ionic rare earths

ASX:IXR

IONIC RARE EARTHS LIMITED

ABN 84 083 646 477

HALF YEAR FINANCIAL REPORT

31 December 2024

Ionic Rare Earths Limited
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investors@ionicre.com
www.ionicre.com

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 (resigned 20 January 2025)
Company secretary	Mark Licciardo
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

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 half-year ended 31 December 2024.

Directors

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

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

Principal activities

The principal activity of the Group, during the half-year, 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 Group's 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.

Review of operations
The loss for the Group after providing for income tax amounted to $6,649,504 (31 December 2023: $14,176,053).

Ionic Technologies

Ionic Technologies International Limited ("Ionic Technologies") is a 100% owned subsidiary of IonicRE based in Belfast, UK. Ionic Technologies is a global first mover in the recycling of Neodymium-Iron-Boron (NdFeB) permanent magnets to high purity separated magnet rare earth oxides (REOs), enabling the creation of sustainable, traceable, and sovereign rare earth supply chains.

During the half-year, Ionic Technologies successfully secured funding from two new grants with a combined value of £1.265m (A$2.46m), including direct funding totalling £470k (approx. A$900k) to Ionic Technologies, to foster REE supply chain partnerships under the next round of Innovate UK 'CLIMATES' program.

As a demonstration of Ionic Technologies' activities, the business secured £843,000 under the groundbreaking 'REEValuate' Project, which saw the business partnering with metals and alloys manufacturer, Less Common Metals (LCM) and magnet manufacturer, Vacuumschmelze (VAC), to produce Rare Earth alloys for permanent magnets containing 100% recycled Heavy Rare Earth Elements (HREEs) and Light Rare Earth Elements (LREEs). Under the REEValuate Project, VAC provided pre-consumer NdFeB magnet scrap (swarf) to Ionic Technologies for the production of high purity magnet Rare Earth Oxides (REOs) at the Belfast Demonstration Plant. After which LCM will then reduce the oxides to Rare Earth metals/alloys and supply to VAC the metals/alloys to required specification for magnet production. Under the terms of the Project the initial magnet scrap volume processed was 9 tonnes.

Also during the half-year, in a second successful grant, the UK Government selected the Ionic Technologies-led 'MAGNOSTIC' collaboration to deliver an advanced, demagnetisation solution for end-of-life permanent magnets. Ionic Technologies is working in partnership with the Materials Processing Institute (MPI), a leading research and technology organisation specialising in critical materials, powder metallurgy and other materials processing, as well as Swansea University, a centre of excellence for metal processing and handling.

The MAGNOSTIC Project is valued at £422k, with Ionic Technologies also set to directly benefit from £178k of UK Government funding, also part of Innovate UK's 'CLIMATES' funding.

Figure 1: Ionic Technologies' Demonstration Plant (Belfast, UK).

