☒	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] Tick the box in this column only if you have followed the relevant recommendation <u>in full</u> for the <u>whole</u> of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with "*insert location*" underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert "our corporate governance statement". If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg "pages 10-12 of our annual report"). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg "www.entityname.com.au/corporate governance/charters/").

[5] If you have followed all of the Council's recommendations <u>in full</u> for the <u>whole</u> of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☐ and we have disclosed a copy of our diversity policy at: https://ionicre.com.au/wp-content/uploads/2016/11/summary_of_diversity_policy.pdf and we have disclosed the information referred to in paragraph (c) at: …………………………………………………………………… *[insert location]* and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☒ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: https://ionicre.com.au/wp-content/uploads/2016/11/process_for_performance_evaluations.pdf and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: **In the Annual Report at page 59 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: https://ionicre.com.au/wp-content/uploads/2016/11/process_f7or_performance_evaluations.pdf and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: **In the Annual Report at page 59 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		**Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:**	**Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]**
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: https://ionicre.com.au/wp-content/uploads/2016/11/nomination_committee_charter.pdf and the information referred to in paragraphs (4) and (5) at: ……………………………………………………………………… [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at: **In the Annual Report at page 60 at** https://ionicre.com.au/annual-reports/	☒ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☒ and we have disclosed our board skills matrix at: **In the Annual Report at page 60 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors at: **In the Annual Report at page 60 at** https://ionicre.com.au/annual-reports/ and, where applicable, the information referred to in paragraph (b) at: ………………………………………………………………………. [*insert location*] and the length of service of each director at: **In the Annual Report at page 60 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values at: **In the Annual Report at page 61 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct at: **In the Annual Report at page 61 and** https://ionicre.com.au/wp-content/uploads/2016/11/summary_of_code_of_conduct.pdf	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: https://ionicre.com.au/wp-content/uploads/2020/01/200106-Whistleblower-Policy.pdf	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption policy at: https://ionicre.com.au/governance/	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: …………………………………………………………………… [*insert location*] and the information referred to in paragraphs (4) and (5) at: …………………………………………………………………… [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at: **In the Annual Report at page 61 at** https://ionicre.com.au/annual-reports/	☒ set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the 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.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy at: https://ionicre.com.au/wp-content/uploads/2016/11/summary_of_continuous_disclosure_compliance_procedures.pdf	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: https://ionicre.com.au/governance/	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: https://ionicre.com.au/wp-content/uploads/2016/11/shareholder_communication_and_investor_relations_policy.pdf	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: https://ionicre.com.au/wp-content/uploads/2016/11/audit_and_risk_committee_charter.pdf and the information referred to in paragraphs (4) and (5) at: …………………………………………………………………………… [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: **In the Annual Report at page 61 at** https://ionicre.com.au/annual-reports/	☒ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: **In the Annual Report at page 63 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed how our internal audit function is structured and what role it performs at: ……………………………………………………………………… [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: **In the Annual Report at page 63 at** https://ionicre.com.au/annual-reports/	☒ set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☒ and we have disclosed whether we have any material exposure to environmental and social risks at: **In the Annual Report at page 63 at** https://ionicre.com.au/annual-reports/ and, if we do, how we manage or intend to manage those risks at: ……………………………………………………………………… [*insert location*]	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☐ *[If the entity complies with paragraph (a):]* and we have disclosed a copy of the charter of the committee at: https://ionicre.com.au/wp-content/uploads/2016/11/remuneration_committee_charter.pdf and the information referred to in paragraphs (4) and (5) at: .... [*insert location*] *[If the entity complies with paragraph (b):]* and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: **In the Annual Report at page 63 at** https://ionicre.com.au/annual-reports/	☒ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: **In the Annual Report at commencing at page 15 at** https://ionicre.com.au/annual-reports/	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☒ and we have disclosed our policy on this issue or a summary of it at: https://ionicre.com.au/wp-content/uploads/2016/11/securities_trading_policy.pdf	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: ………………………………………………………………… [*insert location*]	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☒ we do not have a director in this position and this recommendation is therefore not applicable **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☐	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☒ we are established in Australia and this recommendation is therefore not applicable **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	☐	☐ set out in our Corporate Governance Statement **<u>OR</u>** ☒ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: ……………………………………………………………………….. [*insert location*]	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		**Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:**	**Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]**
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: …………………………………………………………………………….. [*insert location*]	☐ set out in our Corporate Governance Statement