ionic rare earths

Ionic Rare Earths Limited

ABN 84 083 646 477

Annual Report - 30 June 2024

Directors	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
Company secretary	Mark Licciardo
Notice of annual general meeting	The details of the annual general meeting of Ionic Rare Earths Limited are: 27 November 2024 at 1:00pm
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	K & L Gates Level 32 44 St. George's Terrace Perth WA 6000
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/

Dear IonicRE Shareholders,

The past year has seen significant progress towards executing our plan to deliver an alternative supply of magnet and heavy rare earths for the new economy. I would also like to take this opportunity to thank our Chairman, Brett Lynch and the Board for their guidance throughout this year and the IonicRE team for their support as we have delivered across our project portfolio during a challenging rare earth market.

Safety is central to all that we aim to deliver. FY2024 saw the Company progress to demonstration scale at both our Ionic Technologies' magnet recycling demonstration plant in Belfast, UK, and the Makuutu Heavy Rare Earth Project in Uganda. The team has achieved a safe and satisfying start up with no major incidents, as we have trained staff, commissioned, and ramped up demonstration production.

I commend the team on ingraining a safety culture that ensures safety is top of mind for all our people, our core priority for FY2025. We believe all incidents and injuries are preventable. Therefore, we will focus on identifying, managing, and eliminating risks where possible and growing a culture of making every day a zero-incident day.

The past year saw a significant shift for our project teams as we transitioned from a development company to demonstration scale production across our two key assets:

- Delivering continuous production of high purity magnet rare earth oxides (REOs) at our magnet recycling facility at Ionic Technologies (100% IonicRE) in the UK; and
- Achieving maiden production of mixed rare earth carbonate (MREC) from ionic adsorption clay mineralisation at our Makuutu Rare Earth Project (60% IonicRE) demonstration plant.

Both demonstration scale facilities are important milestones for each project as we derisk the overall process design and produce product to facilitate meaningful offtake and supply chain collaboration with partners.

At Ionic Technologies, we achieved several other major milestones in FY2024. In September 2023, we opened our Belfast technical facility, supported by additional grants from the UK Government as part of efforts to build sovereign capability in the UK for magnet REOs. This was typified by the UK Government backed collaboration partnership between Ionic Technologies with Ford Technologies and Less Common Metals (LCM) aimed at demonstrating a supply chain for magnet REOs to magnets and ultimately electric motors to be manufactured in the UK.

We are grateful to the UK Government for their support of Ionic Technologies as it builds the West's leading facility for recycled magnet REO production.

In October 2023, IonicRE commenced a UK Government-backed Feasibility Study for a commercial magnet recycling plant to be built in Belfast. The team has been working to complete this and we expect that this will demonstrate a unique opportunity for high purity REOs to be produced and flow into existing latent capacity in key target Western countries looking to establish new capacity for NdFeB magnet manufacturing.

In May 2024, we expanded our relationship with LCM to target growth and collaboration in both the UK and North American markets, together with expansion into other markets such as SmCo magnets.

As we progress the development of the technology, IonicRE hosted several companies and governments to Belfast to showcase the technology and the product quality delivered. The Company is now progressing the global roll out and looks forward to a very prospective FY2025.

At Makuutu, the Company, via Ugandan entity Rwenzori Rare Metals Limited, was awarded a Large-Scale Mining Licence (LML00334) on the first tenement to progress to this stage in Uganda. This was a substantial achievement as the first LML to be awarded in Uganda post-implementation of the 2022 Mining Act and 2023 Mining Regulations, and the entire team is to be commended on their efforts to achieve this result.

Critical to this was the completion of land access agreements across the tenement and the engagement with local community groups which have been very supportive of the Project during our tenure.

In the second half of 2023, we initiated and completed the Phase 5 drill program which was folded into the May 2024 updated Mineral Resource Estimate (MRE) at Makuutu, increasing the overall resource base by 16%.

During the past year we also announced a joint venture with Viridis Mining and Minerals Limited (ASX: VMM), leveraging the Company's intellectual property on rare earths separation and magnet recycling into a first mover opportunity to establishing rare earth refining and recycling opportunities in Brazil. This is part of a push from the Company to become more integrated into new supply chains which will form in the West, and IonicRE is targeting being a key participant as these emerge.

As we look to the year ahead, the Board is focused on reducing costs to weather both the tough existing rare earth sector and overall critical metals market. We have development-ready assets that have been progressed significantly over the past few years, and we intend to be ready to capitalise on this as the rare earth market improves.

The Company is focused on doing the right work at the right time, preserving capital and being ready to deliver as funding becomes unlocked to take our assets to production.

I would like to thank you and the entire IonicRE community for your continued support, including investors who supported our November 2023 Share Purchase Plan and other capital raising initiatives amid challenging market conditions. We look forward to keeping you updated with our latest developments throughout FY2025 as we continue to execute our plan to deliver sovereign magnet and heavy rare earth capability for Western governments, creating a closed-loop supply chain that drives increased shareholder value and facilitates the world's clean energy transition.

Tim Harrison

Managing Director and CEO

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 2024.

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 (appointed on 25 January 2024)
Tim Harrison – Managing Director and CEO
Maxwell McGarvie – Non-Executive Director
Sufian Ahmad – Non-Executive Director
Nitin Tyagi – Non-Executive Director (appointed on 1 July 2023)

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:	None
Former directorships (last 3 years):	None
Interests in shares:	131,794,872 ordinary shares held indirectly
Interests in options:	28,846,154 options over ordinary shares
Interests in rights:	30,000,000 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 20 years of experience and an extensive and successful track record in the fields of both mineral processing and hydrometallurgy across multiple commodities, including significant battery and technology metals experience. This has involved roles in project development, from process development, through studies and engineering, and commissioning and operations. 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.
Other current directorships:	Viridis Mining and Minerals Limited
Former directorships (last 3 years):	None
Interests in shares:	21,428,571 ordinary shares held indirectly
Interests in options:	10,000,000 options over ordinary shares
Interests in rights:	26,700,000 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:	None
Interests in options:	3,000,000 options over ordinary shares
Interests in rights:	5,000,000 performance rights

Name:	Sufian Ahmad
Title:	Non-Executive Director
Qualifications:	Master of Business Administration, Post-Graduate Diploma in Commercial and Resources Law, Bachelor of Law (Hons), Diploma in Financial Planning.
Experience and expertise:	Mr. Ahmad brings strong legal, business and marketing expertise to the Board with over 10 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 (formerly known as Pathfinder Resources Limited)
Interests in shares:	140,443,822 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	5,000,000 performance rights

Name:	Nitin Tyagi
Title:	Non-Executive Director
Qualifications:	MSc (Material Science), B.Tech (Metallurgical & Materials)
Experience and expertise:	Mr. Tyagi is currently VP of supply chain at Our Next Energy (ONE), a battery company based in Novi, Michigan. Prior to ONE, Mr. Tyagi was the Director of Battery Supply Chain at Rivian Automotive managing all nodes of the battery supply chain from mines to battery packs to recycling. He scaled-up and ramped four electric vehicle programs (R1T, R1S, EDV NCA, EDV LFP) from pre-production to launch. Mr. Tyagi drove the iron-phosphate chemistry adoption on Amazon Electric Delivery Vans resulting in significant cost savings. Previously, Mr. Tyagi was part of Apple's operations and supply chain team and helped launch over 20 Apple products, including every iPhone from iPhone 6 to iPhone 12. Before Apple, Mr. Tyagi was in various engineering roles at Cree and Sun Catalytix (acquired by Lockheed Martin in 2014).
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None
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 2024, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Brett Lynch	6	6
Tim Harrison	10	10
Maxwell McGarvie	10	10
Sufian Ahmad	10	10
Nitin Tyagi	10	10

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.

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 Managing Director, 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.

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.

The Company's former Company Secretary, Mr Brett Dickson, resigned from the position on 31 January 2024.

Principal activities

The principal activity during the year of the Group was the completion of feasibility studies in preparation for the construction of a demonstration plant at the 60% owned Makuutu rare earths project in Uganda and construction of a demonstration plant at the Groups magnet recycling facility in Northern Ireland.

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

Dividends

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

Review of operations

The past year has been marked by significant achievements across all aspects of our operations, positioning the Company for sustained growth and leadership in the rare earths industry. We successfully expanded production capabilities at our Belfast facility, reaching new milestones in Magnet Rare Earth Oxide (REO) output. The Makuutu Heavy Rare Earths Project in Uganda saw a 28% increase in Indicated Resource tonnage, underscoring the project's potential as a key source of heavy rare earths outside of China. Additionally, we forged a strategic joint venture in Brazil, aimed at establishing a magnet recycling and rare earth refinery, further diversifying our global footprint. Financially, we bolstered our capital base with $14.7 million raised through three separate placements and a share purchase plan (SPP), ensuring strong liquidity to support our growth initiatives. As we look ahead, our focus remains on scaling operations, advancing key projects, and capitalising on new market opportunities, all while maintaining our commitment to sustainable practices and shareholder value.

Capital raises:

- November 2023 placement: $5.9m plus $1.3m Share purchase plan;
- January 2024 placement: $2m; and
- April 2024 placement: $5.5m.