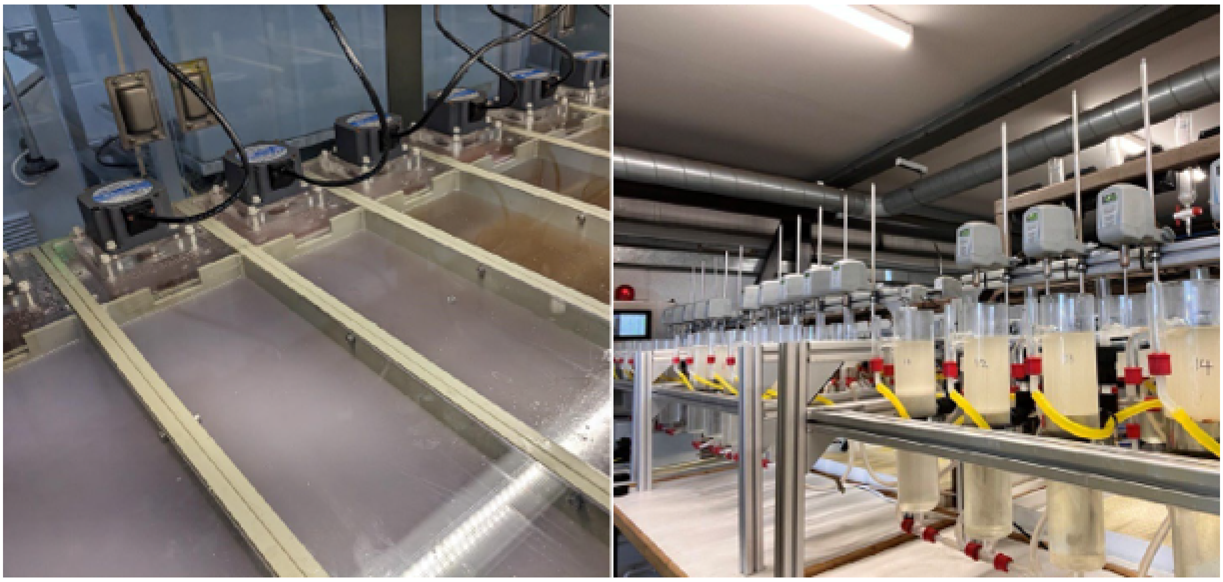

Figure 2: Ionic Technologies' demonstration scale solvent extraction (SX) circuit (left), and Ionic Technologies' Heavy REE SX circuit (right).

Positive Feasibility Results for Magnet Recycling Business in the UK

During the period, Ionic Technologies completed a Feasibility Study that demonstrates both strong financial returns and environmental sustainability. The study positions Ionic Technologies as the 'first mover' in the development of a sustainable, traceable and sovereign UK/Europe supply chain, meeting the demands of the net-zero transition, advanced manufacturing and defence.

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

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

Given the nature of the design, and the potential to quickly replicate capacity in other target markets, a bare module cost has been developed independent of additional site-specific costs in Belfast. The study reflects a 20-year operational life for the Belfast magnet recycling facility.

Table 1 below highlights the Belfast facility's positive projected financial returns.

Table 1: Ionic Technologies Belfast magnet recycling facility feasibility study metrics.

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

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

Post completion of the feasibility study, the Company applied for a significant capital grant from the UK Government as it moves to fast-track the development of a commercial-scale magnet REO manufacturing facility in Belfast, UK.

The application was submitted via the Automotive Transformation Fund (ATF), administered by the Advanced Propulsion Centre (APC), for automotive manufacturing and supply chains. The APC is dedicated to supporting the UK's global leadership position in scientific research, automotive engineering and net zero.

The potential cornerstone capital grant could provide the UK with sovereign magnet REO capability for the first time, following the Belfast plant's success in becoming the first producer of recycled magnet REOs in the Western world, based on technology developed at Queen's University Belfast.

Makuutu Rare Earths Project

Makuutu currently ranks amongst the world's largest and most advanced ionic adsorption clay (IAC) deposits, and as such, a globally strategic resource for near term, low capital development, and long-term security of magnet and heavy rare earth oxide (REO) supply.

Makuutu comprises nine licences (see Figure 3) covering approximately 300 square kilometres, located 120 kilometres east of Kampala in Uganda. The deposit, stretching 37 km end to end, is situated near existing infrastructure and has the potential to provide western customers with a strategic alternative supply of heavy rare earths to support the development of resilient supply chains, and the growth of advanced manufacturing and industries critical to achieve net-zero carbon initiatives for 50 years and beyond.

Figure 3: Makuutu Rare Earths Project Location with major existing nearby infrastructure.

Makuutu Demonstration Plant

At Makuutu, work continued on processing ionic adsorption clay (IAC) mineralisation at the Company's demonstration plant in Uganda, with mixed rare earth carbonate (MREC) production being sent to Australia for analysis and onwards to potential offtake partners to support commercial discussions.

Due to market conditions, works was slowed during the half in an effort to preserve funding.

Figure 4: Demonstration plant precipitation circuit and inventory of MREC samples dispatched to Australia for analysis.

Makuutu Tenement Update

During the September quarter, the RRM team progressed with the submission on the next Mining Licence Application, TN04741 over the mineralised selection of Retention Licence (RL) 00007 (see Figure 5).

