

Ionic Rare Earths Limited

ABN 84 083 646 477

Annual Report - 30 June 2025

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| Directors | Brett Lynch – Executive Chairman Tim Harrison – Managing Director and CEO Maxwell McGarvie – Non-Executive Director Sufian Ahmad – Non-Executive Director |
| Company secretary | Mark Licciardo |
| Notice of annual general meeting | The details of the annual general meeting of Ionic Rare Earths Limited are: Friday 28 November 2025 at 11:00am (AEDT) |
| Registered office and principal place of business | Level 5, South 459 Collins Street Melbourne VIC 3000 Telephone: +61 3 9776 3434 Email: investors@ionicre.com |
| Share register | Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: 1300 787 272 |
| Auditor | BDO Audit Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000 |
| Solicitors | Baker & McKenzie Level 19, CBW, 181 William Street Melbourne Victoria 3000 Australia |
| Bankers | National Australia Bank Level 1, Gateway Building 177-179 Davy Street Booragoon WA 6154 |
| Stock exchange listing | Ionic Rare Earths Limited shares are listed on the Australian Securities Exchange (ASX code: IXR) |
| Website | www.ionicre.com |
| Corporate Governance Statement | The Directors and management are committed to conducting the business of Ionic Rare Earths Limited in an ethical manner and in accordance with high standards of corporate governance. Ionic Rare Earths Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year, identifies and explains any Recommendations that have been followed, which is approved at the same time as the Annual Report can be found at: https://ionicre.com.au/investor-centre/ |

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Dear IonicRE Shareholders

IonicRE has undergone a transformative 12 months, with the changes in our international business strategy coupled with a new market environment for rare earths marking a significant turning point for your Company.

Our renewed focus on wholly owned subsidiary Ionic Technologies and its patented, made-in-Belfast magnet recycling technology has been rewarded with a number of major advances during fiscal 2025.

Ionic Technologies is playing a key role in the UK's rare earth strategy focused on developing a sovereign supply chain of these critical minerals for defence, advanced manufacturing and renewables.

The development of a UK rare earth permanent magnet (REPM) supply chain has been fostered through a number of commercial partnerships together with financial support from the UK Government. I would again like to express our gratitude for this continued and invaluable support, both from the national and Northern Ireland governments.

Successful Magnet Recycling Feasibility Study

In November 2024, IonicRE announced a Feasibility Study showing the strong potential for a profitable commercial REO manufacturing facility in Belfast, recycling pre-consumer rare earth magnet scrap and end-of-life (EOL) magnets. The key outcomes included a post-tax NPV of US\$502 million, IRR of 43.6% and a lifetime EBITDA of US\$1.78 billion, based on annual production of 400 tonnes of separated magnet REOs over a 20-year life of operation.

The study's completion was a major milestone in our Company's development of an ex-China rare earths supply chain, delivering sovereign capability to the UK, and I congratulate the team at Ionic Technologies and all responsible for delivering these outstanding results.

In December 2024, Ionic Technologies lodged an application for a substantial capital grant from the UK Government via the Automotive Transformation Fund (ATF), administered by the Advanced Propulsion Centre (APC). Together with other potential funding, this has the potential to provide a cornerstone investment into the development of a commercial facility.

The Belfast facility recently welcomed a visit by Rt Hon Sarah Jones MP, (then) Minister of State at both the Department for Energy Security and Net Zero (DESNZ), and the Department for Business and Trade (DBT), with the Minister noting Ionic Technologies' "progress so far in developing a rare earth magnetic recycling process to support the UK's electric vehicle transition."

The Company continues to engage with the APC and DBT concerning additional funding and will update the market accordingly once the grant quantum can be confirmed.

UK-EU supply chain partnerships

In October 2024, IonicRE secured UK Government funding to foster rare earth oxide (REE) supply chain partnerships. This included partnering with UK-based metals and alloys manufacturer, Less Common Metals and German-based magnet manufacturer, Vacuumschmelze, to produce rare earth alloys for permanent magnets.

The UK Government also supported Ionic Technologies in a collaboration with the UK's Materials Processing Institute and Swansea University to develop a demagnetisation solution for EOL permanent magnets.

Continuing to build industry partnerships, in May 2025, the Company signed a non-binding Memorandum of Understanding (MOU) with UK-based EMR, a global leader in sustainable materials. The agreement focuses on EMR's supply of EOL magnets to Ionic Technologies, as well as collaboration on the liberation of magnets and recycling initiatives, marking another step forward in building a circular supply chain for rare earth magnets.

Post-balance date, in July 2025, an Ionic Technologies-led consortium was awarded £11 million for the development of a UK-based REPM supply chain. The "CircularREEconomy" project is aligned with the APC's efforts to support electric drivetrain capability in the UK, with Ionic Technologies working closely with market leaders for each step of the supply chain for REEs via long-loop recycling. Ionic Technologies' direct allocation under the program is approximately £3.1 million (A\$6.4 million).

Low emission solution

IonicRE is supporting the global clean energy transition and as such it is important to minimise carbon emissions produced in rare earth supply chains. In this regard, an independent life cycle assessment, showing up to 61% lower CO₂ emissions, highlights the potential of Ionic Technologies' product to dramatically lower scope 3 emissions in the OEM supply chain compared to the existing REO supply chain sourced from primary (mine) supply.

Industry analysts Benchmark Mineral Intelligence estimate just 5% of mined rare earth supply will be produced by 'industry leading' sustainability companies in 2030, with most material currently produced in countries with poor ESG ratings.

With rare earths demand accelerating, extracting these minerals responsibly is a critical challenge for the industry and Ionic Technologies is at the forefront of delivering a low emission solution.

Brazilian supply chain

IonicRE's partnership with Viridis Mining and Minerals (ASX: VMM) through the Viridion joint venture (IXR: 50%; VMM: 50%) has the potential to fast-track development of a secure and sovereign rare earths supply chain in Brazil. Brazil is currently the world's seventh largest wind energy market and with a growing advanced manufacturing industry including EV production along with substantial resources of rare earths, it has outstanding potential in this industry.

In November 2024, Viridion signed an MOU with SENAI FIEMG Innovation and Technology Centre of Minas Gerais, owner and operator of CIT SENAI, the first rare earth magnet laboratory in South America. The agreement will foster the joint development and production of rare earth permanent magnets at CIT SENAI, which is targeting production of 100 tonnes per annum of NdFeB by the end of 2026.

In May 2025, Viridion marked a new milestone with the first delivery of recycled magnet REO feed to the CIT SENAI facility, constituting the first locally sourced REOs recycled in Brazil and sourced from Brazilian EOL magnets. Ionic Technologies' long-loop recycling technology enabled the production of high purity separated REOs supplied to Brazil, demonstrating the benefits of its patented process.

In June 2025, Viridion was shortlisted by the Brazilian National Bank for Economic and Social Development ('BNDES') and the Federal Agency for Funding Authority for Studies and Projects in Brazil ('FINEP') as an eligible recipient for funding to progress downstream rare earth refining and magnet recycling facilities in Brazil. Economic feasibility during commercial production was a key factor in the selection process.

Post-balance sheet date, in July 2025, Viridion confirmed selection for funding, with the joint venture commencing negotiations over a tailored funding package to progress downstream value addition for rare earths in Brazil.

During the same month, Viridion was officially granted land within an Industrial District by the Municipality of Poços de Caldas, Minas Gerais, for construction of the Centre for Rare Earths Innovation, Technology and Recycling (CRITR). Scheduled to commence operations in the second half of 2026, the CRITR is expected to host South America's first pilot-scale refining and recycling unit for high-purity separated REOs, processing both Mixed Rare Earth Carbonate (MREC) from Viridion's Colossus Project and recycled magnets and alloys sourced from the domestic market.

USA, Asia expansion

In June 2025, IonicRE announced an expanded focus for Viridion, with the joint venture examining a potential U.S.-based rare earth refinery. This would potentially obtain MREC from Colossus plus other similar IAC deposits like Makuutu to enable the flow of magnets and heavy rare earths into the U.S. manufacturing base.

IonicRE also has opportunities in Asia, with the Company signing in February 2025 an MOU with South Korea's JSLink (previously DNA Link) concerning collaboration on recycling REPM and on magnet REO supply.

While IonicRE has focused this past year on building a global industrial business, the Company's Makuutu Heavy Rare Earths Project also remains a key asset, given its status as the most advanced IAC project globally with product not committed to China and with a MREC product basket with one of the highest heavy rare earth contents.

A member of the Mineral Security Partnership (MSP), Makuutu is considered a globally strategic resource, and the Company has continued talks with members of the MSP together with potential offtakers on speeding development of this "shovel-ready" project, which has gained increased attention following China's April 2025 export restrictions.

After all the project achievements of the past year, it is important to recognise the contribution made by our staff, contractors and partners together with the Board and management. Due to market conditions in 2024, IonicRE made difficult decisions to significantly reduce operational expenditures, and I would like to express my gratitude for everyone's support during a critical phase in our business.

I would also like to express my thanks to Nitin Tyagi, who resigned as a Non-Executive Director in January 2025 and who made a significant contribution to the Company since his appointment in July 2023.

IonicRE is set for an exciting year ahead, with the rare earth market now enjoying higher ex-China prices and market sentiment improving. I look forward to capitalising on the many opportunities available to drive value for shareholders while supporting the world's clean energy transition.



Tim Harrison
Managing Director and CEO

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Ionic Rare Earths Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were Directors of Ionic Rare Earths Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Brett Lynch – Executive Chairman
- Tim Harrison – Managing Director and CEO
- Maxwell McGarvie – Non-Executive Director
- Sufian Ahmad – Non-Executive Director
- Nitin Tyagi – Non-Executive Director (resigned on 20 January 2025)

Information on Directors

Name: Brett Lynch
Title: Executive Chairman
Qualifications: B.Eng (Mining)
Experience and expertise: Mr Lynch is a highly experienced international company director and chief executive, with a strong background in mining and mining-related businesses across Australia, Asia and North America and a proven track record in advancing shareholder value. A senior mining engineer and manager, he has more than 30 years' experience in the global industry, including previous posts with leading resources companies such as MIM Holdings, New Hope Corporation, Orica and VLI, during which time he was responsible for multi-million dollar international operations.

Mr Lynch professional qualifications include a Bachelor of Engineering (Mining) (Honours) at the University of Melbourne, a Graduate Diploma of Business (Accounting) at Monash University and a Company Director Diploma from the Australian Institute of Company Directors.
Other current directorships: Consolidated Lithium Metals Inc (TSX: CLM)
Former directorships (last 3 years): Sayiona Mining Limited (SYA)
Interests in shares: 154,652,014 ordinary shares Indirectly
Interests in options: 35,274,725 options over ordinary shares
Interests in rights: 60,000,000 performance rights

Name: Tim Harrison
Title: Managing Director and CEO
Qualifications: B.Eng (Chem), Fellow AusIMM
Experience and expertise: Mr. Harrison holds a Bachelor of Chemical Engineering degree from Adelaide University and has over 25 years of experience and an extensive and successful track record in the fields of both mineral processing and hydrometallurgy across multiple commodities, including significant battery and technology metals experience.

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

Mr. Harrison has been instrumental in driving the development of Makuutu and identifying opportunities for enhanced value creation through downstream refining and magnet recycling.

Other current directorships: Viridis Mining and Minerals Limited (VMM)
Former directorships (last 3 years): None
Interests in shares: 29,999,999 ordinary shares held indirectly
Interests in options: 4,285,714 options over ordinary shares
Interests in rights: 60,000,000 performance rights

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

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 2,285,714 ordinary shares held indirectly
 Interests in options: 1,142,857 options over ordinary shares
 Interests in rights: 5,000,000 performance rights

Name: Sufian Ahmad
 Title: Non-Executive Director
 Qualifications: MBA, Post-Graduate Diploma in Commercial and Resources Law, LLB (Hons), Diploma in Financial Planning.
 Experience and expertise: Mr. Ahmad brings strong legal, business and marketing expertise to the Board with over 11 years' experience in the resource sector in the provision of corporate advisory services. He is also the founder of Sixty Two Capital, an advisory firm specialising in the growth and funding of emerging ASX companies.

Other current directorships: None
 Former directorships (last 3 years): Battery Age Minerals Limited (BM8) (formerly known as Pathfinder Resources Limited)
 Interests in shares: 143,300,969 ordinary shares held indirectly
 Interests in options: 1,428,571 options over ordinary shares
 Interests in rights: 5,000,000 performance rights

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

| | Full Board | |
|------------------|------------|------|
| | Attended | Held |
| Brett Lynch | 6 | 6 |
| Tim Harrison | 6 | 6 |
| Maxwell McGarvie | 6 | 6 |
| Sufian Ahmad | 6 | 6 |
| Nitin Tyagi | 3 | 3 |

Held: represents the number of meetings held during the time the Director held office.

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.

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Company secretary

Mr Mark Licciardo was appointed to the position of Company Secretary on 31 January 2024. Mark was the founder and Managing Director of Mertons Corporate Services, and following Mertons' acquisition by Acclime, is a Partner, Listed Company Services for Acclime Australia. Acclime provides a range of professional services including company secretarial and corporate governance consulting to ASX listed and unlisted public and private companies. He is also a former Company Secretary of ASX listed companies Transurban Group and Australian Foundation Investment Company Limited and an experienced director of ASX listed and unlisted public and private companies.

Mark holds a Bachelor of Business Degree (Accounting) and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia, and The Chartered Governance Institute.

Principal activities

The principal activity during the year of the Group was the completion of a feasibility study for the construction of a commercial magnet recycling plant at the 100% owned Ionic Technologies subsidiary in Belfast, UK and the establishment of joint venture, Viridion, to establish and fast-track a Brazilian magnet supply chain.

The Group's business is conducted from operations located in Australia, the UK through its 100% owned subsidiary Ionic Technologies International Limited, Uganda through its 60% owned affiliate Rwenzori Rare Metals Limited, and Brazil through its 50% held joint venture, Viridion.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

IonicRE made significant advances during the reporting period, with a focus on advancing a global industrial business based on wholly owned subsidiary Ionic Technologies' patented magnet recycling technology.

Highlights included the launch of a Feasibility Study showing the strong potential for a profitable and unique commercial REO manufacturing facility in Belfast, UK, recycling pre-consumer rare earth magnet scrap and EOL magnets and delivering sovereign capability to the UK.

Ionic Technologies also undertook collaborations with industry partners including Less Common Metals (LCM), magnet manufacturer, Vacuumschmelze (VAC) and EMR, also securing various UK Government grants to facilitate the development of a UK circular supply chain for rare earths.

Demonstrating the technology's sustainability benefits, a Product Carbon Footprint Study completed by independent researchers Minviro on Ionic Technologies' magnet recycling process showed dramatic emission reductions of up to 61% are possible compared to the existing REO supply chain sourced from primary (mine) supply.

Internationally, IonicRE signed a non-binding MOU with South Korea's JS Link (previously DNA Link) to collaborate on the recycling of rare earth permanent magnets and magnet REO supply.

The Company also progressed the Viridion joint venture (IXR 50%; VMM 50%) in Brazil, marking a new milestone with the first delivery of recycled magnet REO feed, constituting the first locally sourced REOs recycled in Brazil and sourced from Brazilian EOL magnets. Viridion was also awarded land in an Industrial District to develop South America's first pilot-scale refining and recycling unit for high-purity separated REOs, and has been selected as a candidate for federal funding.

In the United States, Viridion is examining the potential for a U.S.-based rare earth refinery, while IonicRE has held talks with several potential U.S. partners for the development of multiple magnet recycling facilities.

Talks also continued with members of the Minerals Security Partnership (MSP) and potential offtakers regarding the Makuutu Heavy Rare Earths Project, seen as a highly strategic asset, given its status as the most advanced IAC project globally with product not committed to China and with a MREC product basket with one of the highest heavy rare earth contents.

Additionally, IonicRE bolstered its capital base through separate capital raises and a Share Purchase Plan (SPP), along with a R&D Tax Incentive rebate. The Company's financial runway was strengthened through significant cuts to operational expenses.

The capital raises comprised the following:

- November 2024: \$1.65 million placement plus SPP, which secured an additional \$766,000;
- May 2025: \$3 million through issue of convertible notes.