As a result of the loss incurred for the year ended 30 June 2024 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)

FY24 has been a transformative year for Ionic Technologies, marked by substantial advancements in rare earth element (REE) recycling, strategic partnerships, and the development of critical infrastructure. 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 has 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.

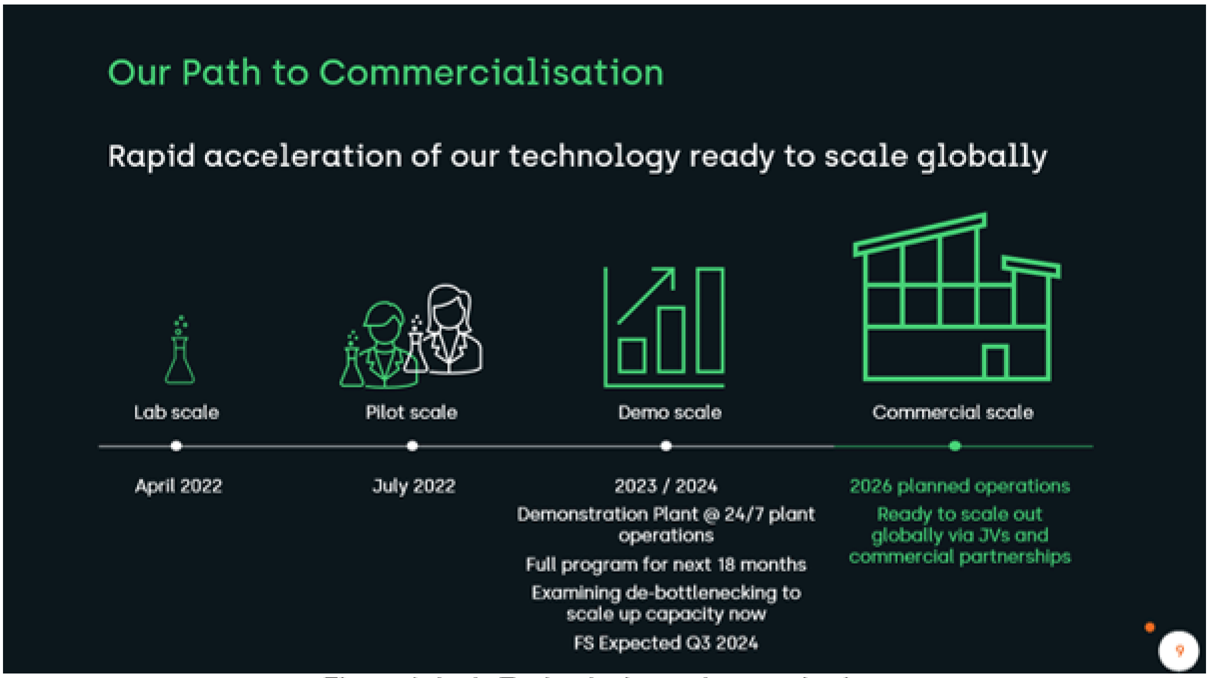

Figure 1: Ionic Technologies path to production.

Magnet Recycling Demonstration Plant

Throughout FY24, Ionic Technologies made significant strides 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, successfully achieved 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.

Key milestones over FY24:

- **December 2023:** Successful commissioning and expansion of the plant's operational capacity, preparing for 24/7 operations from early January 2024 to meet increased demand for sustainable and traceable REOs.

- **March 2024:** Commencement of continuous production of NdPr oxide at a demonstration scale, achieving purity levels of 99.8% and supporting strategic collaborations with Less Common Metals (LCM) and Ford Technologies.

- **June 2024:** Expanded production capabilities leading to a fully utilised operating schedule through to Q3 2025, with strong interest from supply chain participants and strategic partners.

Figure 2: NdPr oxalate product produced post separation (left), and calcination feed (right).

Magnet Recycling Feasibility Study

A critical component of Ionic Technologies' growth strategy is the feasibility study for a commercial magnet recycling plant in Belfast. This study, supported by the UK Government's CLIMATES program, will define the capital and operating costs for a plant capable of processing 1,200 tonnes of magnet feed material annually, producing approximately 400 tonnes of separated magnet REOs.

Key progress includes:

- **September 2023:** Selection of WSP as the engineering and project management partner for the feasibility study, which will assess the supply side dynamics and technical requirements for scaling operations to a commercial level.

- **June 2024:** Continued site permitting work for the selected site within Belfast Harbour, with the feasibility study nearing completion.

Strategic Partnerships and Collaborations

Ionic Technologies has continued to strengthen its strategic partnerships, critical for establishing a secure and resilient REO supply chain in the UK and beyond.

Key partnerships include:

- **Ford Technologies and Less Common Metals (LCM):** Ionic Technologies collaboration with Ford and LCM to develop a circular supply chain for rare earth elements used in electric vehicle (EV) motors. This partnership underscores Ionic's commitment to supporting the UK's Net Zero ambitions through sustainable and traceable supply chains.

- **December 2023:** Signing of a Memorandum of Understanding (MOU) with LCM to expand recycling opportunities in the UK and USA. This collaboration focuses on creating a Western supply chain for rare earth permanent magnets and supporting Ford's EV drive train production in the UK.

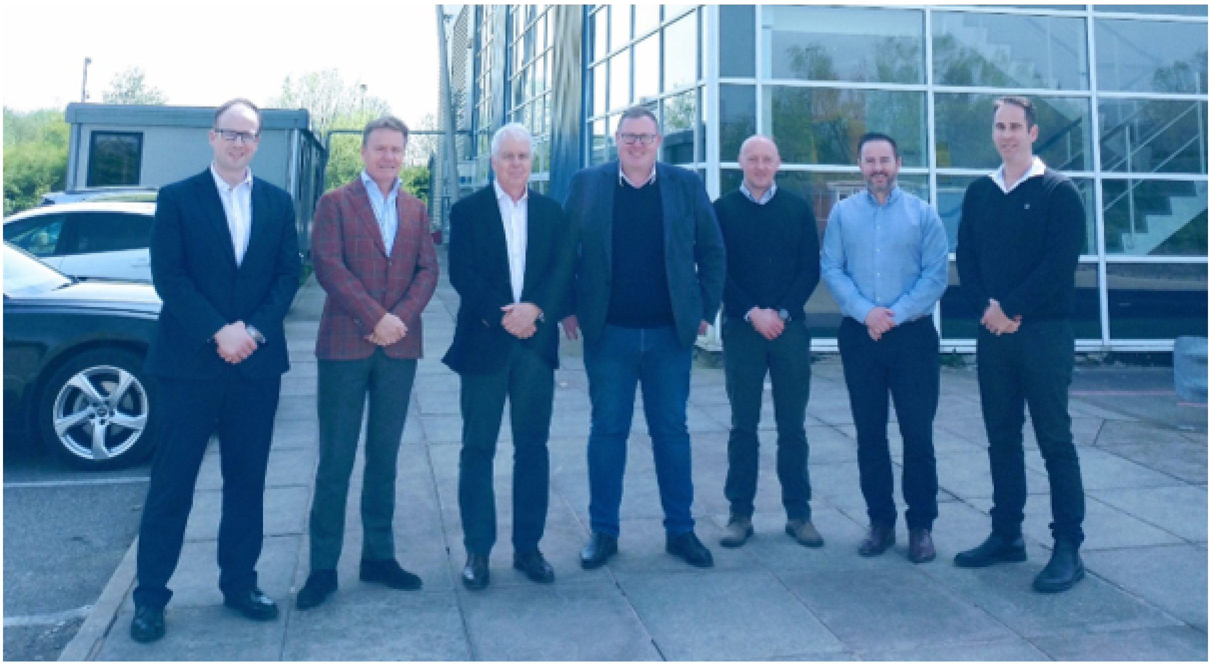

Figure 3: L-R; Mr Thomas Kelly (Ionic Technologies, Operations Director), Mr Brett Lynch (IonicRE, Chairman), Mr Grant Smith (LCM, Chairman), Mr Tim Harrison (IonicRE, Managing Director), Mr Aaron Riley (LCM, General Manager), Mr Mark Thompson (LCM, Commercial Director), Mr Lynden Polonsky (IonicRE, Chief Development Officer).

Innovate UK's CLIMATES Program

In FY24, Ionic Technologies was awarded two significant CLIMATES grants from Innovate UK, totalling £2 million (A$3.90 million). These grants support two major projects:

(1) **EV Permanent Magnet Circular Supply Chain:** Developing high-specification magnets containing 100% recycled REEs for use in EVs, in collaboration with Ford and LCM.

(2) **Feasibility Study for a Commercial Magnet Recycling Plant:** In partnership with the British Geological Survey, this project aims to establish a secure supply of REOs for the UK.

FY24 has been a pivotal year for Ionic Technologies, with significant progress in advancing REO recycling technology, expanding production capabilities, and establishing strategic partnerships. These achievements position Ionic Technologies as a leader in sustainable rare earth supply chains, well-prepared to meet the growing global demand for REOs in a rapidly evolving market.