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

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

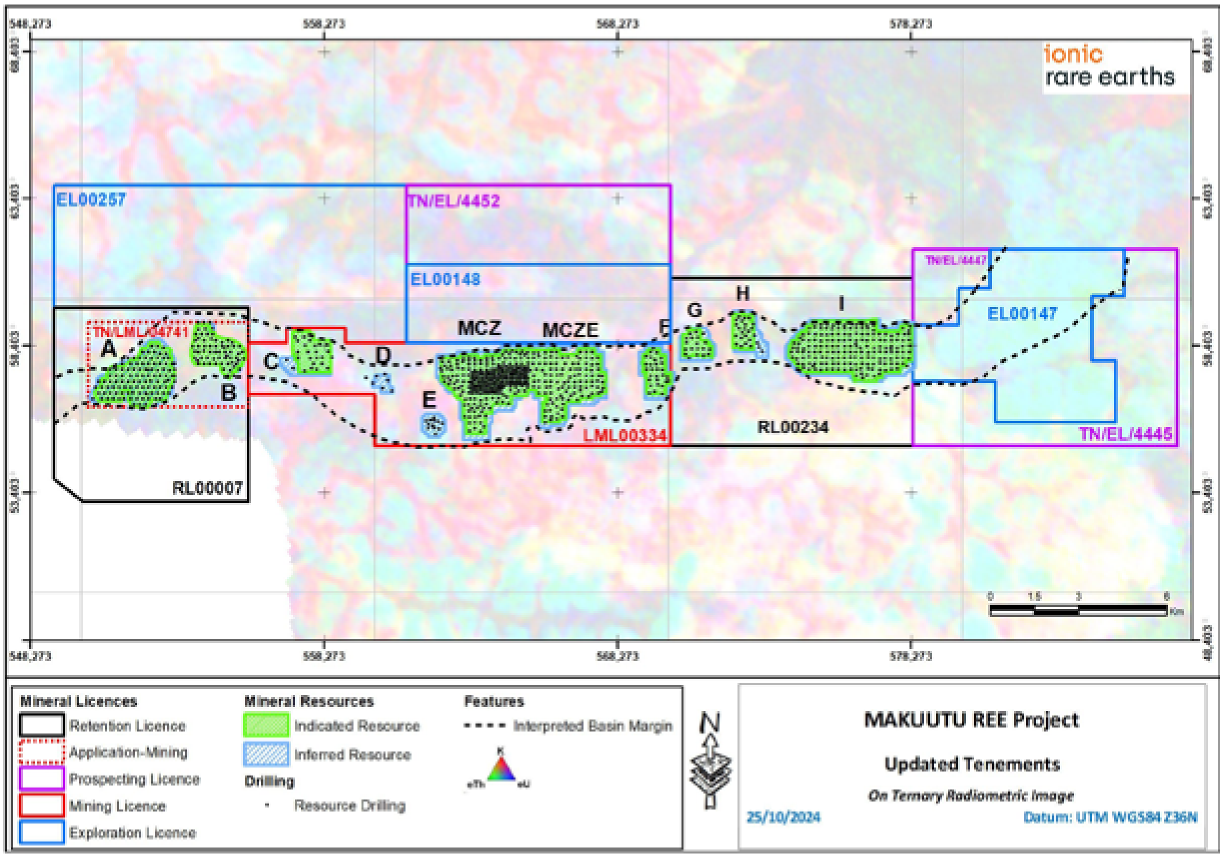

Figure 5: Makuutu Rare Earths Project mineral tenements including new MLA over a selection of RL00007, TN04741 (red dashed border).

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Table 2: Ionic Rare Earths Mineral Tenement Details.

Licence ID	Licence Type	Application Date	Granted Date	Expiry / Renewal Date	Area (km^2)
LML00334	Mining	01/09/2022	28/12/2023	27/12/2044	43.78
TN/LML/04741	Mining	23/09/2024	Application pending*	Application pending	15.37
RL00234	Retention	20/06/2021	06/07/2021	06-07-2026 - Renewal Pending	47.03
EL00257	Exploration	15/07/2021	21/10/2021	20/10/2026 - Renewal Pending	55.51
EL00147	Exploration	19/10/2020	28/12/2020	27/12/2025	30.07
TN04445	Exploration	03/05/2024	Approval pending[a]	Approval pending	24.79
TN04447	Exploration	03/05/2024	Approval pending[a]	Approval pending	5.44
EL00148	Exploration	20/10/2020	28/12/2020	27/12/2025	24.08
TN04452	Exploration	07/05/2024	Approval pending[b]	Approval pending	24.08

* Documents currently being verified as part of Large Scale Mining Licence application.