As a result of the loss incurred for the year ended 30 June 2025 and the liquidity at the reporting date, there is a material uncertainty on whether the Group can continue as a going concern. The Directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Ionic Technologies (100% IonicRE subsidiary)

FY25 was a transformative year for Ionic Technologies, marked by substantial advancements in rare earth element (REE) recycling and strategic partnerships, with the global expansion of its business across the UK/Europe and into North and South America as well as Asia.

As a global leader in the recycling of Neodymium-Iron-Boron (NdFeB) permanent magnets into high-purity separated magnet rare earth oxides (REOs), Ionic Technologies reinforced its position as a key player in creating sustainable, traceable, and sovereign rare earth supply chains. Below is a summary of the key milestones and developments achieved throughout the year.

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Figure 1: Ionic Technologies' pathway to commercialisation.

Magnet Recycling Demonstration Plant

During FY2025, Ionic Technologies made major advances in the operation and output of its Magnet Recycling Demonstration Plant located in Belfast, UK. The plant, a strategic asset for both the UK and European supply chains, has since January 2024 successfully maintained continuous production of separated REOs, including Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy), Terbium (Tb), and Holmium (Ho) oxides, all grading greater than 99.5% purity. These high-purity outputs have positioned the Demonstration Plant as a critical facility for the supply chain outside of China.

Post-balance sheet date, in July 2025 IonicRE announced Ionic Technologies was ramping up production of high-purity oxides of dysprosium (Dy₂O₃) and terbium (Tb₄O₇), responding to the critical need for these heavy rare earths used in the manufacture of high-performance sintered neodymium-iron-boron (NdFeB) permanent magnets for the defence, advanced manufacturing and renewables sectors for Western customers.

The increased production of these heavy rare earth oxides (HREOs) followed growing requests for these materials from the US, UK, Europe and globally, with samples sent to various Western customers. China's April 2025 announcement of additional export restrictions on medium and heavy rare earths, including Dy and Tb, resulted in a substantial increase of inbound requests for additional or excess Dy or Tb capacity available from Ionic Technologies.

Magnet Recycling Feasibility Study

In November 2024, IonicRE released a Feasibility Study showing the strong potential for a profitable and unique commercial REO manufacturing facility in Belfast, UK, recycling pre-consumer rare earth magnet scrap and EOL magnets and delivering sovereign capability to the UK.

Key study outcomes included:

- NPV (post tax) of US\$502m (A\$776m, A\$ = US\$0.65);
- IRR (post tax) of 43.6%;
- Lifetime Net revenue US\$2.12b (A\$3.27b);
- Lifetime EDITDA US\$1.78b (A\$2.76b);
- Capital payback of 2.4 years, based on throughput of 1,200 tonnes per annum (tpa) of feed with production capacity of 400 tpa of separated magnet rare earth oxides (REO) over 20-year life of operation.

Designed for a brownfield site located in Belfast Harbour, the planned commercial-scale plant would represent a 40-fold increase in production capacity (400 tpa) from the Demonstration Plant (10 tpa). The process design is modular, with the plant comprising of two 200 tpa production lines, allowing for scale-up flexibility and parallel REO separation activity.

The completion of the Feasibility Study, and ongoing completion of the FEED Study allows prioritisation of commercial offtake agreements for high purity, separated magnet REO products – didymium oxide ((NdPr)₂O₃), dysprosium oxide (Dy₂O₃) and terbium oxide (Tb₄O₇). Additionally, functionality for separated neodymium oxide (Nd₂O₃) and praseodymium oxide (Pr₆O₁₁) is also under further investigation driven by appetite in several industries beyond the magnet supply chain.

| Metric | Units | Belfast Plant US\$ | Belfast Plant A\$ |
|----------------------|-----------|-----------------------|----------------------|
| Discount Rate (real) | % | 7.5% | 7.5% |
| NPV (pre-tax) | \$m | 673 | 1,040 |
| NPV (post-tax) | \$m | 502 | 776 |
| IRR (pre-tax) | % | 52.2% | 52.2% |
| IRR (post tax) | % | 43.6% | 43.6% |
| Capex | \$m | 108.7 | 168.1 |
| Payback Period | Years | 2.4 | 2.4 |
| Net Revenue | \$m | 2,116 | 3,274 |
| EBITDA | \$m | 1,782 | 2,756 |
| OPEX (ex-magnets) | \$/kg REO | 27.68 | 42.82 |

Exchange Rates used, 1 GBP = 1.28 US\$, 1 A\$ = 0.65 US\$.

Table 1: Summary of financial metrics

In December 2024, Ionic Technologies lodged an application for a substantial capital grant from the UK Government via the Automotive Transformation Fund, administered by the APC, which together with other potential funding has the potential to significantly contribute to the development of a commercial facility.

IonicRE is progressing site permitting at Belfast Harbour, with construction planned to be completed in 2027 subject to financing and regulatory approvals, delivering sovereign magnet REO capability for Western customers potentially from late 2027.

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Strategic Partnerships and Collaborations

Ionic Technologies undertook a number of new strategic partnerships and collaborations during FY2025, seeking to develop an ex-China secure and sustainable REO supply chain in the UK and beyond.

These included:

- **Recycled rare earth permanent magnets partnership:** In October 2024, Ionic Technologies was awarded two new grants with a combined value of £1.265m, including direct funding of £470k, to foster REE supply chain partnerships under the INNOVATE UK 'CLIMATES' program.

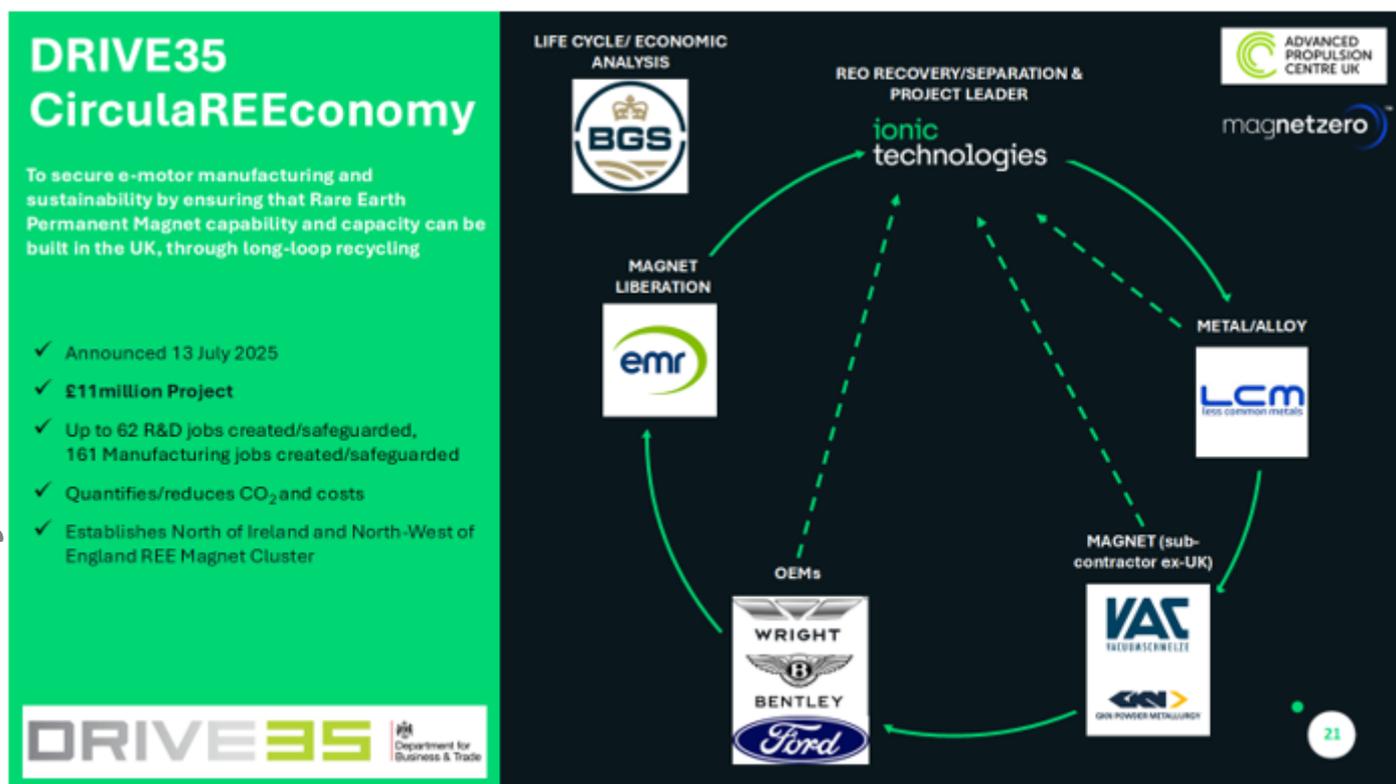
Funding for Ionic Technologies of £292k was secured from the £843k funding for the groundbreaking 'REEValueate' project, partnering with metals and alloys manufacturer, Less Common Metals (LCM) and magnet manufacturer, Vacuumschmelze (VAC), to produce Rare Earth alloys for permanent magnets containing 100% recycled Heavy Rare Earth Elements (HREEs) and Light Rare Earth Elements (LREEs).

An Ionic Technologies-led 'MAGNOSTIC' collaboration also gained £422k to deliver an advanced, demagnetisation solution for EOL permanent magnets, partnering with the UK's Materials Processing Institute and Swansea University, with Ionic Technologies also set to directly benefit from £178k of this funding,

JS Link collaboration on magnet recycling and REO: In February 2025, IonicRE signed a non-binding MOU with South Korea's JS Link (previously named DNA Link) to collaborate on the recycling of rare earth permanent magnets and magnet REO supply. South Korea is the world's third-largest magnet market and JS Link aims to build an international permanent magnet production belt, with plans for a permanent magnet manufacturing facility in Yesan, South Korea. Post-balance date, in September 2025, JS Link announced plans to expand to Georgia, USA.

MOU with EMR to create UK circular supply chain: In May 2025, IonicRE announced a non-binding MOU with UK-based European Metals Recycling (EMR), a global leader in sustainable materials, concerning the supply of EOL magnets to Ionic Technologies, together with collaboration on the liberation of magnets and the development of recycling initiatives, helping to foster a circular supply chain for rare earth magnets.

'CircularREEconomy' consortium to develop UK REPM supply chain: Post-balance sheet date, in July 2025, an Ionic Technologies-led consortium was awarded £11 million in funding via the APC for the development of a UK-based REPM supply chain. The consortium includes Ford Technologies Limited, Bentley Motors Limited, Wrightbus, Less Common Metals (LCM), European Metals Recycling Limited (EMR) and British Geological Survey. European REPM manufacturers, Vacuumschmelze (VAC) and GKN Powder Metallurgy (GKN) are expected to produce magnets for the project, manufacturing magnets in Germany to OEM specifications. Ionic Technologies' direct allocation under the program is approximately £3.1 million (A\$6.4 million).



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Product Carbon Footprint Study

In March 2025, IonicRE announced the completion of a peer review on a Product Carbon Footprint Study completed by independent researchers Minviro on Ionic Technologies' magnet recycling process. The final life cycle assessment (LCA) results showed dramatic emission reductions are possible compared to the existing REO supply chain sourced from primary (mine) supply:

- Up to 53% reduction in CO₂ emissions for Didymium oxide ((NdPr)₂O₃);
- Up to 61% reduction in CO₂ emissions for Dysprosium oxide (Dy₂O₃);
- Up to 61% reduction in CO₂ emissions per MW Direct Drive (in wind turbines using rare earth permanent magnets).

The LCA process required a thorough analysis of the CO₂ emission impact of the Ionic Technologies magnet recycling technology. The Functional Units selected for the study were Didymium oxide ((NdPr)₂O₃) and Dysprosium oxide (Dy₂O₃), reflecting the expected product mix from the Belfast commercial plant.

The study incorporated an evaluation of the application of Ionic Technologies' magnet REO products in direct drive wind turbine generators, utilising REPM technology. The process also compared results with several conventional sources of REOs.

The final LCA results underwent peer review to ensure the highest standards of robustness and consistency. These results are a major boost for a more sustainable REE supply chain for the UK/Europe and global ex-China market, positioning Ionic Technologies as a global leader in reducing the CO₂ emission impact of goods containing REOs.

Importantly, the LCA exercise allows REO consumers to make a like-for-like CO₂ emission impact, simply by selecting material manufactured by Ionic Technologies due to its capability in separating REOs.

The application of Ionic Technologies' Didymium oxide ((NdPr)₂O₃) and Dysprosium oxide (Dy₂O₃) products in direct drive wind turbine generators utilising REPM technology yielded several potential combinations of comparator products, ranging from a 34-61% benefit in CO₂ impact.

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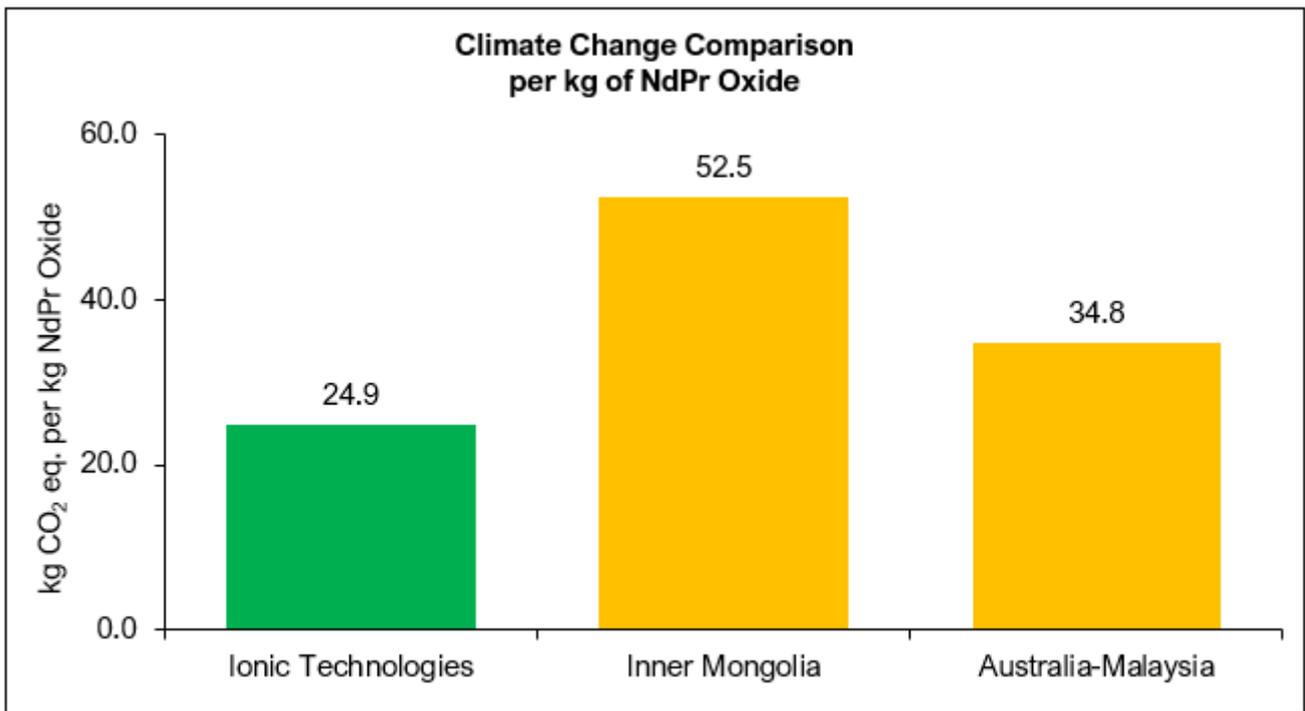


Figure 3: Climate Change Comparison per kg of Didymium Oxide, ((NdPr)₂O₃)