Makuutu Heavy Rare Earths Project (60% IonicRE)

The Makuutu Heavy Rare Earths Project has made significant strides over the past year, demonstrating notable advancements in resource estimation, production capabilities, and regulatory approvals. Key milestones include a substantial increase in the Makuutu Mineral Resource Estimate (MRE), continued progress in the production of Mixed Rare Earth Carbonate (MREC), and the award of a Large-Scale Mining Licence (LML) under Uganda's new Mining Act of 2022. Additionally, IonicRE agreed with partners to increase its ownership stake in the project to 94%, reflecting a deeper commitment to its development. The Makuutu project also saw major upgrades in its Exploration Target, and advancements in the Demonstration Plant construction.

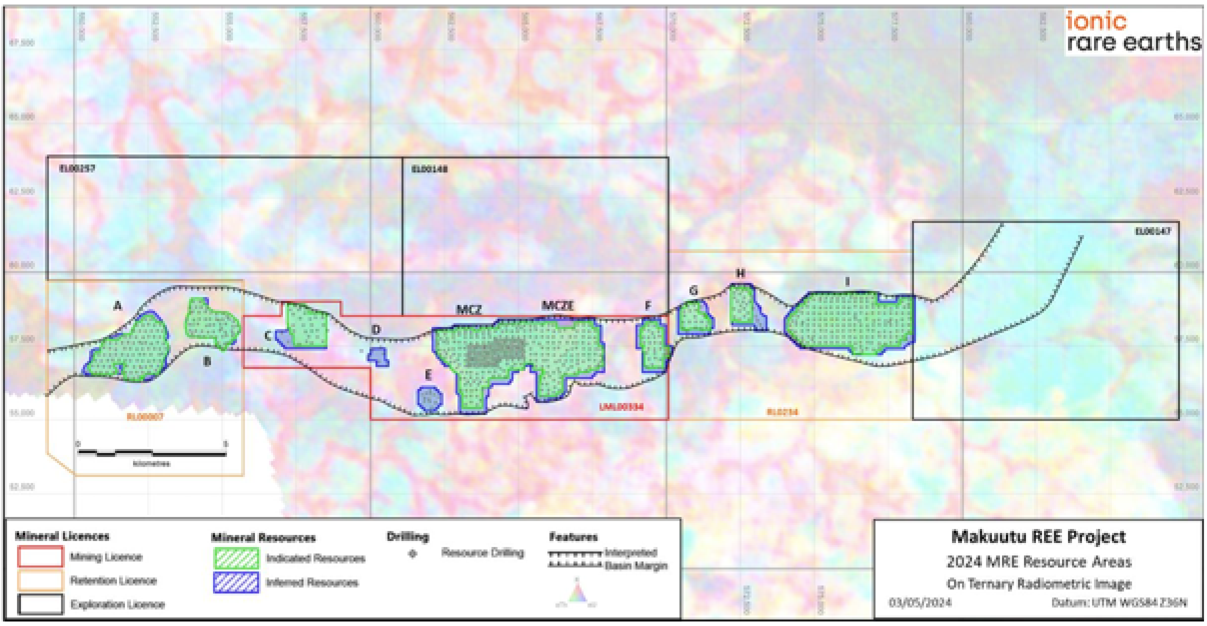

Figure 4: Plan view of MRE areas by classification. Green shading on Indicated resource areas and blue on Inferred resource areas with drill hole locations and mineral licences on ternary radiometric image.

Substantial Increase in Makuutu Mineral Resource Estimate (MRE)

During the June quarter, Makuutu achieved a significant milestone with the substantial increase in the Makuutu MRE. The Indicated Resource tonnage rose by 28%, and the total MRE tonnage increased by 16%, reflecting the project's advancing potential. The total MRE now stands at 617 million tonnes at 630 ppm Total Rare Earth Oxide (TREO). While the total resource increased by 16%, there was a slight 2% decrease in overall TREO grade. The updated MRE incorporates improvements from Phase 5 infill and extension drilling, which expanded total MRE mineralisation by approximately 85 million tonnes.

Table 1: Makuutu Resource above 200ppm TREO-CeO2 Cut-off Grade (ASX: 15 May 2024).

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO- CeO2 (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)	Sc2O3 (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").

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Table 2: Mineral Resources by Area

Classification	Indicated Resource			Inferred Resource			Total Resource		
Area	Tonnes (millions)	TREO (ppm)	TREO-CeO_2 (ppm)	Tonnes (millions)	TREO (ppm)	TREO-CeO_2 (ppm)	Tonnes (millions)	TREO (ppm)	TREO – CeO_2 (ppm)
A	76	540	370	9	470	320	85	530	360
B	38	530	480	1	480	320	39	530	480
C	31	580	400	3	490	350	35	570	400
D				6	560	400	6	560	400
E				18	430	280	18	430	280
Central Zone	151	780	540	12	670	460	163	770	530
Central Zone East	59	750	490	12	650	430	72	730	480
F	18	630	420	7	590	400	25	620	410
G	9	750	500	5	710	450	14	730	480
H	6	800	550	7	680	480	13	740	510
I	129	540	350	19	530	350	148	540	350
Total Resource	**517**	**650**	**440**	**99**	**560**	**380**	**617**	**630**	**430**

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

Demonstration Plant Construction and Production of Mixed Rare Earth Carbonate (MREC)

During H2 2023, IonicRE through Rwenzori Rare Metals Limited ("Rwenzori") initiated the construction of a Demonstration Plant on site at Makuutu in Uganda, to process ionic adsorption clay (IAC) mineralisation to produce mixed rare earth carbonate (MREC) samples for offtake, and to derisk future development of the project.

Figure 5: Makuutu Stage 1 Demonstration Plant

A significant achievement in the form of the first production of MREC was attained during the March quarter at the Makuutu Demonstration Plant, derived from Makuutu, boasts a high concentration of both magnet and heavy rare earth elements (REEs), serving as a pivotal alternative and strategically positioned future source for addressing the supply constraints associated with Dysprosium (Dy) and Terbium (Tb), of which approximately 98% of the global supply originates from China. The production of maiden MREC marks a notable advancement in the supply chain, fostering engagement with off-takers and providing sample products for assessment by customers and strategic partners. Furthermore, this development positions Makuutu favourably for a targeted Final Investment Decision slated for later in 2024, with full commercial production planned for 2026.

This significant milestone has been achieved within a mere two months since the award of its large-scale mining license and nine months since the commencement of facility construction in Uganda. The production of MREC serves to underscore Makuutu's status as the most advanced IAC project currently under development, with its products not committed to China and poised to supply new supply chains seeking to decouple from existing sources.

Progress at the Demonstration Plant facility in Makuutu has been slowed down as offtaker negotiations progress in order to preserve capital.

Figure 6: First MREC produced onsite at the Makuutu Demonstration Plant in Uganda.

Award of Large-Scale Mining Licence (LML)

In January 2024, the IonicRE Board was pleased to announce that Rwenzori formally received the granted large-scale Mining Licence (LML00334) over the central Makuutu tenement (previously Retention Licence 1693). LML00334 was officially signed on 17 of January 2024, at a ceremony in Kampala, by the Ugandan Minister of Energy and Mineral Development (MEMD), the Honourable Dr Ruth Nankabirwa Ssentamu.

The award represents the first large scale mining licence to be issued in Uganda under the Mining Act of 2022. This further supports the flagship project status awarded to Makuutu in 2022 and reflects the strong support received from Uganda in the development of the Project towards operations. The Stage 1 Mining Licence LML00334, as shown in Figure 7, which covers approximately 44 square kilometres of the Project's near 300 square kilometres of tenements at Makuutu.

Figure 7: Rwenzori team with LML00334, Mr Patience Singo, Country Manager, Mr Warren Tregurtha, CEO, and Ms Deborah Namirimu, Stakeholder Engagement & Communications Lead.

The official award of LML00334 follows the publishing of Notice of Grant of a Large-Scale Mining Licence in the Ugandan Gazette on the 9th of January 2024, post the provisional award previously announced (ASX: 2 January 2024), and the submission of documentation which has been reviewed and approved by Ugandan DGSM. As part of the process, the Company secured land access agreements over 95% of the LML00334 area (ASX: 29 November 2023) and completed a verification process on site led by the DGSM with strong support demonstrated from local project stakeholders and landowners. Prior to any mining activity commencing, the Company must compensate landowners and will continue to work with local stakeholders and government to resolve the remaining 5% of unsecured land access agreements.

Upgrading of Makuutu Exploration Target

The Makuutu Exploration Target was upgraded by 40%, reflecting increased confidence in the project's potential. This upgrade followed the completion of Phase 5 infill and extension drilling, which returned positive results with rare earth assays above the MRE cut-off grade in 125 of 128 drilled holes. The drilling aimed to enhance resource classification and expand the mineral resource area. The completion of Phase 5 drilling was also notable, with significant clay-hosted rare earth intersections reported, supporting the ongoing expansion of the mineral resource.