(a) The Ugandan cadastre system requires amendment to no longer relinquish 50% of EL upon renewal – TN relates to EL00147, which RRM retains in full

(b) Licence has been approved for granting - TN relates to EL00148, which RRM retains in full

Table 3: Makuutu Rare Earth Project Resource above 200ppm TREO-CeO_2 Cut-off Grade (ASX: 15 May 2024).

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO- CeO_2 (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)	Sc_2O_3 (ppm)
Indicated	517	650	440	470	170	220	30
Inferred	99	560	380	420	140	190	30
Total	617	630	430	460	160	210	30

Notes; Tonnes are dry tonnes rounded to the nearest 1.0Mt.
All ppm rounded from original estimate to the nearest 10 ppm which may lead to differences in averages. 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”). TREO = Total Rare Earth Oxide

Brazilian Refining and Recycling Joint Venture (50% IonicRE)

The joint venture agreement between IonicRE and Viridis Mining and Minerals Limited (ASX: VMM) is seen as an outstanding opportunity for IonicRE to advance the Company’s strategy to become a leading supplier to the Western world of high quality, secure and dependable magnet and heavy rare earths, critical to the multitude of dependent industries and energy transition affecting billions of people around the globe.

The 50/50 joint venture, named Viridion, enables IonicRE to secure a strategic opportunity leveraging its technology and intellectual property to ensure successful outcomes for both companies and for all stakeholders. Viridion advances the growth strategy for both companies by several years and draws on the support and alignment of several state agencies of Brazil, a nation that is both rich in rare earths and aims to become a global leader in rare earth production and supply.

During the half-year under review, Viridion signed a Memorandum of Understanding (‘MoU’) with SENAI FIEMG Innovation and Technology Centre of Minas Gerais, owner and operator of Lab Fab, the first rare earth magnet laboratory in South America. This agreement has Viridion strategically placed to become the first Brazilian producer of refined Rare Earth Oxides (‘REO’) from either a Mixed Rare Earth Carbonate (‘MREC’) or from recycling of spent magnets using IP from IonicRE’s UK subsidiary, Ionic Technologies.

Corporate

During the period, the Company completed a A$1.65m capital raise in a placement of approximately 235,714,282 shares at $0.007 each before expenses of the issues. The directors also committed $202,000 to participate in the raise, which will be subject to shareholder approval at an EGM. Further to this, shareholders were provided an opportunity to participate in the fund-raising activities of the Company through a Security Purchase Plan which resulted in the issuing of 109,379,876 fully paid ordinary shares raising approximately A$766,000 (before expenses).

The Executive and Board of Directors have now completed cost reduction activities across the Group which included reduction in executive remuneration, headcount reduction, and lower operating and capital. These cost efficiencies will ensure IonicRE is in the best possible position to advance key project development activities to increase shareholder value, positioning the Company to benefit significantly from the achievement of further milestones.

IonicRE also received an R&D Tax Incentive Rebate payment of A$1.81m during the period, further contributing to the Company’s funding requirements.

Significant changes in the state of affairs

On 1 October 2024, the Group announced a partnership with UK-based metal and alloys manufacturer Less Common Metals ('LCM'), and a German-based magnet manufacturer, Vacuumschmelze ('VAC') to advance the UK/Europe supply chain. Two grants have been awarded to Ionic Technologies, a wholly owned subsidiary, under Innovate UK’s ‘CLIMATES’ program. The first grant is for the groundbreaking ‘REEValuate’ Project, under which Ionic Technologies will partner with LCM and VAC to produce magnets containing 100% recycled HREEs and LREEs. The second is the Ionic Technologies-led ‘MAGNOSTIC’ collaboration to deliver an advanced, demagnetisation solution for end-of-life permanent magnets.

As announced on 6 November 2024, the Group is advancing its integration into the Brazilian magnet supply chain, with the Company’s Viridion joint venture with Viridis Mining and Minerals (ASX: VMM), signing a five-year Memorandum of Understanding with SENAI FIEMG Innovation and Technology Centre, owner of Lab Fab, South America’s first rare earth magnet laboratory. This agreement has Viridion strategically placed to become the first Brazilian producer of refined Rare Earth Oxides (‘REO’) from either a Mixed Rare Earth Carbonate (‘MREC’) or from recycling of spent magnets using IP from the Group's subsidiary, Ionic Technologies.