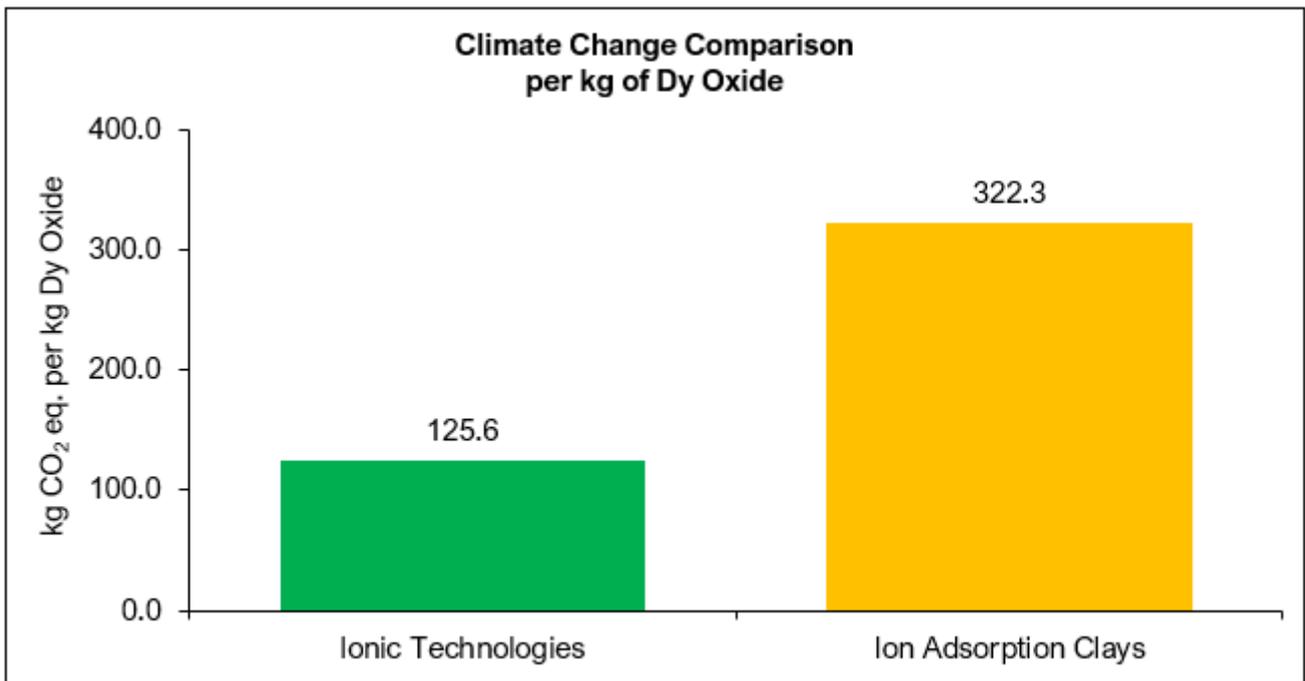


Figure 4: Climate Change Comparison per kg of Dysprosium Oxide, Dy₂O₃

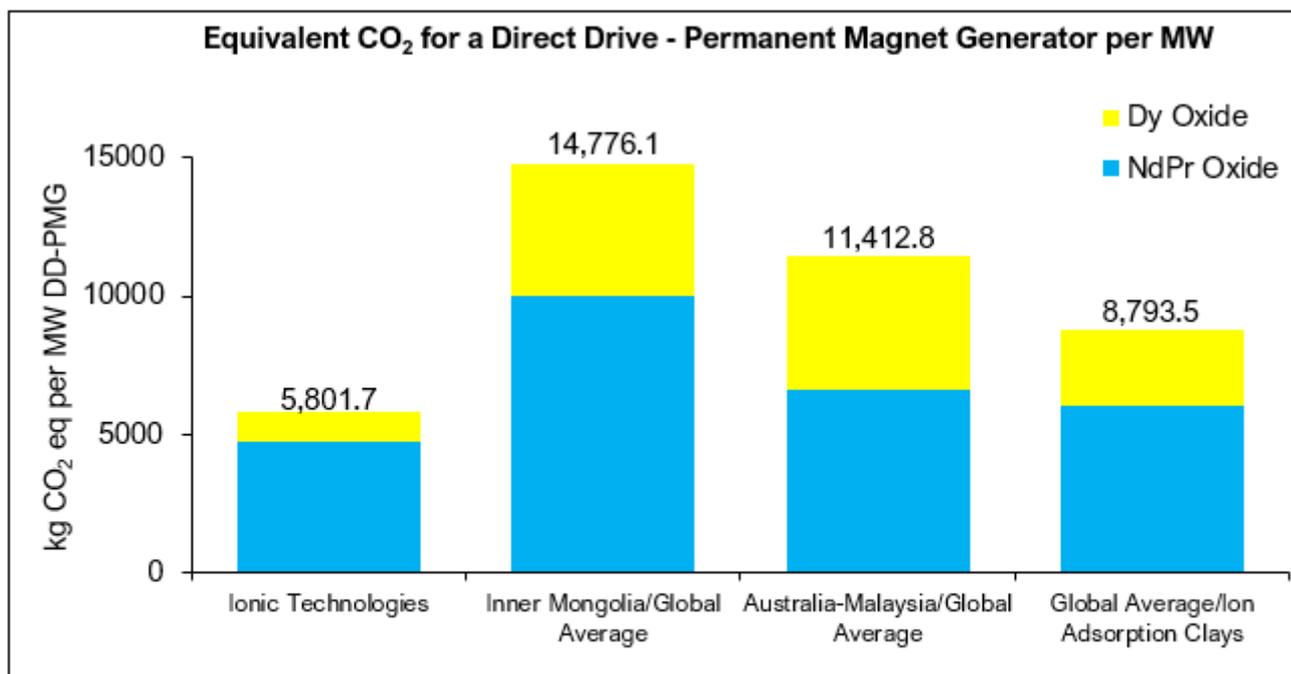


Figure 5: Climate Change Comparison for Didymium Oxide and Dysprosium Oxide deployed per MW of Direct Drive power in a wind turbine utilising Rare Earth Permanent Magnet Technology.

MagNetZero™ supply chain initiative

The completion of the Product Carbon Footprint study, allowed Ionic Technologies to quantify the impact on REE supply chains that its technology can deliver. Based on this achievement, the Company has launching its *MagNetZero™* brand, a collaborative platform for quantifying and controlling embedded carbon within magnet supply chains.

IonicRE will further develop this new brand in collaboration with stakeholders, supporting knowledge sharing and sustainability across this key critical minerals industry.

Brazilian Refining and Recycling Joint Venture

In April 2024, IonicRE formed a 50/50 joint venture with Viridis Mining and Materials Limited (ASX: VMM), known as Viridion, for the commercialisation of intellectual property developed by Ionic Technologies, to separate and refine REOs from concentrate and carbonate feed from Viridius' Colossus Project, and magnet recycling in Brazil.

In November 2024, Viridion signed an MOU with SENAI FIEMG Innovation and Technology Centre of Minas Gerais, owner and operator of CIT SENAI, the first rare earth magnet laboratory in South America. The agreement will foster the joint development and production of rare earth permanent magnets at CIT SENAI, which is targeting production of 100 tonnes an annum of NdFeB by the end of 2026.

Viridion also aims to recycle waste streams produced during the ramp up of activities at CIT SENAI, with the goal of developing a truly insulated and secure NdFeB supply chain in Brazil.

In May 2025, Viridion marked a new milestone with the first delivery of recycled magnet REO feed to the CIT SENAI facility, constituting the first locally sourced REOs recycled in Brazil and sourced from Brazilian EOL magnets. Ionic Technologies' long-loop recycling technology enabled the production of high purity separated REOs supplied to Brazil, demonstrating the benefits of its patented process.

In June 2025, Viridion was selected by the Brazilian National Bank for Economic and Social Development ('BNDES') and the Federal Agency for Funding Authority for Studies and Projects in Brazil ('FINEP') as an eligible recipient for funding to progress downstream rare earth refining and magnet recycling facilities in Brazil. Economic feasibility during commercial production was a key factor in the selection process.

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Post-balance date, in July 2025, Viridion proceeded to the next phase of assessment for funding, with the joint venture commencing negotiations over a tailored funding package. This is expected to include a combination of non-dilutive grants, debt financing, and potential equity participation, to accelerate the development of downstream rare earth refining and magnet recycling facilities in Brazil.

During the same month, Viridion was officially granted land within an Industrial District by the Municipality of Poços de Caldas, Minas Gerais for construction of the Centre for Rare Earths Innovation, Technology and Recycling (CRITR). Scheduled to commence operations in the second half of 2026, the CRITR is expected to host South America's first pilot-scale refining and recycling unit for high-purity separated REOs, processing both Mixed Rare Earth Carbonate (MREC) from Viridius' Colossus Project and recycled magnets and alloys sourced from the domestic market.



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Figure 6: Aerial photograph of the Poços de Caldas Industrial Zone highlighting the allocated Viridion site (outlined in green), surrounding industrial facilities, and main access roads.

Brazil is an emerging wind energy powerhouse, currently the world's seventh largest wind energy market and growing at 29% CAGR over the past decade. The establishment of EV production capacity along with existing and growing advanced manufacturing will drive further demand for REOs in the world's 10th largest economy.

USA expansion

In June 2025, IonicRE announced an expanded focus for Viridion, with the joint venture examining a potential U.S.-based rare earth refinery. This would potentially obtain MREC from Colossus plus other similar IAC deposits to enable the flow of magnets and heavy rare earths into the U.S. manufacturing base.

IonicRE completed an internal scoping study in 2023 for a dedicated U.S. refining facility to process MREC from the Company's 60% owned Makuutu Heavy Rare Earths Project in Uganda. IonicRE is working with Viridion to revise the scope of the U.S. refinery to align with potential feed MREC compositions available to the facility, including the potential to treat a portion of Colossus MREC, plus also higher value pre-processed MREC streams including medium and heavy REE streams post group separation.

The scoping studies are expected to be completed over the second half of 2025 and will feed directly into planning for the development of a pilot plant and technical facility in Brazil.

IonicRE has progressed talks with several U.S.-based parties regarding multiple potential magnet recycling plants in the United States, utilising Ionic Technologies' patented IP. The Company has sent samples to these U.S. partners along with engineering deliverables to help with infrastructure and site early works planning. Additionally, the Company has hosted visits to the Belfast Demonstration plant to progress technical, construction and investment due diligence.

As part of these discussions, IonicRE is also evaluating use of its technology beyond NdFeB recycling, to scale out additional USA capability for domestic production through recycling across other heavy rare earth elements listed in China's April 2025 rare earth export restrictions, specifically samarium, gadolinium, terbium, dysprosium, lutetium, scandium, and yttrium.

This would potentially address a critical gap in U.S. rare earths supply, with the United States currently obtaining 70% of its rare earth imports from China. As stated in the Executive Order signed by U.S. President Donald J. Trump on 20 March 2025: "Critical minerals are essential for U.S. military readiness, as they are key components in fighter jets, satellites, submarines, smart bombs, and missile guidance systems."

The Order noted that demand for critical minerals has been dubbed "the gold rush of the 21st century," due to their importance in emerging technologies, yet the United States currently imports the bulk of such minerals, "creating economic and security risks," despite possessing its own supply sources. President Trump has also signed an Executive Order to make the United States "the leading producer and processor of non-fuel minerals, including rare earth minerals."

Makuutu Heavy Rare Earths Project (60% IXR)

The Makuutu Heavy Rare Earths Project in Uganda, 60% owned by IonicRE, is well-supported by existing tier-one infrastructure and is on track to become a long-life, low Capex, scalable and sustainable supplier of high-value magnet and heavy REO.

Makuutu is a highly strategic asset, given its status as the most advanced IAC project globally with product not committed to China and with a MREC product basket with one of the highest heavy rare earth contents.

A member of the Mineral Security Partnership (MSP), Makuutu is considered a globally strategic resource and the Company continued talks during fiscal 2025 with members of the MSP together with potential offtakers on speeding development of this "shovel-ready" project, which gained increased attention following China's April 2025 export restrictions.

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Makuutu Stage 1 Product Basket, by composition

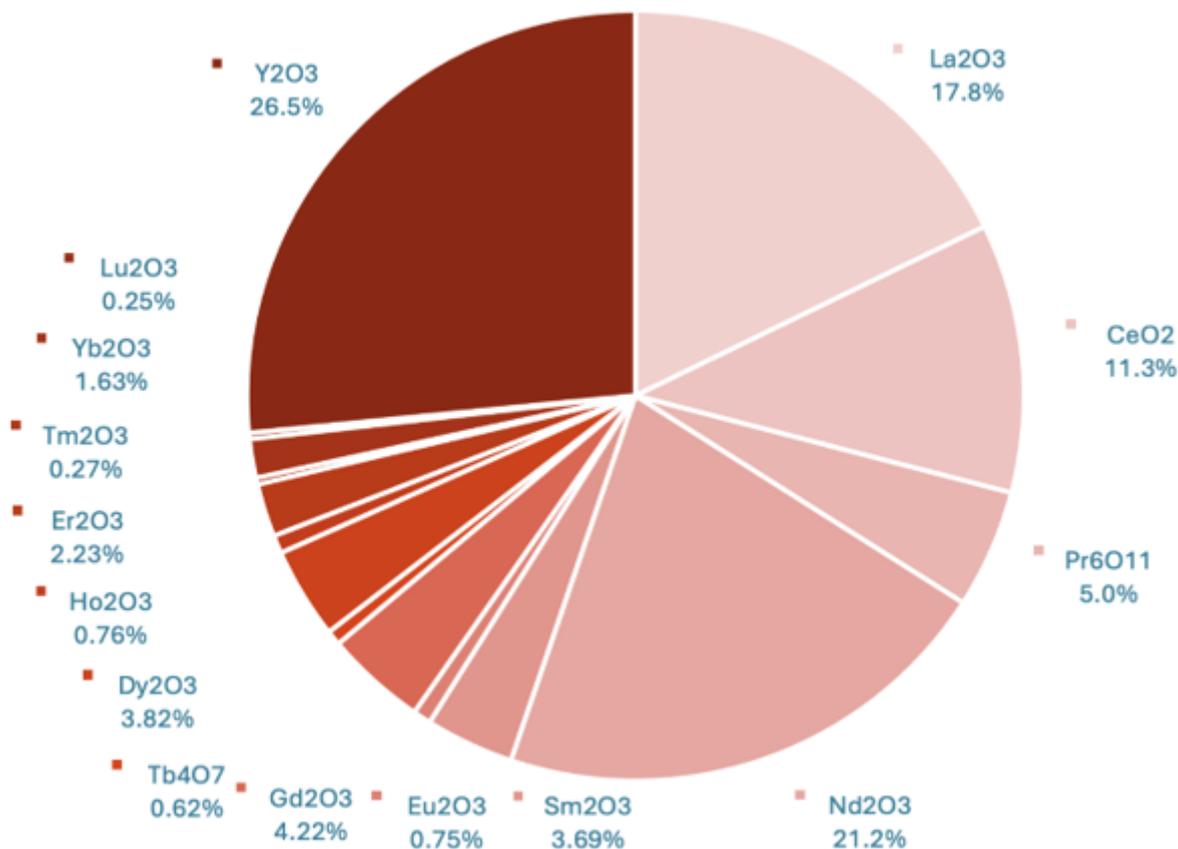


Figure 7: Makuutu Stage 1 REO product basket, excluding Sc2O3 (note rounding applied).

Tenement update

During the year, RRM progressed a submission on the next Mining Licence Application, TN04741 over the mineralised selection of Retention Licence (RL) 00007 (see Table 2).

RRM also received approvals for the renewal of Exploration Licences (EL) 00147 and EL00148, and due to the amended 2022 Mining Act and 2023 Mining Regulations, submitted applications TN4445, TN4447 and TN4452 for portions of affected tenements to acquire areas not covered by the Ugandan cadastre system, which was changed for RRM to fully retain these tenement areas.

Additionally, RRM progressed renewal application over additional tenements RL00234 and EL00257. Full details are also provided below in Table 2.