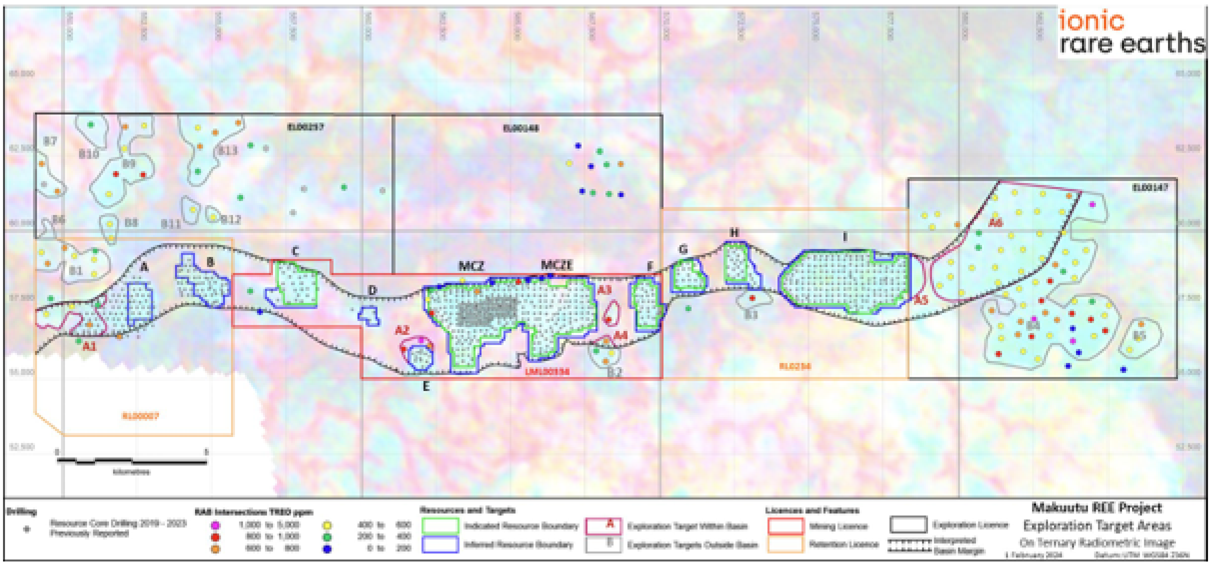

Figure 8: Makuutu project showing location of Exploration Target and Mineral Resource Areas.

Table 3: Makuutu Exploration Target.

Zone	Target ID	Tonnes Range (millions) Minimum	Tonnes Range (millions) Maximum	TREO ppm Range Minimum	TREO ppm Range Maximum
Inside Basin	A1	14	28	400	600
	A2	2	5	600	800
	A3	2	5	600	800
	A4	2	4	500	700
	A5	4	8	400	600
	A6	90	180	400	600
Outside Basin	B1	15	45	500	700
	B2	4	12	400	600
	B3	2	6	600	800
	B4	73	220	400	700
	B5	8	28	400	600
	B6	1	3	400	600
	B7	10	32	500	700
	B8	2	5	400	600
	B9	25	83	500	700
	B10	6	20	200	500
	B11	2	6	300	600
	B12	2	6	300	500
	B13	21	70	500	700
Totals		285	766	400	700

Exploration Target ranges estimated from:
Selected Areas: RAB drilling intercepts >200ppm TREO-CeO2 exceeding 2 metres interval thickness.
Maximum Tonnes: Area of target area x RAB intercepts above MRE cut-off grade x MRE clay insitu dry bulk density (1.7)
Minimum Tonnes: Targets A1 to A6: 50% of the Maximum Tonnes: Targets B1 to B14: 30% of the Maximum Tonnes
Maximum TREO ppm: Average of RAB drilling intercepts above MRE cutoff grade rounded up to nearest 100 ppm.
Minimum TREO ppm: Average of RAB drilling minus 100ppm rounded to nearest 100ppm.

Brazilian Refining and Recycling Joint Venture

Throughout the year, significant progress was made in advancing the Company's strategic objectives in the rare earth elements (REE) sector. The Company entered into a Binding Agreement with Viridis Mining and Minerals Limited (ASX: VMM) to establish a 50:50 joint venture company (JV Co). This partnership aims to create a major player in the future global supply chain for REEs, with plans to construct a refinery and magnet recycling facility in Brazil. This facility will leverage Ionic Technologies' cutting-edge separation technology, which has already proven successful at IonicRE's Belfast magnet recycling Demonstration Plant, where magnet REO production is currently underway.

The joint venture agreement represents a key strategic opportunity for IonicRE to solidify its position as a leading supplier of high-quality, secure, and dependable magnet and heavy rare earths to the Western world. These materials are crucial to numerous industries and play a vital role in the ongoing global energy transition. By partnering with Viridis, IonicRE has taken a significant step forward, ensuring that both companies can benefit from shared technology and intellectual property, which will drive successful outcomes for all stakeholders involved.

The collaboration between IonicRE and Viridis accelerates the growth strategies of both companies by several years. The joint venture is further bolstered by the support and alignment of several state agencies in Brazil, a country rich in rare earth resources and poised to become a global leader in REE production and supply. Both companies have committed to co-fund the JV Co and the proposed Brazilian production facility on a 50:50 basis, with a Scoping Study targeted for completion by the end of 2024. Should the decision be made to proceed, the JV Co aims to complete a preliminary feasibility study (PFS) within the following 18 months. Binding term sheet has been executed and the draft of joint venture agreements have been prepared, but not yet progressed. Parties mutually agree to pause activities until funding conditions improve.

This joint venture exemplifies the strength of integrating world-class geology with world-leading technology. By combining their assets, skillsets, intellectual property, and enterprise, both companies are positioned to achieve a more robust and effective operation than if they were to pursue these ambitions independently. This partnership not only accelerates their respective business plans but also aligns with Brazil's strategic ambitions to dominate the REE supply chain.

Significant changes in the state of affairs

Large Scale Mining Licence (LML) 00334 over the central Makuutu tenement (previously Retention Licence 1693) was officially signed on 17 of January 2024, at a ceremony in Kampala, by the Ugandan Minister of Energy and Mineral Development (MEMD), the Honourable Dr Ruth Nankabirwa Ssentamu.

As announced on 29 January 2024, the Group raised approximately $2 million by way of a share placement at $0.018 per share. This included a commitment from the now Executive Chairman, Mr Brett Lynch to subscribe for approximately $1.5 million worth of fully paid ordinary shares, subject to the receipt of shareholder approval.

As announced on 16 February 2024, per the earn-in agreement signed for Makuutu (ASX: 5 July 2019), the milestone fee payment to Rare Earth Elements Africa Pty Ltd ("REEA") of US$375,000 became due on award of a mining licence. The milestone fee was settled via issue to REEA of 26,017,409 shares in IXR based on a 30-day volume weighted average price of $0.0221 (9 February 2024) and an exchange rate of 0.6524 USD to AUD.

As announced on 3 April 2024, the Company entered into a Binding Agreement with Viridis Mining and Minerals Limited (ASX: VMM) to establish a 50:50 joint venture company (JV Co). This partnership aims to create a major player in the future global supply chain for REEs, with plans to construct a refinery and magnet recycling facility in Brazil.

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 22 July 2024, the Company issued 38,461,539 fully ordinary shares at $0.013, post the approval from shareholders on the participation of Mr Lynch in the April 2024 capital raise, which was approved by shareholders at an extraordinary meeting of shareholders on 26 June 2024.

No other matter or circumstance has arisen since 30 June 2024 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 advance the Makuutu Rare Earth Project with the aim of continuing operation of a demonstration plant that will assist in providing further information to enable the Company to move to a decision to mine.

In addition, it will 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.

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 geopolitically sensitive due to their strategic role in high-tech industries such as defence and renewable energy. 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 Makuutu project as an economically viable rare earth mine is central to the Company's long-term success. However, geological uncertainties and the complexities involved in mining and processing rare earth elements present operational risks that must be carefully managed.

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 ability to develop the Makuutu project depends on the 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.

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.

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.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), 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 on which board they sit.

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 Long-Term Incentives. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

The long-term incentives ('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. The options or shares are not issued based on performance criteria but are issued to the directors and executives of Ionic Rare Earths Limited to increase goal congruence between executives, directors and shareholders.

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.