As announced on 18 November 2024, Ionic Technologies completed a feasibility study that demonstrates both strong financial returns and environmental sustainability for its magnet recycling business in the UK. The study positions Ionic Technologies as the ‘first mover’ in the development of a sustainable, traceable and sovereign UK/Europe supply chain, meeting the demands of the net-zero transition, advanced manufacturing and defence.

During the half-year period ended 31 December 2024, the holding shares in Viridis Mining and Minerals Ltd were disposed of.

On 18 December 2024, the Group announced a share purchase plan ('SPP') followed the successful completion of:
(1) a placement of 206,857,136 fully paid ordinary shares at a price of $0.007 plus 103,428,574 options to raise $1,448,000; and
(2) a commitment from Directors of the Company, to subscribe for 28,857,140 fully paid ordinary shares at $0.007 plus 14,428,570 options, to raise a further $202,000, subject to receiving approval at a General Meeting of Shareholders to be held early in 2025.

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

Matters subsequent to the end of the financial half-year

On 13 February 2025, the Company announced, that it has boosted its international expansion strategy, through the signing of a non-binding Memorandum of Understanding (MOU) with South Korea's DNA Link, Inc. (KOSDAQ: 127120), concerning collaboration on the recycling of rare earth permanent magnets and magnet REO (rare earth oxide) supply. Under the agreement, the two companies including IonicRE's wholly owned subsidiary, Ionic Technologies, will collaborate to help build a secure, sustainable and traceable ex-China rare earths supply chain in South Korea, the world's third-largest magnet market.

On 18 February 2025, the Company announced preliminary results from Minviro's Life Cycle Assessment of Ionic Technologies' magnet recycling process indicating substantial carbon emission reductions of circa 30-50%, compared to conventional primary Rare Earth Oxide sources. The final outcome is expected in March 2025.

No other matter or circumstance has arisen since 31 December 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.

Business risks

The material business risks that could adversely affect the Group's financial performance and growth potential in future years and how the Group propose to mitigate such risks were detailed in the Annual Report at 30 June 2024. Those risks have been assessed up to the reporting date with no significant changes noted since then.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Brett Lynch
Chairman

12 March 2025

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

As lead auditor for the review of Ionic Rare Earths Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

12 March 2025

Competent Persons Statement

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

The information in this report that relates to Mineral Resources for the Makuutu Rare Earths deposit was first released to the ASX on 15 May 2022 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

The information in this report that relates to Ore Reserves for the Makuutu Rare Earths deposit was first released to the ASX on 20 March 2023 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

The information in this report that relates to Production Targets or forecast financial information derived from production the production target for the Makuutu Rare Earths deposit was first released to the ASX on 20 March 2023 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that all material assumptions and technical parameters underpinning the Production Targets or forecast financial estimates in the announcement continue to apply and have not materially changed.

Forward Looking Statements

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

Ionic Rare Earths Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated 31/12/2024 $	31/12/2023 $
Revenue			
Other income/(loss)	4	703,194	615,284
Interest revenue		9,952	63,169
Expenses			
Employee benefits expense		(2,059,721)	(2,842,925)
Depreciation and amortisation expense		(497,789)	(1,452,845)
Share-based payments expense		(291,627)	(6,721)
Administration expenses		(1,028,917)	(2,310,350)
Exploration expense	5	(2,080,013)	(6,896,348)
Research and development expense		(265,284)	(897,127)
Foreign exchange losses		(3,329)	-
Other expenses		(1,117,191)	(448,003)
Finance costs		(18,779)	(187)
Loss before income tax expense		(6,649,504)	(14,176,053)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Ionic Rare Earths Limited		(6,649,504)	(14,176,053)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		1,890,513	(983,236)
Other comprehensive income for the half-year, net of tax		1,890,513	(983,236)
Total comprehensive loss for the half-year attributable to the owners of Ionic Rare Earths Limited		(4,758,991)	(15,159,289)
		Cents	**Cents**
Basic loss per share	14	(0.14)	(0.36)
Diluted loss per share	14	(0.14)	(0.36)