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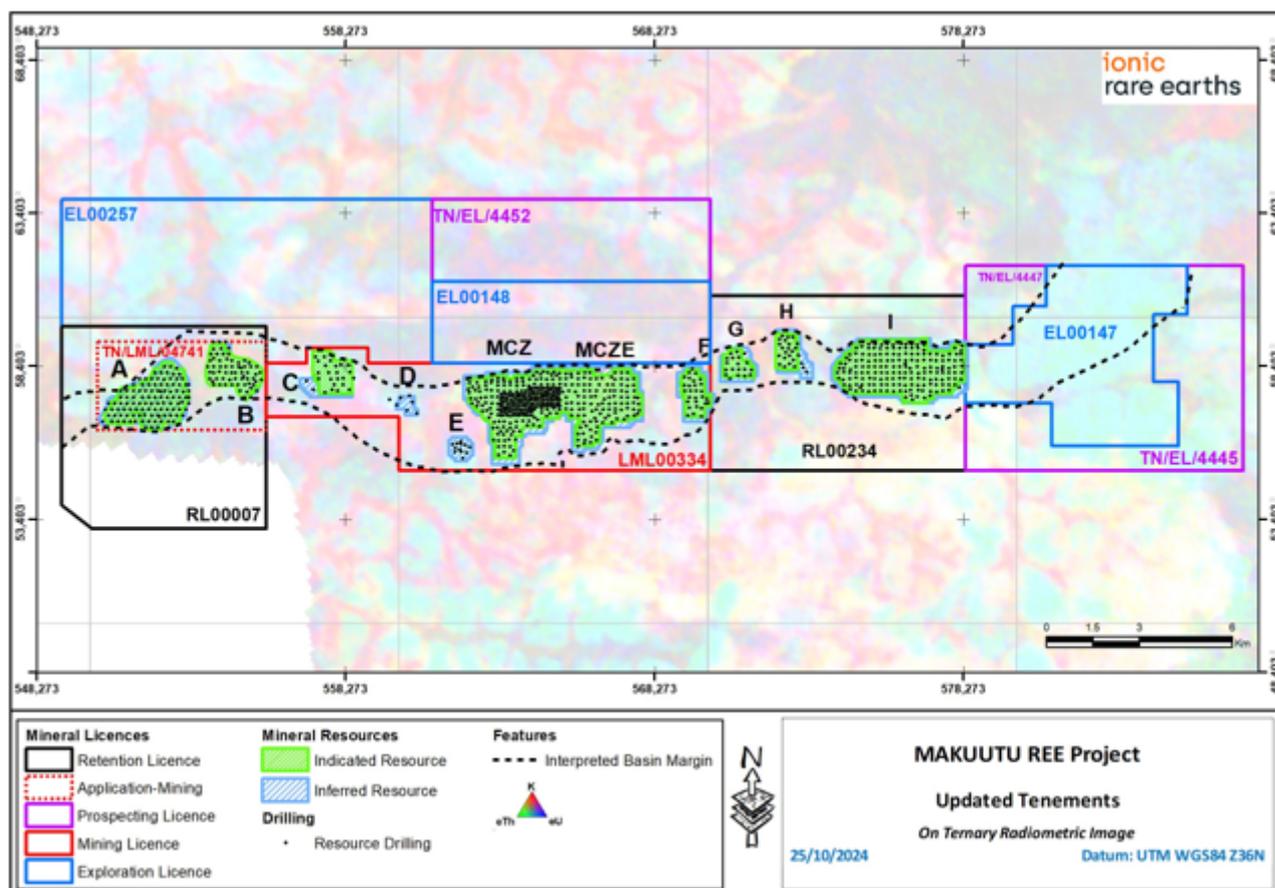


Figure 8: Makuutu Rare Earths Project mineral tenements including new MLA over a selection of RL00007, TN04741 (red dashed border).

Table 2: Makutu Rare Earths Project Tenement Details.

| Licence ID | Licence Type | Application Date | Granted Date | Expiry / Renewal Date | Area (km ²) |
|--------------|--------------|------------------|-------------------------|------------------------------|-------------------------|
| LML00334 | Mining | 01/09/2022 | 28/12/2023 | 27/12/2044 | 43.78 |
| TN/LML/04741 | Mining | 23/09/2024 | Application in process* | Application in process | 15.34 |
| RL00007 | Retention | 27/03/2019 | 27/11/2019* | 25/11/2024 | 43.39 |
| RL00234 | Retention | 20/06/2021 | 06/07/2021 | 05/07/2024 - Renewal Pending | 47.03 |
| EL00257 | Exploration | 15/07/2021 | 21/10/2021 | 20/10/2024 - Renewal Pending | 55.51 |
| EL00147 | Exploration | 19/10/2020 | 28/12/2020 | 27/12/2025 | 30.07 |
| EL00624 | Exploration | 03/05/2024 | 03/09/2025 | 02/09/2029 | 24.79 |
| EL00616 | Exploration | 03/05/2024 | 29/08/2025 ^a | 28/08/2029 | 5.44 |
| EL00148 | Exploration | 20/10/2020 | 28/12/2020 | 27/12/2025 | 24.08 |
| EL00450 | Exploration | 07/05/2024 | 24/03/2025 ^b | 23/03/2029 | 24.08 |

* TN04741 currently relates to the large mining licence application over our current retention licence tenement RL00007.

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Table 3: Makuutu Resource above 200ppm TREO-CeO₂ Cut-off Grade (ASX: 15 May 2024).

| Resource Classification | Tonnes (millions) | TREO (ppm) | TREO-CeO ₂ (ppm) | LREO (ppm) | HREO (ppm) | CREO (ppm) | Sc ₂ O ₃ (ppm) |
|-------------------------|-------------------|------------|-----------------------------|------------|------------|------------|--------------------------------------|
| Indicated | 517 | 650 | 440 | 470 | 170 | 220 | 30 |
| Inferred | 99 | 560 | 380 | 420 | 140 | 190 | 30 |
| Total | 617 | 630 | 430 | 460 | 160 | 210 | 30 |

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

All REO are tabulated in ASX announcement 15th May 2024 with formulas defining composition of (Light Rare Earth Oxides ("LREO"), Heavy Rare Earth Oxides ("HREO") and Critical Rare Earth Oxides ("CREO").

Significant changes in the state of affairs

A magnet recycling Feasibility Study (FS) announced in November 2024 showed the strong business case for a profitable and unique commercial rare earth oxide (REO) manufacturing facility to be constructed in Belfast, UK. The facility will recycle pre-consumer rare earth magnet scrap and EOL magnets, producing separated magnet REOs, including didymium oxide ((Nd,Pr)₂O₃), dysprosium oxide (Dy₂O₃) and terbium oxide (Tb₄O₇), at > 99.5% grade suitable for use in the development of Western permanent magnet capacity.

Following the positive FS, Ionic Technologies lodged an application for a substantial capital grant from the UK Government via the Automotive Transformation Fund (ATF), administered by the Advanced Propulsion Centre (APC). This potential cornerstone capital grant could provide the UK with sovereign magnet REO capability for the first time, following the Belfast plant's success in becoming the first producer of separated recycled magnet REOs in the Western world, based on technology developed at Queen's University Belfast (QUB).

In Brazil, the Viridion Joint Venture has received strong backing from the state of Minas Gerais to replicate its UK magnet recycling technology in the Brazilian state, with potential for substantially lower operating costs in converting alloy feedstock to individual separated magnet REO products.

In November 2024, it was announced that Viridion also signed a five-year Memorandum of Understanding with SENAI FIEMG Innovation and Technology Centre, owner of Lab Fab, South America's first rare earth magnet laboratory, with a view to jointly develop and produce rare earth magnets at Lab Fab.

Also announced in November 2024, IonicRE concluded a successful Placement to sophisticated and institutional investors, securing approximately \$1.65 million (before costs). The Company also launched a Share Purchase Plan, which received positive support from shareholders exceeding the nominated target of \$500,000 to be raised, the Board decided to accept all eligible applications raising approximately \$766,000. Also during the year, the investment shares in Viridis Mining and Minerals Ltd were disposed of.

As announced on 13 March 2025 a peer-reviewed, independent Life Cycle Analysis (LCA) study by leading industry researcher Minviro showed the dramatic carbon emission reductions possible using Ionic Technologies' patented magnet recycling process, compared to the existing REO supply chain sourced from primary (mine supply).

This study demonstrates the technology's ability to dramatically lower scope 3 emissions for OEMs which adopt this technology in their rare earth supply chains. These results are a major boost for a more sustainable REE supply chain for the UK/Europe and global ex-China market, positioning Ionic Technologies as a global leader in reducing the CO₂ emission impact of goods containing REOs.

During the year IonicRE continued discussions with members of the Mineral Security Partnership together with potential off-takers on speeding development of its Makuutu Heavy Rare Earth Project, as China's rare earth controls disrupt global industry due to restricted minerals supplies. This process is still ongoing.

In May 2025, Viridion marked a new milestone with the delivery of the first recycled magnet rare earth oxides to the Company's Brazilian magnet manufacturing partners, CIT Senai. The delivery of high purity magnet REOs, including neodymium (Nd), praseodymium (Pr), dysprosium (Dy), and Terbium (Tb) oxides to the CIT SENAI facility in Lagoa Santa, Minas Gerais, Brazil, constituted the first locally sourced range of REOs recycled in Brazil, sourced from Brazilian EOL magnets.

On 29 May 2025, the successful completion of a \$3 million capital raise from sophisticated and professional investors through the issue of convertible notes. The funds will be used for working capital including progressing development of the Company's international expansion across the UK, USA and Brazil. The issue was subject to shareholder approval, which was provided at an Extraordinary General Meeting held on 7 July 2025.

In June 2025, IonicRE announced plans for Viridion to potentially develop a US-based rare earth refinery, in addition to a proposed Brazilian based rare earth refinery and a magnet recycling facility. This would have the capacity to obtain mixed rare earth carbonate (MREC) from JV partner Viridis' Colossus Project, plus other similar IAC deposits like Makuutu to enable the flow of magnet and heavy rare earths into the US manufacturing base.

The Viridion JV will seek to 'fast track' initial studies on rare earth refining for the purposes of US engagement to compliment the strong Brazilian support to date and mechanism for financing IonicRE's downstream ambitions.

Post year end, on 14 July 2025 IonicRE announced that the 'CircularREEconomy' consortium led by Ionic Technologies had been awarded £11 million (A\$22.6 million) in funding for a UK-based rare earth permanent magnet (REPM) supply chain. The three-year project, commencing 1 August 2025, will establish a sovereign and sustainable rare earth permanent magnet (REPM) supply chain for the UK. Ionic Technologies' direct allocation under the program is approximately £3.1 million (A\$6.4 million).

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 7 July 2025, the Company held a General Meeting of shareholders where all resolutions were duly carried by poll. Shareholders approved the issue of convertible notes to investors, the issue of options to investors, and the ratification of options issued to the lead manager.

Between 8 July and 19 September 2025, the Company issued a total of 435,956,974 ordinary shares through the exercise of IXRAV and IXRAD options with an exercise price of \$0.011, as well as the conversion of IXRAG convertible notes.

On 10 July 2025, the Company issued 214,285,714 IXRAD options expiring 15 December 2027 with an exercise price of \$0.011 as attaching options with the issue of 120 IXRAG convertible notes approved at the General Meeting.

On 14 July 2025, the Company announced that a consortium and its wholly owned subsidiary, Ionic Technologies, had secured £11 million (A\$22.6 million) in UK Government funding under the "CircularREEconomy" partnership facilitated by the Advanced Propulsion Centre UK (APC). The three-year project, commencing 1 August 2025, will establish a sovereign and sustainable rare earth permanent magnet (REPM) supply chain for the UK. Ionic Technologies' direct allocation under the program is approximately £3.1 million (A\$6.4 million).

On 17 July 2025, the Company announced that Viridion Rare Earth Technologies Ltda. ("Viridion"), its 50/50 joint venture with Viridis Mining & Minerals Limited, had been granted 2,071 square metres of land by the Municipality of Poços de Caldas, Minas Gerais, for the construction of the Centre for Rare Earths Innovation, Technology and Recycling (CRITR). The CRITR will be South America's first rare earth refining and recycling hub, with operations targeted to commence in the second half of 2026.

On 28 July 2025, the Company announced that Viridion had progressed to the next phase of assessment under the R\$5 billion (~US\$900 million) strategic minerals funding program administered by BNDES and FINEP. Viridion will now prepare a Joint Support Plan ("PSC") for a tailored funding package expected to include grants, debt financing, and potential equity participation.

On 8 August 2025, 24,000,000 IXRAT performance rights were cancelled.

On 12 September 2025, the Company announced a Renounceable Rights Issue and Placement to raise up to \$7 million.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Ionic Rare Earths will continue to progress its downstream operations through the magnet recycling path to commercialisation through the demonstration plant, feasibility studies and supply chain collaboration being undertaken by Ionic Technologies International Limited.

In addition, it will advance the Viridion JV to further develop the Brazilian magnet supply chain as well continue off-take discussions for the Makuutu Rare Earth Project to assist in enabling the Company to move to a decision to mine.

Business Risks

Ionic Rare Earths is exposed to the risk of market, geopolitical, operational and financial risks which may affect the Consolidated Entity's ability to achieve the financial performance or outcomes disclosed herein.

Market Volatility and Geopolitical Risk

A significant risk for Ionic Rare Earths is the volatility of rare earth metal prices, which are subject to fluctuations driven by global supply-demand dynamics, geopolitical tensions, and macroeconomic conditions. Changes in these prices can have a substantial impact on the Company's outlook. Furthermore, rare earth elements are considered to be in the highest risk quartile on criticality indices for western governments, representing both high economic importance and high supply chain risk, making them geopolitically sensitive due to their strategic role in high-tech industries such as defence, renewable energy advanced manufacturing. As a result, export restrictions, tariffs, or trade disputes between nations could disrupt the supply chain and hinder Ionic Rare Earths' access to key markets.

Operational Risk

The successful development of the Ionic Technologies magnet recycling project, progressing the Viridion JV in Brazil in developing new refining and recycling capacity, and the Makuutu project as an economically viable rare earth mine, is central to the Company's long-term success.

At Ionic Technologies, the magnet recycling demonstration plant has validated the technical aspects of the patented process, and engineering studies have defined a high confidence capital and operational cost basis to commercialise the technology in the UK. Additional engineering is required through FEED stage and financing activity is underway, where due diligence on the overall financing of the Project will require support from both Government and western customers and supply chain partners to reach commercialisation.

The development of refining and recycling capacity in Brazil will be influenced by market conditions and appetite from both local and western customers to support the development.

At Makuutu, geological uncertainties and the complexities involved in mining and processing rare earth elements present operational risks that must be carefully managed and derisked through staged activity to enhance overall execution confidence prior to the final investment decision.

Financial and Capital Risk

The Company's financial position depends on its ability to secure capital for exploration and development activities. Reliance on debt or equity financing exposes the Group to financial risks, including interest rate fluctuations, market sentiment, and credit availability. There can be no assurance that additional capital or other types of financing will be available if needed for further exploration and/or possible development activities or that, if available, the terms of such financing will be favourable to the Company.

Environmental Risk

Ionic Rare Earths must comply with environmental and climate-related regulations that impact its mining activities. Failure to meet these standards or adapt to changing regulations could affect the Company's financial performance and require unplanned expenditures. Additionally, stricter requirements from customers or partners may also lead to increased compliance costs. The Company manages these risks through a strong risk management framework and environmental management plans.

Tenure Risk

The Group's access to funding directly influences the ability to continue investment at the Makuutu project to satisfy continued access rights under exploration permits and mining licences. Access rights are governed by Ugandan Mining Regulations. If the Group fails to comply with the requirements therein, it may lose access rights or incur material unplanned expenditure, and or loss of the tenement if failing to meet expenditure obligations.

Technology Risk

The Group has invested in developing magnet recycling technology and has several patents protecting its intellectual property. The Group has produced rare earth oxides at demonstration scale in its Belfast facility and the Group is subject to risks associated with scale up of technology to commercial scale. The Group's ability to achieve the financial performance and outcomes may be materially adversely affected if it fails to achieve its scale up plans.

Execution Risk

The Company may experience time delays, unforeseen expenses, increased capital costs and other complications while developing its magnet recycling technology, its Viridion joint venture or its Makuutu Project in Uganda. These risks could delay the start of revenue generating activities and increase development costs. Further to the above, the Company depends on key personnel for the success of the business.

Personnel Risk

In order to deliver on its initiatives, the Company will need to retain and attract suitably qualified personnel to deliver on its plans. The technical aspects of the business require specific skill sets which are in high demand. To address this the Company is exploring mechanisms to reduce the risk profile.

Environmental regulation

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.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2011, where the shareholders approved a maximum annual aggregate remuneration of \$400,000.

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 whose board they serve on. Non-executive directors are also entitled to receive long-term incentives in the form of options, shares or performance rights to increase goal congruence between directors and shareholders.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits;
- long-term incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual performance, the overall performance of the Group and comparable market remunerations.