Use of remuneration consultants
No consultants were used during the year.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')
At the 2023 AGM, 87.52% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. 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 (appointed on 25 January 2024)
- Tim Harrison – Managing Director and CEO
- Maxwell McGarvie – Non-Executive Director
- Sufian Ahmad – Non-Executive Director
- Nitin Tyagi – Non-Executive Director (appointed on 1 July 2023)

And the following person:
- Brett Dickson – former Company Secretary (resigned on 31 January 2024)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2024	Cash salary and fees $	Cash bonus $	Non-monetary[1] $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
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
Executive Directors:							
Brett Lynch [7]	182,609	-	5,152	-	-	321,944	509,705
Tim Harrison	420,000	-	12,008	-	-	50,313	482,321
Other KMP:							
Brett Dickson	115,500	-	-	-	-	-	115,500
	868,109	-	53,184	5,500	-	399,965	1,326,758

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Non-monetary[1] $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Maxwell McGarvie	50,000	-	11,684	5,249	-	-	66,933
Sufian Ahmad[6]	-	-	1,633	-	-	-	1,633
Executive Directors:							
Trevor Benson[5]	248,000	-	11,684	26,040	-	-	285,724
Jill Kelley[2,3,4]	680,463	-	7,843	-	-	55,108	743,414
Tim Harrison	390,000	-	11,684	-	-	-	401,684
Other KMP:							
Brett Dickson	174,000	-	-	-	-	-	174,000
	1,542,463	-	44,528	31,289	-	55,108	1,673,388

1. The non-monetary benefit relates to the Directors' indemnity insurance.
2. Cash salary includes $500,000 for termination payment.
3. Share-based payment relates to the issue of 3,500,000 shares as a termination payment.
4. Resigned on 3 March 2023.
5. Resigned on 30 June 2023.
6. Appointed on 10 May 2023.
7. Appointed on 25 January 2024.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2024	2023	2024	2023	2024	2023
Non-Executive Directors:						
Maxwell McGarvie	88%	100%	-	-	12%	-
Sufian Ahmad	87%	100%	-	-	13%	-
Nitin Tyagi	87%	-	-	-	13%	-
Executive Directors:						
Brett Lynch	37%	-	37%	-	26%	-
Tim Harrison	90%	100%	-	-	10%	-
Trevor Benson	-	100%	-	-	-	-
Jill Kelley	-	100%	-	-	-	-
Other KMP:						
Brett Dickson	100%	100%	-	-	-	-

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:	10 February 2020
Term of agreement:	up to 31 December 2024
Details:	Fixed consulting fee of $35,000 per month. Termination by either party with six months' notice.

Name:	Brett Lynch
Title:	Executive Chairman
Agreement commenced:	25 January 2024
Term of agreement:	up to 31 December 2025
Details:	Fixed consulting fee of $35,000 per month. Termination by either party with three months' notice.

Name:	Brett Dickson
Title:	Company Secretary (resigned on 31 January 2024)
Agreement commenced:	10 October 2017
Term of agreement:	up to 31 December 2024
Details:	Fixed consulting fee of $16,500 per month from 1 January 2023 (previously $12,500 per month). Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from date of termination or the equivalent of 6 months remuneration whichever is the greater.

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

Share-based compensation

Issue of shares

Details of shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2024 are set out below:

Name	Date	Shares	Issue price
Brett Lynch	13 March 2024	10,000,000	$0.0190

Options

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Tim Harrison	10,000,000	9 December 2021	9 December 2021	30 November 2024	$0.0640	$0.0284
Maxwell McGarvie	3,000,000	9 December 2021	9 December 2021	30 November 2024	$0.0640	$0.0284

Options granted carry no dividend or voting rights.

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	30,000,000	13 March 2024	13 March 2027	$0.0196
Tim Harrison	3,300,000	9 December 2021	9 December 2024	$0.0080
	3,400,000	9 December 2021	9 December 2024	$0.0040
	20,000,000	13 March 2024	13 March 2027	$0.0196
Maxwell McGarvie	5,000,000	13 March 2024	13 March 2027	$0.0196
Nitin Tyagi	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.

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.

The Directors believe that as at balance date it is more likely than not that the performance rights will vest.

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

	2024	2023	2022	2021	2020
Share price at financial year end ($)	0.01	0.02	0.04	0.02	-

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:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Brett Lynch *	-	10,000,000	121,794,872	-	131,794,872
Trevor Benson **	4,362,500	-	-	(4,362,500)	-
Tim Harrison	20,000,000	-	1,428,571	-	21,428,571
Jill Kelley **	7,000,000	-	-	(7,000,000)	-
Sufian Ahmad	121,396,203	-	19,047,619	-	140,443,822
Brett Dickson **	5,000,000	-	-	(5,000,000)	-
	157,758,703	10,000,000	142,271,062	(16,362,500)	293,667,265

* 38,461,539 shares were approved by shareholders at meeting held on 26 June 2024 however issued subsequent to year end.
** Other includes ordinary shares held on date of resignation.

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
Options over ordinary shares					
Brett Lynch *	-	28,846,154	-	-	28,846,154
Trevor Benson **	15,000,000	-	-	(15,000,000)	-
Tim Harrison	30,000,000	-	-	(20,000,000)	10,000,000
Maxwell McGarvie	3,000,000	-	-	-	3,000,000
Sufian Ahmad	12,500,000	-	-	(12,500,000)	-
Brett Dickson **	15,000,000	-	-	(15,000,000)	-
	75,500,000	28,846,154	-	(62,500,000)	41,846,154

* Approved by shareholders at meeting held on 26 June 2024 however issued subsequent to year end.
** Other includes options over ordinary shares held on date of resignation.

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Brett Lynch *	28,846,154	-	28,846,154
Tim Harrison	10,000,000	-	10,000,000
Maxwell McGarvie	3,000,000	-	3,000,000
	41,846,154	-	41,846,154

* Approved by shareholders at meeting held on 26 June 2024 however issued subsequent to year end.

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
Performance rights					
Brett Lynch	-	30,000,000	-	-	30,000,000
Maxwell McGarvie	-	5,000,000	-	-	5,000,000
Nitin Tyagi	-	5,000,000	-	-	5,000,000
Sufian Ahmad	-	5,000,000	-	-	5,000,000
Tim Harrison	6,700,000	20,000,000	-	-	26,700,000
	6,700,000	65,000,000	-	-	71,700,000

Other transactions with KMP and their related parties
The Company has entered into a sub-lease agreement on normal commercial terms with Azure Minerals Limited, a company of which Mr Dickson is Company Secretary. During the year, the Company paid sublease fees totalling $3,000 (2023: $9,000). The sub-lease agreement was terminated on 31 March 2023.

This concludes the remuneration report, which has been audited.

ionic rare earths

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
9 December 2021	30 November 2024	$0.0640	6,000,000
9 December 2021	30 November 2024	$0.0640	36,000,000
3 February 2023	30 November 2024	$0.0640	33,000,000
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	100,340,236
31 July 2024	26 June 2028	$0.0200	20,000,000
			432,307,690

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

The following ordinary shares of Ionic Rare Earths Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
3 December 2020	$0.0215	10,000,000

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
9 December 2021	9 December 2024	$0.0000	6,700,000
13 March 2024	13 March 2027	$0.0000	89,000,000
			95,700,000

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

There were no ordinary shares of Ionic Rare Earths Limited issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

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

30 September 2024
Melbourne

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

As lead auditor of Ionic Rare Earths Limited the year ended 30 June 2024, 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

30 September 2024

Ionic Rare Earths Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $	2023 $
Other income			
Government grants	5	1,959,762	1,922,348
Research and development income (R&D)		246,788	838,874
Interest revenue calculated using the effective interest method		84,690	267,078
Net fair value gain on financial assets	22	2,316,000	-
Expenses			
Employee benefits expense	6	(4,721,840)	(3,449,878)
Depreciation and amortisation expense	6	(2,284,891)	(602,726)
Share-based payments expense	32	(353,449)	(340,673)
Administration expenses	6	(2,272,758)	(1,972,835)
Exploration expense		(11,745,413)	(1,947,533)
Research and development expense		(822,145)	(774,184)
Foreign exchange losses		(7,327)	(1,261)
Other expenses	6	(3,535,803)	(2,475,868)
Finance costs	6	(64,529)	(1,804)
Loss before income tax expense		(21,200,915)	(8,538,462)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Ionic Rare Earths Limited		(21,200,915)	(8,538,462)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(137,850)	2,230,902
Other comprehensive income for the year, net of tax		(137,850)	2,230,902
Total comprehensive loss for the year attributable to the owners of Ionic Rare Earths Limited		(21,338,765)	(6,307,560)
		Cents	Cents
Basic earnings per share	31	(0.50)	(0.22)
Diluted earnings per share	31	(0.50)	(0.22)

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

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	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents	8	2,028,820	11,116,649
Other receivables	9	74,082	1,102,795
Inventories	10	1,070,251	793,810
Financial assets at fair value through profit or loss	22	2,916,000	-
Prepayments		171,158	224,471
Total current assets		6,260,311	13,237,725
Non-current assets			
Investments accounted for using the equity method	11	23,930,338	21,926,992
Property, plant and equipment	12	1,939,720	2,295,746
Right-of-use assets	13	452,493	8,970
Intangibles - Patents	14	4,990,354	5,429,587
Capitalised exploration and evaluation	15	-	1,624,481
Total non-current assets		31,312,905	31,285,776
Total assets		37,573,216	44,523,501
Liabilities			
Current liabilities			
Trade and other payables	16	572,606	817,541
Lease liabilities	17	116,246	7,319
Total current liabilities		688,852	824,860
Non-current liabilities			
Lease liabilities	17	373,100	-
Total non-current liabilities		373,100	-
Total liabilities		1,061,952	824,860
Net assets		36,511,264	43,698,641
Equity			
Issued capital	18	92,130,498	78,332,559
Reserves	19	11,697,679	11,482,080
Accumulated losses		(67,316,913)	(46,115,998)
Total equity		36,511,264	43,698,641