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

	Note	Consolidated 31/12/2024 $	Consolidated 30/06/2024 $
Assets			
Current assets			
Cash and cash equivalents	6	2,485,863	2,028,820
Other receivables		40,994	74,082
Inventories		797,737	1,070,251
Financial assets at fair value through profit or loss	7	-	2,916,000
Prepayments		88,017	171,158
Total current assets		3,412,611	6,260,311
Non-current assets			
Investments accounted for using the equity method	8	25,592,945	23,930,338
Other financial assets	9	155,770	-
Plant and equipment		1,677,139	1,939,720
Right-of-use assets		389,355	452,493
Intangibles assets	10	5,214,790	4,990,354
Total non-current assets		33,029,999	31,312,905
Total assets		36,442,610	37,573,216
Liabilities			
Current liabilities			
Trade and other payables		1,022,665	572,606
Lease liabilities		123,604	116,246
Total current liabilities		1,146,269	688,852
Non-current liabilities			
Lease liabilities		305,134	373,100
Total non-current liabilities		305,134	373,100
Total liabilities		1,451,403	1,061,952
Net assets		34,991,207	36,511,264
Equity			
Issued capital	11	94,967,740	92,130,498
Reserves	12	8,917,539	11,697,679
Accumulated losses		(68,894,072)	(67,316,913)
Total equity		34,991,207	36,511,264

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

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 half-year	-	-	(14,176,053)	(14,176,053)
Other comprehensive income for the half-year, net of tax	-	(983,236)	-	(983,236)
Total comprehensive loss for the half-year	-	(983,236)	(14,176,053)	(15,159,289)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	6,391,333	-	-	6,391,333
Share-based payments	-	210,760	-	210,760
Performance rights	-	6,721	-	6,721
Balance at 31 December 2023	84,723,892	10,716,325	(60,292,051)	35,148,166

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	92,130,498	11,697,679	(67,316,913)	36,511,264
Loss after income tax expense for the half-year	-	-	(6,649,504)	(6,649,504)
Other comprehensive income for the half-year, net of tax	-	1,890,513	-	1,890,513
Total comprehensive income/(loss) for the half-year	-	1,890,513	(6,649,504)	(4,758,991)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 11)	2,837,242	-	-	2,837,242
Share-based payments (note 12)	-	109,858	-	109,858
Performance rights (note 12)	-	291,834	-	291,834
Options and performance rights expired	-	(5,072,345)	5,072,345	-
Balance at 31 December 2024	94,967,740	8,917,539	(68,894,072)	34,991,207

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

	Consolidated 31/12/2024 $	Consolidated 31/12/2023 $
Cash flows from operating activities		
Receipt of government R&D rebate	1,809,911	246,836
Receipt of grants	391,422	368,448
Payments to suppliers and employees	(3,942,337)	(5,440,094)
Payment for exploration	(1,608,873)	(6,673,416)
Interest received	9,952	63,169
Interest expense	(18,650)	(187)
Net cash used in operating activities	(3,358,575)	(11,435,244)
Cash flows from investing activities		
Proceeds from disposal of investments	1,385,515	-
Proceeds from disposal of property, plant and equipment	32,346	-
Funds transferred to Term Deposit	(155,770)	-
Payments for plant and equipment	-	(814,894)
Payment for investments in associates	-	(600,000)
Payments for patents	-	(71,550)
Net cash from/(used in) investing activities	1,262,091	(1,486,444)
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of transaction costs)	2,870,196	6,602,093
Repayment of lease liabilities	(74,544)	(72,066)
Net cash from financing activities	2,795,652	6,530,027
Net increase/(decrease) in cash and cash equivalents	699,168	(6,391,661)
Cash and cash equivalents at the beginning of the financial half-year	2,028,820	11,116,649
Effects of exchange rate changes on cash and cash equivalents	(242,125)	(187,131)
Cash and cash equivalents at the end of the financial half-year	2,485,863	4,537,857

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 half-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 12 March 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

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

Note 2. Material accounting policy information (continued)

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 $6,649,504 for the half-year ended 31 December 2024 (31 December 2023: $14,176,053) and experienced net cash outflows from operating activities of $3,358,575 (31 December 2023: $11,435,244).

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

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

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

Note 3. 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 financial half-year, the Company conducted its activities across three geographic locations, being Australia, Uganda and United Kingdom (31 December 2023: Australia, Uganda and United Kingdom).