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

The long-term incentives ('LTI') program is designed 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 LTI. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

The LTI are share-based payments (options and performance rights). Options, shares or performance rights may be issued to Directors and executives as part of their remuneration to increase goal congruence between executives, directors and shareholders.

Actual payments granted to each KMP are determined by the Board who meet periodically.

Consolidated entity performance and link to remuneration

The variable component of the executives' remuneration includes share options and performance rights. The value of the share options is directly linked to the Company's share price performance. The performance rights vest on achievement of operational targets set by the Board. Refer to the section 'Additional information' below for details of total shareholders return for the last five years.

Use of remuneration consultants

No consultants were used during the year.

Voting and comments made at the Company's 2024 Annual General Meeting ('AGM')

At the 2024 AGM, 83.06% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the following Directors of Ionic Rare Earths Limited:

- Brett Lynch – Executive Chairman
- Tim Harrison – Managing Director and CEO
- Maxwell McGarvie – Non-Executive Director
- Sufian Ahmad – Non-Executive Director
- Warren Tregurtha – Chief Financial Officer (Acting)
- Nitin Tyagi – Non-Executive Director

| | Short-term benefits | | | | Long-term benefits | Share-based payments | Total |
|---------------------------------|----------------------|------------|---------------------------|-----------------|--------------------|----------------------|-----------|
| | Cash salary and fees | Cash bonus | Non-monetary ¹ | Super-annuation | Long service leave | Equity-settled | |
| 2025 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Non-Executive Directors:</i> | | | | | | | |
| Maxwell McGarvie | 50,003 | - | 7,260 | 5,750 | - | 32,500 | 95,513 |
| Sufian Ahmad | 50,000 | - | 7,260 | - | - | 32,500 | 89,760 |
| Nitin Tyagi ³ | 27,741 | - | 7,260 | - | - | - | 35,001 |
| <i>Executive Directors:</i> | | | | | | | |
| Brett Lynch | 380,000 | - | 7,260 | - | - | 252,812 | 640,072 |
| Tim Harrison | 380,000 | - | 7,260 | - | - | 141,689 | 528,949 |
| <i>Other KMP:</i> | | | | | | | |
| Warren Tregurtha ⁴ | 80,153 | - | - | - | - | - | 80,153 |
| | 967,897 | - | 36,300 | 5,750 | - | 459,501 | 1,469,448 |

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| 2024 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total |
|---------------------------------|----------------------------|------------------|---------------------------------|--------------------------|--------------------------|----------------------|------------------|
| | Cash salary and fees \$ | Cash bonus \$ | Non-monetary ¹ \$ | Super-annuation \$ | Long service leave \$ | Equity-settled \$ | |
| <i>Non-Executive Directors:</i> | | | | | | | |
| Maxwell McGarvie | 50,000 | - | 12,008 | 5,500 | - | 9,236 | 76,744 |
| Sufian Ahmad | 50,000 | - | 12,008 | - | - | 9,236 | 71,244 |
| Nitin Tyagi | 50,000 | - | 12,008 | - | - | 9,236 | 71,244 |
| <i>Executive Directors:</i> | | | | | | | |
| Brett Lynch ² | 182,609 | - | 5,152 | - | - | 321,944 | 509,705 |
| Tim Harrison | 420,000 | - | 12,008 | - | - | 50,313 | 482,321 |
| <i>Other KMP:</i> | | | | | | | |
| Brett Dickson | 115,500 | - | - | - | - | - | 115,500 |
| | <u>868,109</u> | <u>-</u> | <u>53,184</u> | <u>5,500</u> | <u>-</u> | <u>399,965</u> | <u>1,326,758</u> |

1. The non-monetary benefit relates to the Directors' indemnity insurance.

2. Appointed on 25 January 2024.

3. Resigned on 20 January 2025.

4. Appointed on 1 December 2024, remuneration calculated from date of appointment as KMP.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration | | At risk - STI * | | At risk - LTI | |
|---------------------------------|--------------------|------|-----------------|------|---------------|------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| <i>Non-Executive Directors:</i> | | | | | | |
| Maxwell McGarvie | 66% | 88% | - | - | 34% | 12% |
| Sufian Ahmad | 64% | 87% | - | - | 36% | 13% |
| Nitin Tyagi | 100% | 87% | - | - | - | 13% |
| <i>Executive Directors:</i> | | | | | | |
| Brett Lynch | 61% | 37% | - | 37% | 39% | 26% |
| Tim Harrison | 73% | 90% | - | - | 27% | 10% |
| <i>Other KMP:</i> | | | | | | |
| Warren Tregurtha | 100% | - | - | - | - | - |
| Brett Dickson | - | 100% | - | - | - | - |

* There were no short-term incentives for this year.

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

| | |
|----------------------|--|
| Name: | Tim Harrison |
| Title: | Managing Director |
| Agreement commenced: | 1 March 2025 |
| Term of agreement: | 31 December 2025 |
| Details: | Fixed consulting fee of \$25,000 per month. Termination by either party with three months' notice. |

Name: Brett Lynch
 Title: Executive Chairman
 Agreement commenced: 1 March 2025
 Term of agreement: up to 31 December 2025
 Details: Fixed consulting fee of \$25,000 per month. Termination by either party with three months' notice.

Name: Warren Tregurtha
 Title: Chief Financial Officer (Acting)
 Agreement commenced: 1 November 2021 *
 Term of agreement: N/A
 Details: Fixed consulting fee of US\$15,000 per month. Termination by either party with one months' notice.

* Initial service agreement dated 1 November 2021, although became Acting Chief Financial Officer on 1 December 2024. A new agreement was signed and effective from 1 July 2025.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2025.

Options

There were no options over ordinary shares issued to Directors and other KMP as part of compensation that were outstanding as at 30 June 2025.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

| Name | Number of rights granted | Grant date | Expiry date | Fair value per right at grant date |
|------------------|--------------------------|---------------|---------------|------------------------------------|
| Brett Lynch | 40,000,000 | 16 May 2025 | 21 May 2028 | \$0.0080 |
| | 20,000,000 | 13 March 2024 | 13 March 2027 | \$0.0196 |
| Tim Harrison | 40,000,000 | 16 May 2025 | 21 May 2028 | \$0.0080 |
| | 20,000,000 | 13 March 2024 | 13 March 2027 | \$0.0196 |
| Maxwell McGarvie | 5,000,000 | 13 March 2024 | 13 March 2027 | \$0.0196 |
| Sufian Ahmad | 5,000,000 | 13 March 2024 | 13 March 2027 | \$0.0196 |

Performance rights granted carry no dividend or voting rights.

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During the year ended 30 June 2025, 80,000,000 performance rights were granted to KMP and others under the plan. The vesting conditions of the performance rights are:

- 20,000,000 Performance Rights will vest upon successfully securing UK Government funding of £5m or greater, prorated up to £10m, for commercialisation in magnet recycling in Belfast;
- 10,000,000 Performance Rights will vest upon successfully securing strategic investment of greater than US\$5million within IRE or subsidiaries / projects;
- 10,000,000 Performance Rights will vest upon signing magnet and swarf feed supply agreements for Belfast facility for greater than 50% of nominated feed capacity;
- 10,000,000 Performance Rights will vest upon signing REO offtake agreements from the Belfast magnet recycling facility for greater than 20% of proposed production;
- 20,000,000 Performance Rights will vest upon successfully securing an additional joint venture for establishment of magnet recycling business in target markets; and
- 10,000,000 Performance Rights will vest upon successful completion of a positive scoping study (Viridion JV) for magnet recycling, IRR > 20%.

During the year ended 30 June 2024, 89,000,000 performance rights were granted to KMP and others under the plan. The vesting conditions of the performance rights are:

- 10,000,000 Performance Rights will vest on the 12-month anniversary of Brett Lynch's commencement;
- 11,750,000 Performance Rights will vest upon successfully securing any offtake for the Makuutu product;
- 13,750,000 Performance Rights will vest upon the Company's Board making a Financial Investment Decision to progress the Makuutu Project to construction;
- 11,750,000 Performance Rights will vest upon the Makuutu Demonstration Plant producing more than 30 tonnes of Mixed Rare Earth Carbonate (MREC) at the target product specification;
- 17,250,000 Performance Rights will vest upon successfully securing a strategic partnering investment within the Company or Makuutu;
- 11,750,000 Performance Rights will vest upon successfully securing offtake, or a strategic partnering investment within Ionic Technologies; and
- 12,750,000 Performance Rights will vest upon Financial Investment Decision to progress a commercial magnet recycling plant with Ionic Technologies.

Values of performance rights over ordinary shares granted and number of performance rights vested and lapsed for directors and other KMP as part of compensation during the year ended 30 June 2025 are set out below:

| Name | Value of performance rights | | Number of performance rights | | Remuneration consisting of performance rights for the year % |
|------------------|-----------------------------|------------------------------|------------------------------|--------------------------|--|
| | Granted during the year \$ | Exercised during the year \$ | Vested during the year # | Lapsed during the year # | |
| Brett Lynch | 252,812 | 195,000 | 10,000,000 | - | 39.00% |
| Tim Harrison | 141,689 | - | - | - | 27.00% |
| Maxwell McGarvie | 32,500 | - | - | - | 34.00% |
| Sufian Ahmad | 32,500 | - | - | - | 36.00% |

Additional information

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|--|------|------|------|------|------|
| Share price at financial year end (\$) | 0.01 | 0.01 | 0.02 | 0.04 | 0.02 |

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Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|--------------------|----------------------|--------------------------------|
| <i>Ordinary shares</i> | | | | | |
| Brett Lynch | 131,794,872 | - | 141,794,872 | (118,937,730) | 154,652,014 |
| Tim Harrison | 21,428,571 | - | 8,571,428 | - | 29,999,999 |
| Maxwell McGarvie | - | - | 2,285,714 | - | 2,285,714 |
| Sufian Ahmad | 140,443,822 | - | 2,857,147 | - | 143,300,969 |
| | <u>293,667,265</u> | <u>-</u> | <u>155,509,161</u> | <u>(118,937,730)</u> | <u>330,238,696</u> |

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Additions | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|-------------------------------------|----------------------------------|-------------------|-----------|---------------------------|--------------------------------|
| <i>Options over ordinary shares</i> | | | | | |
| Brett Lynch | 28,846,154 | 6,428,571 | - | - | 35,274,725 |
| Tim Harrison | 10,000,000 | 4,285,714 | - | (10,000,000) | 4,285,714 |
| Maxwell McGarvie | 3,000,000 | 1,142,857 | - | (3,000,000) | 1,142,857 |
| Sufian Ahmad | - | 1,428,571 | - | - | 1,428,571 |
| | <u>41,846,154</u> | <u>13,285,713</u> | <u>-</u> | <u>(13,000,000)</u> | <u>42,131,867</u> |

Options over ordinary shares

| | Vested and exercisable | Vested and unexercisable | Balance at the end of the year |
|------------------|------------------------|--------------------------|--------------------------------|
| Brett Lynch | 35,274,725 | - | 35,274,725 |
| Tim Harrison | 4,285,714 | - | 4,285,714 |
| Maxwell McGarvie | 1,142,857 | - | 1,142,857 |
| Sufian Ahmad | 1,428,571 | - | 1,428,571 |
| | <u>42,131,867</u> | <u>-</u> | <u>42,131,867</u> |

Performance rights

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Company, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---------------------------|----------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| <i>Performance rights</i> | | | | | |
| Brett Lynch | 30,000,000 | 40,000,000 | (10,000,000) | - | 60,000,000 |
| Tim Harrison | 26,700,000 | 40,000,000 | - | (6,700,000) | 60,000,000 |
| Maxwell McGarvie | 5,000,000 | - | - | - | 5,000,000 |
| Sufian Ahmad | 5,000,000 | - | - | - | 5,000,000 |
| Nitin Tyagi * | 5,000,000 | - | - | (5,000,000) | - |
| | <u>71,700,000</u> | <u>80,000,000</u> | <u>(10,000,000)</u> | <u>(11,700,000)</u> | <u>130,000,000</u> |

* Other includes performance rights over ordinary shares held on date of resignation.

Other transactions with KMP and their related parties
There were no related party transactions during the year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Ionic Rare Earths Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------------|------------------|----------------|---------------------|
| 30 November 2023 | 30 November 2026 | \$0.0315 | 20,000,000 |
| 1 May 2024 | 26 June 2028 | \$0.0200 | 216,967,454 |
| 22 July 2024 | 26 June 2028 | \$0.0200 | 100,340,227 |
| 31 July 2024 | 26 June 2028 | \$0.0200 | 20,000,000 |
| 2 December 2024 | 15 December 2027 | \$0.0110 | 242,510,751 |
| | | | 599,818,432 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Ionic Rare Earths Limited issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Shares under performance rights

Unissued ordinary shares of Ionic Rare Earths Limited under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under rights |
|---------------|---------------|----------------|---------------------|
| 13 March 2024 | 13 March 2027 | \$0.0000 | 50,000,000 |
| 21 May 2025 | 21 May 2028 | \$0.0000 | 80,000,000 |
| | | | 130,000,000 |

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

The following ordinary shares of Ionic Rare Earths Limited were issued during the year ended 30 June 2025 and up to the date of this report on the exercise of performance rights granted:

| Date performance rights granted | Exercise price | Number of shares issued |
|---------------------------------|----------------|-------------------------|
| 13 March 2024 | \$0.0000 | 10,000,000 |

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

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

Officers of the Company who are former partners of BDO

There are no officers of the Company who are former partners of BDO .

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Brett Lynch
Chairman

29 September 2025
Melbourne

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Australia

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

As lead auditor of Ionic Rare Earths Limited the year ended 30 June 2025, 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.

Jarrad Prue
Director

BDO Audit Pty Ltd
Perth
29 September 2025

Ionic Rare Earths Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

ionic
rare earths

| | Note | Consolidated 2025 \$ | 2024 \$ |
|---|------|----------------------------|---------------------|
| Revenue | | | |
| Other income | 5 | 2,162,104 | 4,522,550 |
| Interest revenue | | 18,789 | 84,690 |
| Expenses | | | |
| Employee benefits expense | 6 | (3,069,144) | (4,721,840) |
| Depreciation and amortisation expense | 6 | (1,151,332) | (2,284,891) |
| Share-based payments expense | 29 | (697,776) | (353,449) |
| Administration expenses | 6 | (1,743,306) | (2,272,758) |
| Exploration expense | 6 | (2,792,765) | (11,745,413) |
| Research and development expense | | (424,806) | (822,145) |
| Foreign exchange losses | | (5,036) | (7,327) |
| Other expenses | 6 | (3,596,898) | (3,535,803) |
| Finance costs | 6 | (41,279) | (64,529) |
| Loss before income tax expense | | (11,341,449) | (21,200,915) |
| Income tax expense | 7 | - | - |
| Loss after income tax expense for the year attributable to the owners of Ionic Rare Earths Limited | | (11,341,449) | (21,200,915) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation differences | | 688,275 | (137,850) |
| Other comprehensive income for the year, net of tax | | 688,275 | (137,850) |
| Total comprehensive loss for the year attributable to the owners of Ionic Rare Earths Limited | | (10,653,174) | (21,338,765) |
| | | Cents | Cents |
| Basic earnings per share | 28 | (0.22) | (0.50) |
| Diluted earnings per share | 28 | (0.22) | (0.50) |

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

| | Note | Consolidated 2025 \$ | 2024 \$ |
|---|------|----------------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | 595,231 | 2,028,820 |
| Other receivables | | 168,453 | 74,082 |
| Inventories | | 548,351 | 1,070,251 |
| Financial assets at fair value through profit or loss | 18 | - | 2,916,000 |
| Income tax refund due | | 52,321 | - |
| Other assets | | 60,789 | 171,158 |
| Total current assets | | 1,425,145 | 6,260,311 |
| Non-current assets | | | |
| Investments accounted for using the equity method | 9 | 24,223,908 | 23,930,338 |
| Intangible assets | 11 | 5,195,824 | 4,990,354 |
| Plant and equipment | 10 | 1,356,248 | 1,939,720 |
| Right-of-use assets | | 326,217 | 452,493 |
| Other assets | | 35,000 | - |
| Total non-current assets | | 31,137,197 | 31,312,905 |
| Total assets | | 32,562,342 | 37,573,216 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 1,851,820 | 572,606 |
| Lease liabilities | | 131,342 | 116,246 |
| Other financial liabilities | 13 | 750,000 | - |
| Total current liabilities | | 2,733,162 | 688,852 |
| Non-current liabilities | | | |
| Lease liabilities | | 237,044 | 373,100 |
| Total non-current liabilities | | 237,044 | 373,100 |
| Total liabilities | | 2,970,206 | 1,061,952 |
| Net assets | | 29,592,136 | 36,511,264 |
| Equity | | | |
| Issued capital | 14 | 95,086,703 | 92,130,498 |
| Reserves | 15 | 8,066,073 | 11,697,679 |
| Accumulated losses | | (73,560,640) | (67,316,913) |
| Total equity | | 29,592,136 | 36,511,264 |