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 2024

ionic rare earths

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	76,957,059	8,910,505	(37,577,536)	48,290,028
Loss after income tax expense for the year	-	-	(8,538,462)	(8,538,462)
Other comprehensive income for the year, net of tax	-	2,230,902	-	2,230,902
Total comprehensive income for the year	-	2,230,902	(8,538,462)	(6,307,560)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	1,375,500	-	-	1,375,500
Share-based payments	-	340,673	-	340,673
Balance at 30 June 2023	78,332,559	11,482,080	(46,115,998)	43,698,641

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)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	13,797,939	-	-	13,797,939
Share-based payments	-	353,449	-	353,449
Balance at 30 June 2024	92,130,498	11,697,679	(67,316,913)	36,511,264

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

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	Note	Consolidated 2024 $	2023 $
Cash flows from operating activities			
Payments to suppliers and employees		(11,492,472)	(9,975,745)
Payment for exploration		(11,745,413)	(1,947,533)
Interest received		84,690	267,078
Interest expense		(64,529)	(1,804)
Net cash used in operating activities	29	(23,217,724)	(11,658,004)
Cash flows from investing activities			
Receipt of government R&D rebate		246,788	1,003,308
Receipt of grants		1,959,762	1,922,348
Loss on foreign exchange		-	(1,261)
Payments for plant and equipment	12	(1,359,969)	(2,328,476)
Payment for investments in associates		-	(5,855,318)
Payments for patents	14	-	(251,510)
Payment for financial assets (ordinary shares)		(600,000)	-
Proceeds from disposal of property, plant and equipment		23,972	-
Net cash from/(used in) investing activities		270,553	(5,510,909)
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of transaction costs)	18	14,008,699	1,375,500
Repayment of office lease liability		(149,357)	(27,644)
Net cash from financing activities		13,859,342	1,347,856
Net decrease in cash and cash equivalents		(9,087,829)	(15,821,057)
Cash and cash equivalents at the beginning of the financial year		11,116,649	26,759,731
Effects of exchange rate changes on cash and cash equivalents		-	177,975
Cash and cash equivalents at the end of the financial year	8	2,028,820	11,116,649

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

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 30 September 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 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 $21,200,915 (2023: $8,538,462) for the year ended 30 June 2024 and experienced net cash outflows from operating activities of $23,217,724 (2023: $11,658,004).

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.

Note 2. Material accounting policy information (continued)

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 27.

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 2024 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

The financial statements are presented in Australian dollars, which is Ionic Rare Earths Limited's functional and presentation currency.

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.

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.

Note 2. Material accounting policy information (continued)

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

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 gets 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.

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.

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

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.

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.

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.

Note 2. Material accounting policy information (continued)

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 unconditional right 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.

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.

Note 2. Material accounting policy information (continued)

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 as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. 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 accounting 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 2024.

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.

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

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 11).

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.

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 other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible 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.

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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 (2023: Australia, Uganda and United Kingdom).

	Other income		Geographical non-current assets	
	2024 $	2023 $	2024 $	2023 $
Australia	2,400,690	1,038,092	605,367	214,963
United Kingdom	2,206,550	1,990,208	6,777,200	7,519,339
Uganda	-	-	23,930,338	23,551,474
	4,607,240	3,028,300	31,312,905	31,285,776

Note 5. Government grants

	Consolidated	
	2024 $	2023 $
Government grants	1,959,762	1,922,348

In September 2022 the Company's 100% owned, Belfast based, subsidiary, Ionic Technologies International Limited ('IonicTech') was awarded a grant of £1.72 million (approximately A$2.9 million) from the UK Government Advanced Propulsion Centre ('APC'). The APC is a non-profit organisation that facilitates funding to UK based research and development projects developing low-carbon emission powertrain technologies, funded by UK Department for Business, Energy and Industrial Strategy ('BEIS') and managed by Innovate UK. IonicTech applied for the grant under the Innovate UK Automotive Transformation Fund Scale up Readiness Validation ('SuRV') program to develop a demonstration scale magnet recycling plant.

During the year $1,959,762 (£1,020,252) (2023: $1,922,348 (£1,075,938)) was received from the grant.

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Note 6. Expenses

	Consolidated 2024 $	Consolidated 2023 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	25,638	5,877
Plant and equipment	1,534,059	219,984
Furniture, fittings and equipment	135,135	59,534
Motor vehicles	-	1,262
Land and buildings right-of-use assets	185,620	26,916
Total depreciation	1,880,452	313,573
Amortisation		
Patents	404,439	289,153
Total amortisation	404,439	289,153
Total depreciation and amortisation	2,284,891	602,726
Employee benefits expense		
Salaries and wages expenses	4,141,276	2,308,101
Directors' benefit expense (excluding executives)	464,375	1,093,693
Defined contribution superannuation expense	116,189	48,084
Total employee benefits expense	4,721,840	3,449,878
Administration expenses		
Office operating lease rentals	283,880	423,943
Office operating and maintenance	566,590	336,045
Accounting and tax services	316,239	322,523
ESG expenses	57,571	199,601
Conferences	33,755	244,542
Publications	672,931	183,917
Other	341,792	262,264
Total administration expenses	2,272,758	1,972,835
Finance costs		
Interest and finance charges paid/payable on borrowings	217	-
Interest and finance charges paid/payable on lease liabilities	64,312	1,804
Finance costs expensed	64,529	1,804
Leases		
Short-term lease payments	283,880	423,943
Other expenses		
Consultants	1,768,222	643,866
Legal fees	445,888	338,950
Travel and accommodation	798,333	680,401
Insurance	207,075	127,132
Promotion	316,285	685,519
	3,535,803	2,475,868

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Note 7. Income tax

	Consolidated 2024 $	Consolidated 2023 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(21,200,915)	(8,538,462)
Tax at the statutory tax rate of 25%	(5,300,229)	(2,134,616)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	88,362	85,168
Exploration expenditure	2,936,353	486,883
Government grants exempt from tax	(551,638)	(690,306)
Net fair value gain on financial assets - unrealised	(579,000)	-
Sundry items	-	95,529
	(3,406,152)	(2,157,342)
Current year tax losses not recognised	3,406,152	2,157,342
Income tax expense	-	-

	Consolidated 2024 $	Consolidated 2023 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	13,586,287	10,180,135
Potential tax benefit @ 25%	3,396,572	2,545,034

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Accrued expenses	-	5,000
Transaction costs arising on shares issued	57,518	43,042
Prepayments	(42,790)	(56,118)
Tax assets/losses recognised /(not brought to account)	(14,728)	8,076
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 $13,586,287 and capital losses of $9,709,851 (2023: $10,180,135 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.

Note 8. Cash and cash equivalents

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Cash at bank	1,839,975	10,935,290
Term deposit	188,845	181,359
	2,028,820	11,116,649

Note 9. Other receivables

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Other receivables	-	1,102,795
BAS receivable	74,082	-
	74,082	1,102,795

Note 10. Inventories

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Finished goods - at cost	1,070,251	793,810

Note 11. Investments accounted for using the equity method

An amount of $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 2024 $	Consolidated 2023 $
Investment in associate - Rwenzori Rare Metals Limited (RRM)	23,930,338	21,926,992

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2024 $	2023 $
Opening carrying amount	21,926,992	3,932,173
Additions:		
Expenditure on exploration and evaluation for additional 9% interest (RMM) (note 15)	-	16,384,749
Expenditure on exploration and evaluation for award of mining license (note 15)	1,611,837	-
US$ 375,000 Paid to Rare Earth Elements Africa Pty Ltd	546,367	-
Exchange difference	(154,858)	1,610,070
Closing carrying amount	23,930,338	21,926,992

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Note 11. Investments accounted for using the equity method (continued)

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 2024 %	Ownership interest 2023 %
Rwenzori Rare Metals Limited	Uganda	60.00%	60.00%

Summarised financial information

	2024 $	2023 $
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 $0.005 issued to SCM	325,000	325,000
Expenditure on exploration and evaluation for additional 11% interest	954,689	954,689
Expenditure on exploration and evaluation for additional 15% interest	1,166,337	1,166,337
Expenditure on exploration and evaluation for additional 5% interest	498,210	498,210
Expenditure on exploration and evaluation for additional 5% interest	16,384,749	16,384,749
Expenditure on exploration and evaluation for award of mining license	1,611,837	-
US$ 375,000 Paid to Rare Earth Elements Africa Pty Ltd	546,367	-
Movement in foreign exchange	1,261,530	1,416,388
	23,930,338	21,926,992

	2024 $	2023 $
Summarised statement of financial position		
Current assets	845,250	501,342
Non-current assets	2,458,827	972,286
Total assets	3,304,077	1,473,628
Current liabilities	168,405	170,220
Total liabilities	168,405	170,220
Net assets	3,135,672	1,303,408
Reconciliation of the Group's carrying amount		
Groups share in %	60%	60%
Groups share in $	1,881,403	782,045
Fair Value uplift	3,704,962	3,704,962
Contributions/ Foreign Exchange movement	18,343,973	17,439,985
Closing carrying amount	23,930,338	21,926,992