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes

Ionic Rare Earths Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

ionic
rare earths

| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|-----------------------------|-----------------------|---------------------------------|---------------------------|
| Balance at 1 July 2023 | 78,332,559 | 11,482,080 | (46,115,998) | 43,698,641 |
| Loss after income tax expense for the year | - | - | (21,200,915) | (21,200,915) |
| Other comprehensive loss for the year, net of tax | - | (137,850) | - | (137,850) |
| Total comprehensive loss for the year | - | (137,850) | (21,200,915) | (21,338,765) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 14) | 13,797,939 | - | - | 13,797,939 |
| Share-based payments (note 15) | - | 353,449 | - | 353,449 |
| Balance at 30 June 2024 | <u>92,130,498</u> | <u>11,697,679</u> | <u>(67,316,913)</u> | <u>36,511,264</u> |

| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|-----------------------------|-----------------------|---------------------------------|---------------------------|
| Balance at 1 July 2024 | 92,130,498 | 11,697,679 | (67,316,913) | 36,511,264 |
| Loss after income tax expense for the year | - | - | (11,341,449) | (11,341,449) |
| Other comprehensive income for the year, net of tax | - | 688,275 | - | 688,275 |
| Total comprehensive income for the year | - | 688,275 | (11,341,449) | (10,653,174) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 14) | 2,761,205 | - | - | 2,761,205 |
| Exercise of performance rights (notes 14 and 15) | 195,000 | (195,000) | - | - |
| Share-based payments (note 15) | - | 275,065 | - | 275,065 |
| Performance rights (note 15) | - | 697,776 | - | 697,776 |
| Options and performance rights expired (note 15) | - | (5,097,722) | 5,097,722 | - |
| Balance at 30 June 2025 | <u>95,086,703</u> | <u>8,066,073</u> | <u>(73,560,640)</u> | <u>29,592,136</u> |

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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| | Note | Consolidated 2025 \$ | 2024 \$ |
|---|------|----------------------------|--------------|
| Cash flows from operating activities | | | |
| Receipt of research and development tax incentive | 5 | 1,809,911 | 246,788 |
| Receipt of government grants | 5 | 1,409,881 | 1,959,762 |
| Payments to suppliers and employees | | (6,295,589) | (11,492,472) |
| Payment for exploration | | (2,792,765) | (11,745,413) |
| Interest received | | 18,789 | 84,690 |
| Interest expense | | (41,279) | (64,529) |
| Net cash used in operating activities | 25 | (5,891,052) | (21,011,174) |
| Cash flows from investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | - | 23,972 |
| Payments for plant and equipment | 10 | (37,660) | (1,359,969) |
| Proceeds/(payment) from financial assets | 18 | 1,385,515 | (600,000) |
| Net cash from/(used in) investing activities | | 1,347,855 | (1,935,997) |
| Cash flows from financing activities | | | |
| Proceeds from issue of ordinary shares (net of transaction costs) | 14 | 3,650,191 | 14,008,699 |
| Repayment of office lease liabilities | | (120,960) | (149,357) |
| Net cash from financing activities | | 3,529,231 | 13,859,342 |
| Net decrease in cash and cash equivalents | | (1,013,966) | (9,087,829) |
| Cash and cash equivalents at the beginning of the financial year | | 2,028,820 | 11,116,649 |
| Effects of exchange rate changes on cash and cash equivalents | | (419,623) | - |
| Cash and cash equivalents at the end of the financial year | 8 | 595,231 | 2,028,820 |

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. General information

The financial statements cover Ionic Rare Earths Limited as a Group consisting of Ionic Rare Earths Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Ionic Rare Earths Limited's functional and presentation currency.

Ionic Rare Earths Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5, South
459 Collins Street
Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations have been adopted from 1 July 2024:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants.
- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets at fair value through profit or loss (equity shares).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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 Group incurred a loss after tax of \$11,341,449 (2024: \$21,200,915) for the year ended 30 June 2025 and experienced net cash outflows from operating activities of \$5,891,052 (2024: \$21,011,174).

Note 2. Material accounting policy information (continued)

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

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

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ionic Rare Earths Limited ('Company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Ionic Rare Earths Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Material accounting policy information (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue - other income

Grant income

Grant income is recognised when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant income will be received. IonicTech claims 60% of the expenses paid during the quarter, following the end of that quarter and only receives the grant money once the bills are paid.

Grant income is initially recognised at the fair value of the grant received or receivable. If the grant is conditional, recognition is deferred until the conditions are met.

Government grants are recognised in accordance with the specific requirements of accounting standards applicable to government grants and presented as other income in the statement of profit or loss and other comprehensive income.

Research and development tax incentive

The research and development tax incentive ('RDTI') represents a refundable tax offset that is available on eligible research and development expenditure incurred by the Group. The RDTI is considered to be a form of government assistance and the accounting policy adopted is analogous to accounting for government grants.

The RDTI is recognised at fair value where there is a reasonable assurance that the incentive will be received and the Group will comply with all attached conditions.

The RDTI relating to expenses is recognised as incurred at the point of time in profit or loss.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Interest

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

Research and development costs

Research costs are expensed in the period in which they are incurred. Development costs will be capitalised if and when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Material accounting policy information (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Ionic Rare Earths Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the Statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

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

Note 2. Material accounting policy information (continued)

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|------------------------|------------|
| Buildings | 40 years |
| Leasehold improvements | 3-10 years |
| Plant and equipment | 3-7 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 2. Material accounting policy information (continued)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents

Significant costs associated with patents, trademarks and licences are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

Exploration and evaluation expenditure

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

Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial year the decision is made. Each area of interest is also reviewed at the end of each financial year 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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Material accounting policy information (continued)

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options over shares and performance rights that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 2. Material accounting policy information (continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Ionic Rare Earths Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative figures

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. The Group does not expect these amendments to have a material impact on the amounts recognised in prior periods or will affect the current or future periods. The main standards are listed below:

- AASB 18 Presentation and Disclosure in Financial Statements
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2024-2 Amendments to the Classification and Measurement of Financial Instruments
- AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11
- AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Treatment of expenditure on the Makuutu project

Management has applied judgement in the treatment of expenditure incurred on the Makuutu Project in Uganda (see further details on the investment in note 9).

Expenditure incurred in order to acquire the project has been capitalised as an initial cost of an investment in associate (being Rwenzori Rare Metals Limited ('RRM')) representing the Group's 60% interest in RRM which the Group has significant influence over. In addition, exploration expenditure incurred during 30 June 2023 increased the Group's interest to 60% which has been capitalised as a further investment in RRM and to exploration and evaluation expenditure. Management has determined that the Company has significant influence as they do not have control over the management direction and control over the activities and operations of the Makuutu project.

The Group assesses whether there is objective evidence that the investment in associate is impaired by reference to the underlying project held by RRM which is in exploration stage. Management has 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.

Exploration and evaluation costs

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

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

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

Share-based payment

The Group 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 by using either the Binomial, Black-Scholes model or current share price (where there are non-market conditions) taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment, being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Group does not generate revenue 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 and the segment operations and results are the same as the Group's results.

Geographical information

During the year, the Company conducted its activities across three geographic locations, being Australia, Uganda and United Kingdom (2024: Australia, Uganda and United Kingdom).

| | Other income | | Geographical non-current assets | |
|----------------|------------------|------------------|---------------------------------|-------------------|
| | 2025 \$ | 2024 \$ | 2025 \$ | 2024 \$ |
| Australia | 754,094 | 2,316,000 | 450,898 | 605,367 |
| United Kingdom | 1,408,010 | 2,206,550 | 6,462,391 | 6,777,200 |
| Uganda | - | - | 24,223,908 | 23,930,338 |
| | <u>2,162,104</u> | <u>4,522,550</u> | <u>31,137,197</u> | <u>31,312,905</u> |

Note 5. Other income

| | Consolidated | |
|--|------------------|------------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Net fair value (loss)/gain on financial assets (note 18) | (1,530,485) | 2,316,000 |
| Government grants | 1,059,657 | 1,959,762 |
| Research and development tax incentive | 2,160,135 | 246,788 |
| Other income | 472,797 | - |
| | <u>2,162,104</u> | <u>4,522,550</u> |

Government grants

During the financial year ending 30 June 2025, Ionic Technologies International Limited (IOT) derived income via the Innovation Funding Service portal (GOV.UK) from a number of different projects namely Critical Materials for Magnets/Feasibility, Critical Materials for Magnets/Supply Chain, Project – Climates: Supply Chain Innovations for Rare Earths strand 2 / Reevaluate and Project - Climates: Supply Chain Innovations for Rare Earths / Magnostic. These projects are funded by Innovate UK, a non-departmental public body sponsored by the Department for Science, Innovation and Technology (DSIT).

During the year \$1,059,657 (£505,562) (2024: \$1,959,762 (£1,020,252)) was received from the grant.

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Note 6. Expenses

Loss before income tax includes the following specific expenses:

Depreciation

| | Consolidated 2025 \$ | 2024 \$ |
|--|----------------------------|------------------|
| Leasehold improvements | 31,973 | 25,638 |
| Plant and equipment | 598,536 | 1,534,059 |
| Furniture, fittings and equipment | 107,325 | 135,135 |
| Land and buildings right-of-use assets | 126,276 | 185,620 |
| Total depreciation | <u>864,110</u> | <u>1,880,452</u> |

Amortisation

| | | |
|-------------------------------------|------------------|------------------|
| Patents | 287,222 | 404,439 |
| Total amortisation | <u>287,222</u> | <u>404,439</u> |
| Total depreciation and amortisation | <u>1,151,332</u> | <u>2,284,891</u> |

Employee benefits expense

| | | |
|---|------------------|------------------|
| Salaries and wages expenses | 2,626,656 | 4,141,276 |
| Directors' benefit expense (excluding executives) | 371,408 | 464,375 |
| Defined contribution superannuation expense | 71,080 | 116,189 |
| Total employee benefits expense | <u>3,069,144</u> | <u>4,721,840</u> |

Administration expenses

| | | |
|----------------------------------|------------------|------------------|
| Office operating lease rentals | 173,138 | 283,880 |
| Office operating and maintenance | 430,957 | 566,590 |
| Accounting and tax services | 408,211 | 316,239 |
| ESG expenses | 11,690 | 57,571 |
| Conferences | 15,032 | 33,755 |
| Publications | 146,892 | 672,931 |
| Other | 557,386 | 341,792 |
| Total administration expenses | <u>1,743,306</u> | <u>2,272,758</u> |

Exploration expense

| | | |
|------------------|------------------|-------------------|
| Uganda - Makuutu | <u>2,792,765</u> | <u>11,745,413</u> |
|------------------|------------------|-------------------|

Finance costs

| | | |
|--|---------------|---------------|
| Interest and finance charges paid/payable on lease liabilities | 34,997 | 64,312 |
| Other finance charges | 6,282 | 217 |
| Finance costs expensed | <u>41,279</u> | <u>64,529</u> |

Leases

| | | |
|---------------------------|---|----------------|
| Short-term lease payments | - | <u>283,880</u> |
|---------------------------|---|----------------|

Other expenses

| | | |
|--------------------------|------------------|------------------|
| Consultants | 2,033,862 | 1,768,222 |
| Legal fees | 127,459 | 445,888 |
| Travel and accommodation | 442,457 | 798,333 |
| Insurance | 200,421 | 207,075 |
| Promotion | 189,240 | 316,285 |
| Operating other | 603,459 | - |
| | <u>3,596,898</u> | <u>3,535,803</u> |

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Note 7. Income tax

| | Consolidated 2025 \$ | 2024 \$ |
|--|----------------------------|--------------|
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Loss before income tax expense | (11,341,449) | (21,200,915) |
| Tax at the statutory tax rate of 25% | (2,835,362) | (5,300,229) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 174,444 | 88,362 |
| Exploration expenditure | 698,191 | 2,936,353 |
| Net fair value gain on financial assets - unrealised | (73,393) | (579,000) |
| Government grants exempt from tax | (452,478) | (551,638) |
| Other | 1,240,244 | - |
| | (1,248,354) | (3,406,152) |
| Current year tax losses not recognised | 1,248,354 | 3,406,152 |
| Income tax expense | - | - |

| | Consolidated 2025 \$ | 2024 \$ |
|---|----------------------------|------------|
| <i>Tax losses not recognised</i> | | |
| Unused tax losses for which no deferred tax asset has been recognised | 22,632,918 | 13,586,287 |
| Potential tax benefit @ 25% | 5,658,230 | 3,396,572 |

| | Consolidated 2025 \$ | 2024 \$ |
|--|----------------------------|------------|
| <i>Deferred tax assets not recognised</i> | | |
| Deferred tax assets not recognised comprises temporary differences attributable to: | | |
| Transaction costs arising on shares issued | 264,823 | 57,518 |
| Prepayments | (1,758) | (42,790) |
| Timing differences (other than tax losses and capital losses) not brought to account | (275,405) | (14,728) |
| Other | 10,542 | - |
| Accruals | 1,798 | - |
| Total deferred tax assets not recognised | - | - |

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the Statement of financial position as the recovery of this benefit is uncertain.

Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of \$22,632,918 and capital losses of \$8,924,336 (2024: \$13,586,287 and capital losses of \$9,709,851) 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.