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Note 12. Property, plant and equipment

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Leasehold improvements - at cost	149,837	117,529
Less: Accumulated depreciation	(31,515)	(5,877)
	118,322	111,652
Plant and equipment - at cost	3,446,217	2,248,821
Less: Accumulated depreciation	(1,871,685)	(337,627)
	1,574,532	1,911,194
Furniture, fittings and equipment - at cost	471,819	337,484
Less: Accumulated depreciation	(224,953)	(88,556)
	246,866	248,928
Motor vehicles - at cost	-	25,234
Less: Accumulated depreciation	-	(1,262)
	-	23,972
	1,939,720	2,295,746

Reconciliations

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

Consolidated	Leasehold improvements $	Plant and equipment $	Furniture, fittings and equipment $	Motor vehicles $	Total $
Balance at 1 July 2022	-	201,772	52,100	-	253,872
Additions	117,529	1,927,700	258,013	25,234	2,328,476
Exchange differences	-	1,706	(1,651)	-	55
Depreciation expense	(5,877)	(219,984)	(59,534)	(1,262)	(286,657)
Balance at 30 June 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

Note 13. Right-of-use assets

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Land and buildings - right-of-use	631,384	53,830
Less: Accumulated depreciation	(178,891)	(44,860)
	452,493	8,970

Note 13. Right-of-use assets (continued)

The Group leases land and buildings for its offices under agreements of three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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

Consolidated	Land and Buildings $
Balance at 1 July 2022	35,886
Depreciation expense	(26,916)
Balance at 30 June 2023	8,970
Additions	631,384
Disposals	(2,241)
Depreciation expense	(185,620)
Balance at 30 June 2024	452,493

Note 14. Intangibles - Patents

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Patents - at cost	5,842,778	5,877,572
Less: Accumulated amortisation	(852,424)	(447,985)
	4,990,354	5,429,587

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 2022	5,077,796
Additions	251,510
Exchange differences	389,434
Amortisation expense	(289,153)
Balance at 30 June 2023	5,429,587
Exchange differences	(34,794)
Amortisation expense	(404,439)
Balance at 30 June 2024	4,990,354

Note 15. Capitalised exploration and evaluation

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Exploration and evaluation - at cost	-	1,624,481

Reconciliations

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

Consolidated	Exploration and evaluation $
Balance at 1 July 2022	12,314,681
Additions *	5,651,228
Exchange differences	43,321
Transferred to investment in associate (note 11)	(16,384,749)
Balance at 30 June 2023	1,624,481
Exchange differences	(12,644)
Transferred to investment in associate (note 11)	(1,611,837)
Balance at 30 June 2024	-

* This amount represents contribution to expenditure incurred to move form a 51% interest to a 60% interest in Rwenzori Rare Metals Limited which holds the Makuutu exploration licence.

Recovery of the capitalised amount is dependent upon:
(i) the continuance of the Group's right to tenure of the area of interest;
(ii) the results of future exploration; and
(iii) the successful development and commercial exploitation, or alternatively sale.

Note 16. Trade and other payables

	Consolidated 2024 $	Consolidated 2023 $
Current liabilities		
Trade payables	572,606	817,541

Refer to note 21 for further information on financial instruments.

Note 17. Lease liabilities

	Consolidated 2024 $	Consolidated 2023 $
Current liabilities		
Lease liability	116,246	7,319
Non-current liabilities		
Lease liability	373,100	-

Note 17. Lease liabilities (continued)

Refer to note 21 for information on the maturity analysis of lease liabilities.

Note 18. Issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	4,831,301,108	3,946,104,920	92,130,498	78,332,559

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	3,872,604,920		76,957,059
Exercise of options	30 November 2022	70,000,000	$0.0180	1,260,000
Shares issued (i)	28 February 2023	3,500,000	$0.0330	115,500
Balance	30 June 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				(1,355,926)
Balance	30 June 2024	4,831,301,108		92,130,498

(i) Termination payment to Jill Kelley.

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 2023 Annual Report.

Note 19. Reserves

	Consolidated 2024 $	Consolidated 2023 $
Foreign currency reserve	1,894,766	2,032,616
Share-based payments reserve	9,666,510	9,313,061
Convertible note equity reserve	136,403	136,403
	11,697,679	11,482,080

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, and other parties as part of their compensation for services.

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

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 2022	(198,286)	8,972,388	136,403	8,910,505
Foreign currency translation	2,230,902	-	-	2,230,902
Share-based payments	-	340,673	-	340,673
Balance at 30 June 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

Note 20. Dividends

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

Note 21. 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.

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.

Note 21. Financial instruments (continued)

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 Sates 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.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 2024 $	Assets 2023 $	Liabilities 2024 $	Liabilities 2023 $
Pound Sterling	268,511	1,108,222	415,223	599,685

Consolidated - 2024	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
Pound Sterling	10%	-	(65,055)	(10%)	-	79,512

Consolidated - 2023	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
Pound Sterling	10%	-	202,152	10%	-	(202,152)

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.

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Note 21. Financial instruments (continued)

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

Consolidated	2024 Balance $	2023 Balance $
Financial assets - cash at bank		
Australia	1,896,942	11,004,864
United Kingdom	131,879	111,785
Net exposure to cash flow interest rate risk	2,028,821	11,116,649

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

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

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

Consolidated - 2024	Basis points change	Effect on profit after tax	Effect on equity	Basis points change	Effect on profit after tax	Effect on equity
+/- 1% (100 basis points)	100	20,288	20,288	(100)	(20,288)	(20,288)

Consolidated - 2023	Basis points change	Effect on profit after tax	Effect on equity	Basis points change	Effect on profit after tax	Effect on equity
+/- 1% (100 basis points)	100	111,166	111,166	(100)	(111,166)	(111,166)

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.

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.

Note 21. Financial instruments (continued)

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.

Consolidated - 2024	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	572,606	-	-	-	572,606
Interest-bearing - fixed rate					
Lease liability	116,246	131,342	241,758	-	489,346
Total non-derivatives	688,852	131,342	241,758	-	1,061,952

Consolidated - 2023	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	817,541	-	-	-	817,541
Interest-bearing - fixed rate					
Lease liability	7,319	-	-	-	7,319
Total non-derivatives	824,860	-	-	-	824,860

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

Note 22. 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 - 2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
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

There were no transfers between levels during the financial year.

Note 22. Fair value measurement (continued)

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.

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 23. 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	
	2024 $	2023 $
Short-term employee benefits	921,293	1,586,991
Post-employment benefits	5,500	31,289
Share-based payments	399,965	55,108
	1,326,758	1,673,388

Note 24. Remuneration of auditors

The BDO entity performing the audit of the Group transitioned from BDO Audit (WA) to BDO Audit 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	
	2024 $	2023 $
Audit services - BDO		
Audit or review of the financial statements	62,804	71,628

Note 25. 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:

(a) 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.
(b) 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 25. Contingent liabilities (continued)

On 11 December 2023, the Group announced that it had reached agreement to acquire an additional 34% of the shares in Ugandan registered Rwenzori Rare Metals Limited (RRM) from South African registered Rare Earth Elements Africa (Pty) Ltd (REEA). Completion of the acquisition will see the Group's interest in RRM increase to 94%, and thereby a 94% indirect interest in the Makuutu rare earths project (Makuutu). Completion of the transaction remains subject to conditions precedent including (i) obtaining approval from the Group's shareholders to issue the Consideration Shares and the Consideration Rights under ASX Listing Rule 7.1; and (ii) REEA obtaining necessary regulatory approvals from the Minister of Energy and Mineral Development in Uganda.

Under the terms of the transaction, the Group has agreed to indemnify REEA in respect of any tax liability of REEA to the Ugandan Revenue Authority in respect of the transfer of shares in RRM, to the extent the liability relates to the value of the consideration shares issued.

Note 26. Related party transactions

Parent entity
Ionic Rare Earths Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Associates
Interests in associates are set out in note 11.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

Transactions with related parties
The Company has entered into a sub-lease agreement on normal commercial terms with Azure Minerals Limited, a company of which Mr Dickson is Company Secretary. During the year the Company paid sub-lease fees totalling $3,000 (2023: $9,000). The sub-lease agreement was terminated on 31 March 2023.