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Note 8. Cash and cash equivalents

| | Consolidated | |
|-----------------------|---------------------|------------------|
| | 2025 | 2024 |
| | \$ | \$ |
| <i>Current assets</i> | | |
| Cash at bank | 437,536 | 1,839,975 |
| Term deposit | 157,695 | 188,845 |
| | <u>595,231</u> | <u>2,028,820</u> |

Note 9. Investments accounted for using the equity method

An amount of \$24,223,908 (2024: \$23,930,338) has been presented in the financial statements as an Investment in Associate. This represents amounts incurred to acquire an interest in Rwenzori Rare Metals Limited which holds 100% of the Makuutu Rare Earths Project. This includes the amounts set out below.

| | Consolidated | |
|---|---------------------|-------------------|
| | 2025 | 2024 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Investment in associate - Rwenzori Rare Metals Limited (RRM) | <u>24,223,908</u> | <u>23,930,338</u> |
| <i>Reconciliation</i> | | |
| Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below: | | |
| Opening carrying amount | 23,930,338 | 21,926,992 |
| Expenditure on exploration and evaluation for award of mining license | - | 1,611,837 |
| US\$375,000 Paid to Rare Earth Elements Africa Pty Ltd | - | 546,367 |
| Exchange difference | 293,570 | (154,858) |
| Closing carrying amount | <u>24,223,908</u> | <u>23,930,338</u> |

Interests in associates

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

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|------------------------------|---|---------------------------|-------------|
| | | 2025 | 2024 |
| | | % | % |
| Rwenzori Rare Metals Limited | Uganda | 60.00% | 60.00% |

Note 9. Investments accounted for using the equity method (continued)

Summarised financial information

| | 2025 \$ | 2024 \$ |
|---|-------------------|-------------------|
| Subscription for initial 20% interest in Rwenzori Rare Metals Limited | 148 | 148 |
| US\$100,000 paid to Rare Earth Elements Africa Pty Ltd | 148,035 | 148,035 |
| 29,179,517 fully paid shares issued to Rare Earth Elements Africa Pty Ltd | 233,436 | 233,436 |
| 100,000,000 fully paid shares issued to Southern Cross Mining Pty Ltd | 800,000 | 800,000 |
| 50,000,000 options (exercise price of \$0.005) issued to SCM | 325,000 | 325,000 |
| Expenditure on exploration and evaluation for additional 11% interest | 954,689 | 954,689 |
| Expenditure on exploration and evaluation for additional 15% interest | 1,166,337 | 1,166,337 |
| Expenditure on exploration and evaluation for additional 5% interest | 498,210 | 498,210 |
| Expenditure on exploration and evaluation for additional 5% interest | 16,384,749 | 16,384,749 |
| Expenditure on exploration and evaluation for award of mining license | 1,611,837 | 1,611,837 |
| US\$375,000 Paid to Rare Earth Elements Africa Pty Ltd | 546,367 | 546,367 |
| Movement in foreign exchange | 1,555,100 | 1,261,530 |
| | <u>24,223,908</u> | <u>23,930,338</u> |
| | 2025 \$ | 2024 \$ |
| <i>Summarised Statement of financial position</i> | | |
| Current assets | 742,261 | 845,250 |
| Non-current assets | 2,397,604 | 2,458,827 |
| Total assets | <u>3,139,865</u> | <u>3,304,077</u> |
| Current liabilities | 93,284 | 168,405 |
| Total liabilities | <u>93,284</u> | <u>168,405</u> |
| Net assets | <u>3,046,581</u> | <u>3,135,672</u> |
| <i>Reconciliation of the Group's carrying amount</i> | | |
| Group's share in % | 60% | 60% |
| Group's share in \$ | 1,827,945 | 1,881,403 |
| Fair Value uplift | 3,704,962 | 3,704,962 |
| Contributions/Foreign exchange movement | 18,691,001 | 18,343,973 |
| Closing carrying amount | <u>24,223,908</u> | <u>23,930,338</u> |

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Note 10. Plant and equipment

| | Consolidated 2025 \$ | 2024 \$ |
|---|----------------------------|-------------------------|
| <i>Non-current assets</i> | | |
| Leasehold improvements - at cost | 152,806 | 149,837 |
| Less: Accumulated depreciation | (64,239) | (31,515) |
| | <u>88,567</u> | <u>118,322</u> |
| Plant and equipment - at cost | 3,600,786 | 3,446,217 |
| Less: Accumulated depreciation | (2,487,552) | (1,871,685) |
| | <u>1,113,234</u> | <u>1,574,532</u> |
| Furniture, fittings and equipment - at cost | 502,051 | 471,819 |
| Less: Accumulated depreciation | (347,604) | (224,953) |
| | <u>154,447</u> | <u>246,866</u> |
| | <u><u>1,356,248</u></u> | <u><u>1,939,720</u></u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| <i>Consolidated</i> | Leasehold improvements \$ | Plant and equipment \$ | Furniture, fittings and equipment \$ | Motor vehicles \$ | Total \$ |
|-------------------------|---------------------------------|------------------------------|---|-------------------------|------------------|
| Balance at 1 July 2023 | 111,652 | 1,911,194 | 248,928 | 23,972 | 2,295,746 |
| Additions | 32,309 | 1,194,823 | 132,837 | - | 1,359,969 |
| Disposals | - | - | - | (23,972) | (23,972) |
| Exchange differences | (1) | 2,574 | 236 | - | 2,809 |
| Depreciation expense | (25,638) | (1,534,059) | (135,135) | - | (1,694,832) |
| Balance at 30 June 2024 | 118,322 | 1,574,532 | 246,866 | - | 1,939,720 |
| Additions | - | 37,660 | - | - | 37,660 |
| Disposals | - | (25,958) | - | - | (25,958) |
| Exchange differences | 2,218 | 133,903 | 14,906 | - | 151,027 |
| Write off of assets | - | (8,367) | - | - | (8,367) |
| Depreciation expense | (31,973) | (598,536) | (107,325) | - | (737,834) |
| Balance at 30 June 2025 | <u>88,567</u> | <u>1,113,234</u> | <u>154,447</u> | <u>-</u> | <u>1,356,248</u> |

Note 11. Intangible assets

| | Consolidated 2025 \$ | 2024 \$ |
|--------------------------------|----------------------------|------------------|
| <i>Non-current assets</i> | | |
| Patents - at cost | 6,063,163 | 5,842,778 |
| Less: Accumulated amortisation | (867,339) | (852,424) |
| | <u>5,195,824</u> | <u>4,990,354</u> |

Note 11. Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Patents \$ |
|-------------------------|-------------------------|
| Balance at 1 July 2023 | 5,429,587 |
| Exchange differences | (34,794) |
| Amortisation expense | <u>(404,439)</u> |
| Balance at 30 June 2024 | 4,990,354 |
| Exchange differences | 492,692 |
| Amortisation expense | <u>(287,222)</u> |
| Balance at 30 June 2025 | <u><u>5,195,824</u></u> |

Note 12. Trade and other payables

| | Consolidated 2025 \$ | 2024 \$ |
|----------------------------|--|-------------------|
| <i>Current liabilities</i> | | |
| Trade payables | 1,456,488 | 572,606 |
| Accruals | 335,693 | - |
| Other payables | 59,639 | - |
| | <u>1,851,820</u> | <u>572,606</u> |

Refer to note 17 for further information on financial instruments.

Note 13. Other financial liabilities

| | Consolidated 2025 \$ | 2024 \$ |
|---|--|-------------------|
| <i>Current liabilities</i> | | |
| Funds received in advance for Convertible notes | <u>750,000</u> | <u>-</u> |

Other financial liabilities correspond to funds received in advance for convertible notes which required shareholder approval before being issued. Shareholder approval was received at the EGM on 7 July 2025, upon which the convertible notes were then issued. The convertible notes are convertible into shares on the date determined by the holder and automatically convert into shares on 15 June 2027 if they haven't converted earlier. The conversion price is the lower of 0.9 cents per share and a 20% discount to the 15-business day volume weighted average price of shares traded on ASX prior to conversion. They are not redeemable.

Note 14. Issued capital

| | 2025 Shares | 2024 Shares | Consolidated 2025 \$ | 2024 \$ |
|------------------------------|------------------------------|------------------------------|--|-------------------|
| Ordinary shares - fully paid | <u>5,267,425,763</u> | <u>4,831,301,108</u> | <u>95,086,703</u> | <u>92,130,498</u> |

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Note 14. Issued capital (continued)

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|--------------------------------|-------------------|---------------|-------------|-------------|
| Balance | 1 July 2023 | 3,946,104,920 | | 78,332,559 |
| Exercise of options | 18 September 2023 | 10,000,000 | \$0.0215 | 215,000 |
| Shares issued | 24 November 2023 | 261,904,762 | \$0.0210 | 5,500,000 |
| Share Purchase Plan | 22 December 2023 | 62,499,906 | \$0.0210 | 1,312,500 |
| Shares issued | 1 February 2024 | 27,777,775 | \$0.0180 | 500,000 |
| Shares issued | 16 February 2024 | 26,017,409 | \$0.0210 | 546,365 |
| Shares issued | 20 March 2024 | 19,047,619 | \$0.0210 | 400,000 |
| Shares issued | 20 March 2024 | 93,333,333 | \$0.0180 | 1,680,000 |
| Shares issued | 30 April 2024 | 384,615,384 | \$0.0130 | 5,000,000 |
| Transaction costs | | - | \$0.0000 | (1,355,926) |
| Balance | 30 June 2024 | 4,831,301,108 | | 92,130,498 |
| Shares issued | 22 July 2024 | 38,461,539 | \$0.0130 | 500,000 |
| Share based payments | 2 December 2024 | 42,428,685 | \$0.0070 | 297,001 |
| Share placement | 2 December 2024 | 204,857,137 | \$0.0070 | 1,434,000 |
| Share placement | 3 December 2024 | 1,999,999 | \$0.0070 | 14,000 |
| Share purchase plan | 23 December 2024 | 109,379,876 | \$0.0070 | 765,659 |
| Exercise of performance rights | 28 January 2025 | 10,000,000 | \$0.0000 | 195,000 |
| Shares issued | 21 May 2025 | 2,425,993 | \$0.0080 | 19,408 |
| Shares issued | 22 May 2025 | 26,571,426 | \$0.0070 | 186,000 |
| Transaction costs | | | | (454,863) |
| Balance | 30 June 2025 | 5,267,425,763 | | 95,086,703 |

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

Note 15. Reserves

| | Consolidated | |
|---------------------------------|------------------|-------------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Foreign currency reserve | 2,583,041 | 1,894,766 |
| Share-based payments reserve | 5,346,629 | 9,666,510 |
| Convertible note equity reserve | 136,403 | 136,403 |
| | <u>8,066,073</u> | <u>11,697,679</u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration under an Employee Share Plan; Directors on terms determined by the Board and approved by shareholders, and other parties as part of their compensation for services.

Convertible note equity reserve

The reserve is used to recognise the value of options on issue, not granted as a means of a share-based payment.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated | Foreign currency \$ | Share-based payments \$ | Convertible note equity \$ | Total \$ |
|--|---------------------------|-------------------------------|----------------------------------|------------------|
| Balance at 1 July 2023 | 2,032,616 | 9,313,061 | 136,403 | 11,482,080 |
| Foreign currency translation | (137,850) | - | - | (137,850) |
| Share-based payments | - | 353,449 | - | 353,449 |
| Balance at 30 June 2024 | 1,894,766 | 9,666,510 | 136,403 | 11,697,679 |
| Foreign currency translation | 688,275 | - | - | 688,275 |
| Share-based payments (options) | - | 275,065 | - | 275,065 |
| Performance rights | - | 697,776 | - | 697,776 |
| Performance rights exercised | - | (195,000) | - | (195,000) |
| Options and performance rights expired | - | (5,097,722) | - | (5,097,722) |
| Balance at 30 June 2025 | <u>2,583,041</u> | <u>5,346,629</u> | <u>136,403</u> | <u>8,066,073</u> |

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Note 17. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United States Dollar (USD) and English pound (GBP).

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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.

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

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.

As at the reporting date, the Group had the following financial assets exposed to Australian and English variable interest rate risk:

| Consolidated | 2025 Balance \$ | 2024 Balance \$ |
|--|--------------------------------|--------------------------------|
| <i>Financial assets - cash at bank</i> | | |
| Australia | 418,854 | 1,896,942 |
| United Kingdom | 176,377 | 131,878 |
| Net exposure to cash flow interest rate risk | <u>595,231</u> | <u>2,028,820</u> |

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements. The Group does not hold any collateral.

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.

Note 17. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of financial position.

| | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|--------------------------------------|----------------------|--------------------------------|--------------------------------|--------------------|--|
| Consolidated - 2025 | | | | | |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | 1,456,488 | - | - | - | 1,456,488 |
| Other payables | 59,639 | - | - | - | 59,639 |
| Other financial liabilities | 750,000 | - | - | - | 750,000 |
| <i>Interest-bearing - fixed rate</i> | | | | | |
| Lease liability | 131,342 | 237,044 | - | - | 368,386 |
| Total non-derivatives | 2,397,469 | 237,044 | - | - | 2,634,513 |
| Consolidated - 2024 | | | | | |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | 572,606 | - | - | - | 572,606 |
| <i>Interest-bearing - fixed rate</i> | | | | | |
| Lease liability | 116,246 | 131,342 | 241,758 | - | 489,346 |
| Total non-derivatives | 688,852 | 131,342 | 241,758 | - | 1,061,952 |

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 2025 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|----------------------|----------------------|----------------------|--------------------|
| <i>Assets</i> | | | | |
| Ordinary shares - listed equity shares at fair value to profit or loss ('FVTPL') | - | - | - | - |
| Total assets | - | - | - | - |

| Consolidated - 2024 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|----------------------|----------------------|----------------------|--------------------|
| <i>Assets</i> | | | | |
| Ordinary shares - listed equity shares at fair value to profit or loss ('FVTPL') | 2,916,000 | - | - | 2,916,000 |
| Total assets | 2,916,000 | - | - | 2,916,000 |

On 14 September 2023, the Group acquired 2,400,000 ordinary shares at 0.25 cents (\$600,000) of the listed entity Viridis Mining and Minerals Limited ('VMM'). As at 30 June 2024, the Australian listed equity shares held for trading at FVTPL was \$1.215 per share, the Group recognised a gain on fair value of \$2,316,000. The fair value has been determined directly by reference to published price quotations in an active market for identical securities. They are deemed to be level 1 securities in accordance with the AASB 13 fair value measurement hierarchy and hence there is no subjectivity in relation to their value.

During the year ended 30 June 2025, the holding shares in Viridis Mining and Minerals Ltd were disposed of.

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial half-year is set out below:

| | Consolidated | |
|--|---------------------|-------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Opening fair value | 2,916,000 | - |
| Additions | - | 600,000 |
| Net fair value loss on sale of shares (note 5) | (1,530,485) | 2,316,000 |
| Cash received from sale of shares | (1,385,515) | - |
| Closing fair value | - | 2,916,000 |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

| | Consolidated 2025 \$ | 2024 \$ |
|------------------------------|----------------------------|------------------|
| Short-term employee benefits | 1,004,197 | 921,293 |
| Post-employment benefits | 5,750 | 5,500 |
| Share-based payments | 459,501 | 399,965 |
| | <u>1,469,448</u> | <u>1,326,758</u> |

Note 20. Remuneration of auditors

The BDO entity performing the audit of the Group transitioned from BDO Audit (WA) Pty Ltd to BDO Audit Pty Ltd on 6 August 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Company:

| | Consolidated 2025 \$ | 2024 \$ |
|---|----------------------------|---------------|
| <i>Audit services - BDO</i> | | |
| Audit or review of the financial statements | <u>85,310</u> | <u>62,804</u> |

Note 21. Contingent liabilities

On 21 April 2022, the Company completed the acquisition of Seren Technologies Limited, now called Ionic Technologies International Limited, (IonicTech) from Seren AG, Professor Peter Nockemann and Professor Martin Atkins (Sellers). Obligations outstanding pursuant to this acquisition are:

- pay the Sellers 25% of any licence fee received by the Company from a third party to use the technology for magnet recycling or rare earth separation technology (Milestone 1 Payment), to a maximum of US\$1,500,000.
- Upon reaching commercial production for a magnet recycling plant or rare earth separation and refining plant developed using the technology and designed for a scale exceeding 100 tonne per annum Rare Earth Oxide equivalent production capacity or greater (Milestone 2) pay the Sellers US\$1,500,000 less the total Milestone 1 Payments paid to the Sellers (Milestone 2 Payment).

Note 22. Related party transactions

Parent entity

Ionic Rare Earths Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Associates

Interests in associates are set out in note 9.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the Directors' report.

Note 22. Related party transactions (continued)

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent | |
|--------------------------|-------------|--------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Loss after income tax | (9,885,410) | (26,019,507) |
| Total comprehensive loss | (9,885,410) | (26,019,507) |

Statement of financial position

| | Parent | |
|---------------------------------|--------------|--------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Total current assets | 637,984 | 4,921,549 |
| Total non-current assets | 30,828,643 | 29,586,256 |
| Total assets | 31,466,627 | 34,507,805 |
| Total current liabilities | 2,546,641 | 830,613 |
| Total non-current liabilities | - | - |
| Total liabilities | 2,546,641 | 830,613 |
| Net assets | 28,919,986 | 33,677,192 |
| Equity | | |
| Issued capital | 95,086,703 | 92,130,498 |
| Foreign currency reserve | 2,914,436 | 1,515,601 |
| Share-based payments reserve | 5,341,955 | 9,666,510 |
| Convertible note equity reserve | 136,403 | 136,403 |
| Accumulated losses | (74,559,511) | (69,771,820) |
| Total equity | 28,919,986 | 33,677,192 |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Contingent liabilities

The parent entity had no other contingent liabilities as at 30 June 2025 and 30 June 2024 than mentioned on note 21.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

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Note 23. Parent entity information (continued)

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--|---|--------------------|-----------|
| | | 2025 % | 2024 % |
| Ionic Technologies International Limited | United Kingdom | 100.00% | 100.00% |

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|--------------------|---------------------|
| | 2025 \$ | 2024 \$ |
| Loss after income tax expense for the year | (11,341,449) | (21,200,915) |
| Adjustments for: | | |
| Depreciation and amortisation | 1,151,332 | 2,284,891 |
| Net fair value loss/(gain) on financial assets | 1,530,485 | (2,316,000) |
| Share-based payments | 697,776 | 353,449 |
| Foreign exchange differences | (5,036) | (7,327) |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in other receivables | (94,371) | 1,028,713 |
| Decrease/(increase) in inventories | 521,900 | (276,441) |
| Decrease in prepayments | 110,368 | 53,313 |
| Increase/(decrease) in trade and other payables | 1,537,943 | (930,857) |
| Net cash used in operating activities | <u>(5,891,052)</u> | <u>(21,011,174)</u> |

Note 26. Non-cash investing and financing activities

| | Consolidated | |
|--|----------------|----------------|
| | 2025 \$ | 2024 \$ |
| Shares issued to settle US\$375,000 with Rare Earth Elements Africa Pty Ltd. | - | 546,365 |
| Shares issued - exercise of performance rights | 195,000 | - |
| | <u>195,000</u> | <u>546,365</u> |

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Note 27. Changes in liabilities arising from financing activities

| Consolidated | Lease liabilities \$ |
|---------------------------------------|-------------------------|
| Balance at 1 July 2023 | 7,319 |
| Net cash used in financing activities | (149,357) |
| Acquisition of leases | <u>631,384</u> |
| Balance at 30 June 2024 | 489,346 |
| Net cash used in financing activities | <u>(120,960)</u> |
| Balance at 30 June 2025 | <u><u>368,386</u></u> |

Note 28. Earnings per share

| | Consolidated 2025 \$ | Consolidated 2024 \$ |
|---|----------------------------|----------------------------|
| Loss after income tax attributable to the owners of Ionic Rare Earths Limited | <u>(11,341,449)</u> | <u>(21,200,915)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>5,074,798,237</u> | <u>4,262,070,037</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>5,074,798,237</u> | <u>4,262,070,037</u> |
| | Cents | Cents |
| Basic earnings per share | (0.22) | (0.50) |
| Diluted earnings per share | (0.22) | (0.50) |

Nil (2024: 75,000,000) options and 154,000,000 (2024: 95,700,000) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2025. These options could potentially dilute basic earnings per share in the future.

Note 29. Share-based payments

Options

The establishment of the Ionic Rare Earths Limited Employee Share Option Plan ('Plan') was approved by shareholders at the Annual General Meeting held on 24 November 2021. The Plan is designed to provide long-term incentives to Directors, senior executives, employees and certain contractors to deliver long term shareholder returns. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the Company with full dividend and voting rights. During the year no options were issued pursuant to the Plan (2024: Nil).

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Note 29. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2025

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|----------|-----------|---------------------|--------------------------------|
| 30/11/2021 | 30/11/2024 | \$0.0640 | 42,000,000 | - | - | (42,000,000) | - |
| 03/02/2023 | 30/11/2024 | \$0.0640 | 33,000,000 | - | - | (33,000,000) | - |
| | | | <u>75,000,000</u> | <u>-</u> | <u>-</u> | <u>(75,000,000)</u> | <u>-</u> |
| Weighted average exercise price | | | \$0.0640 | \$0.0000 | \$0.0000 | \$0.0640 | \$0.0000 |

2024

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|----------|---------------------|---------------------|--------------------------------|
| 30/11/2021 | 30/11/2024 | \$0.0640 | 42,000,000 | - | - | - | 42,000,000 |
| 03/02/2023 | 30/11/2024 | \$0.0640 | 33,000,000 | - | - | - | 33,000,000 |
| 03/12/2020 | 30/11/2023 | \$0.0215 | 40,000,000 | - | (10,000,000) | (30,000,000) | - |
| | | | <u>115,000,000</u> | <u>-</u> | <u>(10,000,000)</u> | <u>(30,000,000)</u> | <u>75,000,000</u> |
| Weighted average exercise price | | | \$0.0640 | \$0.0000 | \$0.0215 | \$0.0215 | \$0.0640 |

The weighted average remaining contractual life of options outstanding at the end of the financial year was Nil (2024: 0.42 years).

During the year, the Company issued a total of 35,000,000 options in consideration for lead manager and capital raising services with a fair value of \$ 274,858.

Performance Share Rights

During the year ended 30 June 2025, 80,000,000 performance rights were granted.

The vesting conditions of the performance rights are:

- 20,000,000 Performance Rights will vest upon successfully securing UK Government funding of £5m or greater, prorated up to £10m, for commercialisation in magnet recycling in Belfast;
- 10,000,000 Performance Rights will vest upon successfully securing strategic investment of greater than US\$5million within IRE or subsidiaries / projects;
- 10,000,000 Performance Rights will vest upon signing magnet and swarf feed supply agreements for Belfast facility for greater than 50% of nominated feed capacity;
- 10,000,000 Performance Rights will vest upon signing REO offtake agreements from the Belfast magnet recycling facility for greater than 20% of proposed production;
- 20,000,000 Performance Rights will vest upon successfully securing an additional joint venture for establishment of magnet recycling business in target markets; and
- 10,000,000 Performance Rights will vest upon successful completion of a positive scoping study (Viridion JV) for magnet recycling, IRR > 20%.

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Note 29. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2025

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired Forfeited Other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|------------|--------------|-------------------------|--------------------------------|
| 30/06/2022 | 30/06/2025 | \$0.0000 | 3,300,000 | - | - | (3,300,000) | - |
| 30/06/2022 | 30/06/2025 | \$0.0000 | 3,400,000 | - | - | (3,400,000) | - |
| 13/03/2024 | 13/03/2027 | \$0.0000 | 89,000,000 | - | (10,000,000) | (5,000,000) | 74,000,000 |
| 16/05/2025 | 21/05/2028 | \$0.0000 | - | 80,000,000 | - | - | 80,000,000 |
| | | | 95,700,000 | 80,000,000 | (10,000,000) | (11,700,000) | 154,000,000 |

During the year ended 30 June 2024, 89,000,000 performance rights were granted.

The vesting conditions of the performance rights are:

- 10,000,000 Performance Rights will vest on the 12-month anniversary of Brett Lynch's commencement;
- 11,750,000 Performance Rights will vest upon successfully securing any offtake for the Makuutu product;
- 13,750,000 Performance Rights will vest upon the Company's Board making a Financial Investment Decision to progress the Makuutu Project to construction;
- 11,750,000 Performance Rights will vest upon the Makuutu Demonstration Plant producing more than 30 tonnes of Mixed Rare Earth Carbonate (MREC) at the target product specification;
- 17,250,000 Performance Rights will vest upon successfully securing a strategic partnering investment within the Company or Makuutu;
- 11,750,000 Performance Rights will vest upon successfully securing offtake, or a strategic partnering investment within Ionic Technologies; and
- 12,750,000 Performance Rights will vest upon Financial Investment Decision to progress a commercial magnet recycling plant with Ionic Technologies.

2024

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|------------|-----------|---------------------------|--------------------------------|
| 30/06/2022 | 30/06/2025 | \$0.0000 | 3,300,000 | - | - | - | 3,300,000 |
| 30/06/2022 | 30/06/2025 | \$0.0000 | 3,400,000 | - | - | - | 3,400,000 |
| 13/03/2024 | 13/03/2027 | \$0.0000 | - | 89,000,000 | - | - | 89,000,000 |
| | | | 6,700,000 | 89,000,000 | - | - | 95,700,000 |

Total expense arising from the issue of performance rights recognised during the year was \$697,776 (2024: \$173,449).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 16/05/2025 | 21/05/2028 | \$0.0080 | \$0.0000 | - | - | 3.86% | \$0.0080 |

Share issue

During the prior year 10,000,000 fully paid ordinary shares were issued to Mr Brett Lynch as a sign-on payment. These shares were valued at the closing price of the shares as trading on the ASX of date of shareholder approval (13 March 2024) being 1.95 cents per share.

The total share-based payment expense recognised in profit or loss is:

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Note 29. Share-based payments (continued)

| | Consolidated 2025 \$ | 2024 \$ |
|---------------------------------------|----------------------------|----------------|
| Shares issued as part of compensation | - | 180,000 |
| Performance share rights granted | 697,776 | 173,449 |
| | <u>697,776</u> | <u>353,449</u> |

Note 30. Events after the reporting period

On 7 July 2025, the Company held a General Meeting of shareholders where all resolutions were duly carried by poll. Shareholders approved the issue of convertible notes to investors, the issue of options to investors, and the ratification of options issued to the lead manager.

Between 8 July and 19 September 2025, the Company issued a total of 435,956,974 ordinary shares through the exercise of IXRAV and IXRAD options with an exercise price of \$0.011, as well as the conversion of IXRAG convertible notes.

On 10 July 2025, the Company issued 214,285,714 IXRAD options expiring 15 December 2027 with an exercise price of \$0.011 as attaching options with the issue of 120 IXRAG convertible notes approved at the General Meeting.

On 14 July 2025, the Company announced that a consortium and its wholly owned subsidiary, Ionic Technologies, had secured £11 million (A\$22.6 million) in UK Government funding under the “CircularREEconomy” partnership facilitated by the Advanced Propulsion Centre UK (APC). The three-year project, commencing 1 August 2025, will establish a sovereign and sustainable rare earth permanent magnet (REPM) supply chain for the UK. Ionic Technologies’ direct allocation under the program is approximately £3.1 million (A\$6.4 million).

On 17 July 2025, the Company announced that Viridion Rare Earth Technologies Ltda. (“Viridion”), its 50/50 joint venture with Viridis Mining & Minerals Limited, had been granted 2,071 square metres of land by the Municipality of Poços de Caldas, Minas Gerais, for the construction of the Centre for Rare Earths Innovation, Technology and Recycling (CRITR). The CRITR will be South America’s first rare earth refining and recycling hub, with operations targeted to commence in the second half of 2026.

On 28 July 2025, the Company announced that Viridion had progressed to the next phase of assessment under the R\$5 billion (~US\$900 million) strategic minerals funding program administered by BNDES and FINEP. Viridion will now prepare a Joint Support Plan (“PSC”) for a tailored funding package expected to include grants, debt financing, and potential equity participation.

On 8 August 2025, 24,000,000 IXRAT performance rights were cancelled.

On 12 September 2025, the Company announced a Renounceable Rights Issue and Placement to raise up to \$7 million.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

| Entity name | Entity type | Place formed / Country of incorporation | Ownership interest % | Tax residency |
|--|--------------------|--|-------------------------------------|--|
| Ionic Rare Earths Limited | Body corporate | Australia | - | Australia * |
| Ionic (UK) Pty Ltd | Body corporate | Australia | 100.00% | Australia * Foreign - United Kingdom |
| Ionic Technologies International Limited | Body corporate | United Kingdom | 100.00% | Kingdom |

* Ionic Rare Earths Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Basis of preparation

The Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of tax residency

Section 395(3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency – the consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner’s public guidance in Tax Ruling TR 2018/5.

Foreign tax residency – the consolidated entity has used independent tax advisers in foreign jurisdictions to ensure applicable foreign tax legislation has been complied with.

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In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Brett Lynch
Chairman

29 September 2025
Melbourne

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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 2025, 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 material accounting policy information, the consolidated entity disclosure statement 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 2025 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Investment in Associate

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>At 30 June 2025, Ionic held 60% interest in the carrying value of its equity accounted investment in associate Rwenzori Rare Metals Limited (“RRM”) who holds 100% interest in the Makuutu Rare Earth Elements Project in Uganda is disclosed in Note 9 of the Financial Report.</p> <p>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.</p> <p>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.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Considering the appropriateness of management’s assessment of significant influence over RRM and accounting for the interest as an investment in associate; • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Confirming the Group’s percentage ownership of RMM; • Considering management’s assessment of indicators that the investment in the associate is not impaired; • Reviewing the calculation for the carrying value of the investment; • Reviewing ASX announcements, Board of Directors meetings’ minutes to assess for potential indicators of impairment; and • Assessing the adequacy of the related disclosures in Note 3 and Note 9 of the Financial Report. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2025, 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.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 23 to 32 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Ionic Rare Earths Limited, for the year ended 30 June 2025, 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 Pty Ltd

BDO

A handwritten signature in black ink that reads 'J Prue'.

Jarrad Prue

Director

Perth, 29 September 2025

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The shareholder information set out below was applicable as at 29 August 2025.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | | Options over ordinary shares | | Performance rights over ordinary shares | |
|---------------------------------------|-------------------|--------------------------|------------------------------|--------------------------|---|--------------------------|
| | Number of holders | % of total shares issued | Number of holders | % of total shares issued | Number of holders | % of total shares issued |
| 1 to 1,000 | 333 | - | - | - | - | - |
| 1,001 to 5,000 | 224 | 0.01 | - | - | - | - |
| 5,001 to 10,000 | 597 | 0.09 | - | - | - | - |
| 10,001 to 100,000 | 5,098 | 4.01 | - | - | - | - |
| 100,001 and over | 4,184 | 95.89 | 206 | 100.00 | 4 | 100.00 |
| | <u>10,436</u> | <u>100.00</u> | <u>206</u> | <u>100.00</u> | <u>4</u> | <u>100.00</u> |
| Holding less than a marketable parcel | <u>3,104</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | % of total shares issued |
|--|----------------------|--------------------------|
| | Number held | |
| CITICORP NOMINEES PTY LIMITED | 242,235,060 | 4.25 |
| BNP PARIBAS NOMS PTY LTD | 183,958,772 | 3.23 |
| BOND STREET CUSTODIANS LIMITED <DEONEI - V13669 A/C> | 131,723,931 | 2.31 |
| MRS IFRAH NISHAT | 121,667,142 | 2.13 |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT> | 121,243,918 | 2.13 |
| JGM PROPERTY INVESTMENTS PTY LTD | 106,250,000 | 1.86 |
| KINETIC WEALTH ADVISERS PTY LTD | 91,000,008 | 1.60 |
| MARKOVIC FAMILY NO 2 PTY LTD | 53,350,000 | 0.94 |
| SIDOTI CAPITAL PTY LTD <D SIDOTI A/C> | 47,000,000 | 0.82 |
| K & J INTERNATIONAL PTY LTD <LINS FAMILY SUPER FUND A/C> | 46,000,000 | 0.81 |
| AEI #1 LLC | 44,444,444 | 0.78 |
| MR DANIEL JAMES SIDOTI | 43,400,000 | 0.76 |
| DHALIWAL SUPER PTY LTD <DHALIWAL SUPER FUND A/C> | 40,378,888 | 0.71 |
| BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM> | 37,636,655 | 0.66 |
| FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C> | 37,047,410 | 0.65 |
| MR IAN MORTON + MRS DEBORAH MORTON <DEBIAN SUPER FUND A/C> | 31,821,428 | 0.56 |
| TIMEL HOLDINGS PTY LTD <TMH HOLDINGS A/C> | 29,999,999 | 0.53 |
| MR HARMEN HAFKAMP | 28,500,000 | 0.50 |
| MR JEAN MARC ALLEGRET | 27,300,000 | 0.48 |
| MR BONGANI RAZIYA | 26,017,409 | 0.46 |
| | <u>1,490,975,064</u> | <u>26.17</u> |

Unquoted equity securities

| | Number on issue | Number of holders |
|---|----------------------------|------------------------------|
| 30 November 2026, 3.15 cent option | 20,000,000 | 2 |
| 15 December 2027, 1.10 cent options (UO6) | 15,000,000 | 1 |
| 15 December 2027, 1.10 cent options (OP7) | 236,439,322 | 150 |
| 26 June 2028, 2.0 cent options (UO4) | 216,967,454 | 25 |
| 26 June 2028, 2.0 cent options (UO5) | 120,340,227 | 28 |
| Performance rights | 130,000,000 | 4 |
| Convertible notes | 20 | 4 |

Substantial holders

There are no substantial holders in the Company.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Schedule of Mining Tenements Held

| Project | Location | Country | Type of Concession | Percentage Held |
|----------------|-----------------|----------------|----------------------------|------------------------|
| Makuutu | LML00334 | Uganda | Large-Scale Mining License | 60% |
| Makuutu | TN/LML/04741 | Uganda | Large-Scale Mining License | 60% |
| Makuutu | RL00007 | Uganda | Retention Licence | 60% |
| Makuutu | RL00234 | Uganda | Retention Licence | 60% |
| Makuutu | EL00257 | Uganda | Exploration | 60% |
| Makuutu | EL00147 | Uganda | Exploration | 60% |
| Makuutu | EL00624 | Uganda | Exploration | 60% |
| Makuutu | EL00616 | Uganda | Exploration | 60% |
| Makuutu | EL00148 | Uganda | Exploration | 60% |
| Makuutu | EL00450 | Uganda | Exploration | 60% |

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