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.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $	2023 $
Loss after income tax	(26,019,507)	(6,335,934)
Total comprehensive loss	(26,019,507)	(4,837,946)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 2024 $	Parent 2023 $
Total current assets	4,921,549	18,354,245
Total non-current assets	29,586,256	27,360,344
Total assets	34,507,805	45,714,589
Total current liabilities	830,613	217,855
Total non-current liabilities	-	7,319
Total liabilities	830,613	225,174
Net assets	33,677,192	45,489,415
Equity		
Issued capital	92,130,498	78,332,559
Foreign currency reserve	1,515,601	1,459,705
Share-based payments reserve	9,666,510	9,313,061
Convertible note equity reserve	136,403	136,403
Accumulated losses	(69,771,820)	(43,752,313)
Total equity	33,677,192	45,489,415

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 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no other contingent liabilities as at 30 June 2024 and 30 June 2023 than mentioned on note 25.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

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 28. 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 2024 %	Ownership interest 2023 %
Ionic Technologies International Limited	United Kingdom	100.00%	100.00%

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax expense for the year	(21,200,915)	(8,538,462)
Adjustments for:		
Depreciation and amortisation	2,284,891	602,726
Net fair value gain on financial assets	(2,316,000)	-
Share-based payments	353,449	340,673
Foreign exchange differences	(7,327)	1,261
Government grants income classified as investing activity	(1,959,762)	(1,922,348)
Research and development income classified as investing activity	(246,788)	(838,874)
Change in operating assets and liabilities:		
Decrease/(increase) in other receivables	1,028,713	(511,094)
Increase in inventories	(276,441)	(793,810)
Decrease/(increase) in prepayments	53,313	(146,813)
Increase/(decrease) in trade and other payables	(930,857)	181,058
Decrease in other provisions	-	(32,321)
Net cash used in operating activities	(23,217,724)	(11,658,004)

Note 30. Non-cash investing and financing activities

	Consolidated 2024 $	Consolidated 2023 $
Shares issued as termination payment (3,500,000 fully paid shares issued to Ms Jill Kelley)	-	115,500
Shares issued to settle US$375,000 with Rare Earth Elements Africa Pty Ltd.	546,365	-
	546,365	115,500

Note 31. Earnings per share

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax attributable to the owners of Ionic Rare Earths Limited	(21,200,915)	(8,538,462)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	4,262,070,037	3,914,662,454
Weighted average number of ordinary shares used in calculating diluted earnings per share	4,262,070,037	3,914,662,454
	Cents	Cents
Basic earnings per share	(0.50)	(0.22)
Diluted earnings per share	(0.50)	(0.22)

75,000,000 (2023: 115,000,000) options and 95,700,000 (2023: 6,700,000) 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 2024. These options could potentially dilute basic earnings per share in the future.

Note 32. 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 (2023: 33,000,000).

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

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
30/11/2021	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)	-
			115,000,000	-	(10,000,000)	(30,000,000)	75,000,000
Weighted average exercise price			$0.0640		$0.0215	$0.0215	$0.0640

2023

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
30/11/2021	30/11/2024	$0.0640	44,000,000	-	-	(2,000,000)	42,000,000
03/02/2023	30/11/2024	$0.0640	-	33,000,000	-	-	33,000,000
23/12/2019	30/11/2022	$0.0180	20,000,000	-	(10,000,000)	(10,000,000)	-
24/03/2020	30/11/2022	$0.0180	20,000,000	-	(20,000,000)	-	-
03/12/2020	30/11/2022	$0.0180	10,000,000	-	(10,000,000)	-	-
03/12/2020	30/11/2023	$0.0215	40,000,000	-	-	-	40,000,000
			134,000,000	33,000,000	(40,000,000)	(12,000,000)	115,000,000
Weighted average exercise price			$0.0410	$0.0640	$0.0180	$0.0410	$0.0430

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.42 years (2023: 1.42 years).

ionic rare earths

Note 32. Share-based payments (continued)

Performance Share Rights
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.

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

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

During the year ended 30 June 2022 10,000,000 Performance Rights were granted to Mr Tim Harrison and 3,500,000 Performance Rights to Ms Jill Kelley. The vesting conditions of the Performance Rights are:

(a) issued to Mr Harrison:
i. 3,3000,000 Performance Rights will vest when the Company's VWAP share price is above 6 cents for a period of 30 consecutive days (Tranche A);
ii. 3,300,000 million Performance Rights will vest when the Company's VWAP share price is above 8 cents for a period of 30 consecutive days (Tranche B); and
iii. 3,400,000 Performance Rights will vest when the Company's VWAP share price is above 10 cents for a period of 30 consecutive days (Tranche C).
(b) those issued to Ms Jill Kelley will vest when the Company signs its first offtake agreement as a result of Ms Kelley's introduction. Since her departure in the prior period, her performance rights were forfeited/paid out as a termination payment.

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited *	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
30/06/2022	30/06/2025	$0.0000	3,500,000	-	-	(3,500,000)	-
			10,200,000	-	-	(3,500,000)	6,700,000

* Paid out as termination to Ms Kelly.

Total expense arising from the issue of performance rights recognised during the year was $173,449 (2023: credit of $19,417).

Note 32. Share-based payments (continued)

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
13/03/2024	13/03/2027	$0.0196	$0.0000	-	-	3.65%	$0.0196

Share issue
During the 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 1.9 cents per share.

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

	Consolidated 2024 $	Consolidated 2023 $
Shares issued as part of compensation	180,000	-
Performance share rights granted	173,449	(19,417)
Options granted	-	360,090
	353,449	340,673

Note 33. Events after the reporting period

On 22 July 2024, the Company issued 38,461,539 fully ordinary shares at $0.013, post the approval from shareholders on the participation of Mr Lynch in the April 2024 capital raise, which was approved by shareholders at an extraordinary meeting of shareholders on 26 June 2024.

No other matter or circumstance has arisen since 30 June 2024 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 *
Ionic Technologies International Limited	Body corporate	United Kingdom	100.00%	Foreign - United 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.

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 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 2024 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

30 September 2024
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 2024, 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 2024 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
At 30 June 2024, the carrying value of the equity accounted investment in associate Rwenzori Rare Metals Limited (“RRM”) who holds 100% interest in the Makuutu Rate Earth Elements Project in Uganda is disclosed in Note 11 of the Financial Report. At each reporting period, the value of the equity accounted investment in RRM needs to be assessed for indicators of impairment. If indicators of impairment exist, the recoverable amount needs to be estimated. The assessment of the carrying value of the equity accounted investment in RRM was a key audit matter due to the judgement involved in determining the appropriate accounting treatment and determining whether there are any indicators to suggest that the investment in associate could be impaired.	Our procedures included, but were not limited to: • Considering the appropriateness of management’s assessment of significant influence over RRM and accounting for the interest as an investment in associate; • Confirming the Group’s percentage ownership of RMM; • Considering management’s assessment of indicators that the investment in associate could be 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 11 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 2024, 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/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Ionic Rare Earths Limited, for the year ended 30 June 2024, 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

J Prue

Jarrad Prue

Director

Perth, 30 September 2024

The shareholder information set out below was applicable as at 3 September 2024.

Distribution of equitable securities

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

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	337	-	-	-
1,001 to 5,000	224	0.01	-	-
5,001 to 10,000	668	0.12	-	-
10,001 to 100,000	5,310	4.81	-	-
100,001 and over	4,016	95.06	52	100.00
	10,555	100.00	52	100.00
Holding less than a marketable parcel	5,811	-	-	-

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	
	Number held	% of total shares issued
DRM TECHNOLOGIES PTY LTD	179,251,528	3.68
BNP PARIBAS NOMS PTY LTD	122,508,953	2.52
CITICORP NOMINEES PTY LIMITED	121,415,535	2.49
MRS IFRAH NISHAT	118,810,000	2.44
JGM PROPERTY INVESTMENTS PTY LTD	105,650,000	2.17
MR BILAL AHMAD	104,100,000	2.14
HAWKSBURN CAPITAL PTE LTD <METHUSELAH STRATEGIC FND A/C>	97,110,648	1.99
BOND STREET CUSTODIANS LIMITED <DEONEI - V13669 A/C>	83,333,333	1.71
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	81,356,953	1.67
BLJ TECHNOLOGIES PTY LTD	78,876,646	1.62
KINETIC WEALTH ADVISERS PTY LTD	65,000,008	1.33
MARKOVIC FAMILY NO 2 PTY LTD	53,350,000	1.10
DIXON SONOMA PTY LTD <LYNCH FAMILY SUPER FUND A/C>	38,461,539	0.79
AUV INVESTMENT GROUP PTY LTD <LIN FAMILY A/C>	38,000,000	0.78
MR DANIEL JAMES SIDOTI	29,000,000	0.60
DHALIWAL SUPER PTY LTD <DHALIWAL SUPER FUND A/C>	27,378,888	0.56
MR HARMEN HAFKAMP	26,500,000	0.54
MR BONGANI RAZIYA	26,017,409	0.53
COMPUSURE SUPERANNUATION PTY LTD <COMPUSURE PTY STAFF SUP A/C>	25,000,000	0.51
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	23,662,023	0.49
	1,444,783,463	29.66

Unquoted equity securities

	Number on issue	Number of holders
30 November 2023, 6.4 cent options	75,000,000	19
30 November 2026, 3.15 cent options	20,000,000	2
26 June 2028, 2.0 cent options	337,307,690	53
Share Rights held by T Harrison	6,700,000	1
Share Rights	89,000,000	7

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	PL0000000578	Uganda	Prospecting License	60%
Makuutu	RL00007	Uganda	Retention Licence	60%
Makuutu	RL00234	Uganda	Retention Licence	60%
Makuutu	EL00147	Uganda	Exploration	60%
Makuutu	EL00148	Uganda	Exploration	60%
Makuutu	EL00257	Uganda	Exploration	60%
Makuutu	LML00334	Uganda	Large-Scale Mining License	60%