	Other income		Geographical non-current assets	
	31/12/2024	31/12/2023	31/12/2024	30/06/2024
	$	$	$	$
Australia	279,427	-	1,033,633	605,367
United Kingdom	423,767	615,284	6,403,421	6,777,200
Uganda	-	-	25,592,945	23,930,338
	703,194	615,284	33,029,999	31,312,905

Note 4. Other income/(loss)

	Consolidated	
	31/12/2024 $	31/12/2023 $
Research and development rebate	1,809,911	-
Net fair value loss on sale of financial assets (refer note 7)	(1,530,485)	-
Government grants	391,422	-
Other income	32,346	615,284
Net other income	703,194	615,284

Note 5. Exploration expense

	Consolidated	
	31/12/2024 $	31/12/2023 $
Uganda - Makuutu	2,080,013	6,896,348

Note 6. Cash and cash equivalents

	Consolidated	
	31/12/2024 $	30/06/2024 $
Current assets		
Cash at bank	2,450,863	1,839,975
Term deposit	35,000	188,845
	2,485,863	2,028,820

Note 7. Financial assets at fair value through profit or loss

	Consolidated	
	31/12/2024 $	30/06/2024 $
Current assets		
Listed shares - designated at fair value through profit or loss	-	2,916,000

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

Opening fair value	2,916,000	-
Additions	-	2,916,000
Net fair value loss on sale of shares	(1,530,485)	-
Cash received from sale of shares	(1,385,515)	-
Closing fair value	-	2,916,000

During the half-year period ended 31 December 2024, the holding shares in Viridis Mining and Minerals Ltd were disposed of.

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Note 8. Investments accounted for using the equity method

An amount of $25,592,945 (31 December 2023: $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	
	31/12/2024	30/06/2024
	$	$
Non-current assets		
Investment in associate - Rwenzori Rare Metals Limited (RRM)	25,592,945	23,930,338

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

	31/12/2024	30/06/2024
Opening carrying amount	23,930,338	21,926,992
Expenditure on exploration and evaluation for award of mining license	-	1,611,837
US$ 375,000 paid to Rare Earth Elements Africa Pty Ltd	-	546,367
Exchange difference	1,662,607	(154,858)
Closing carrying amount	25,592,945	23,930,338

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 31/12/2024 %	Ownership interest 30/06/2024 %
Rwenzori Rare Metals Limited	Uganda	60.00%	60.00%

Summarised financial information

	Consolidated	
	31/12/2024	30/06/2024
	$	$
Subscription for initial 20% interest in Rwenzori Rare Metals Limited	148	148
US$100,000 paid to Rare Earth Elements Africa Pty Ltd	148,035	148,035
29,179,517 fully paid shares issued to Rare Earth Elements Africa Pty Ltd	233,436	233,436
100,000,000 fully paid shares issued to Southern Cross Mining Pty Ltd	800,000	800,000
50,000,000 options (exercise price) of $0.005 issued to SCM	325,000	325,000
Expenditure on exploration and evaluation for additional 11% interest	954,689	954,689
Expenditure on exploration and evaluation for additional 15% interest	1,166,337	1,166,337
Expenditure on exploration and evaluation for additional 5% interest	498,210	498,210
Expenditure on exploration and evaluation for additional 5% interest	16,384,749	16,384,749
Expenditure on exploration and evaluation for award of mining license	1,611,837	1,611,837
US$375,000 paid to Rare Earth Elements Africa Pty Ltd	546,367	546,367
Movement in foreign exchange	2,924,137	1,261,530
	25,592,945	23,930,338

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Note 8. Investments accounted for using the equity method (continued)

	Consolidated	
	31/12/2024	30/06/2024
	$	$
Summarised statement of financial position		
Current assets	764,617	845,250
Non-current assets	2,454,082	2,458,827
Total assets	3,218,699	3,304,077
Current liabilities	95,610	168,405
Total liabilities	95,610	168,405
Net assets	3,123,089	3,135,672
Reconciliation of the Group's carrying amount		
Group's share in %	60%	60%
Group's share in $	1,873,853	1,881,403
Fair value uplift	3,704,962	3,704,962
Contributions/foreign exchange movement	20,014,130	18,343,973
Closing carrying amount	25,592,945	23,930,338

Note 9. Other financial assets

	Consolidated	
	31/12/2024	30/06/2024
	$	$
Non-current assets		
Term deposits	155,770	-

Note 10. Intangibles assets

	Consolidated	
	31/12/2024	30/06/2024
	$	$
Non-current assets		
Patents - at cost	5,832,029	5,842,778
Less: Accumulated amortisation/foreign exchange impact	(617,239)	(852,424)
	5,214,790	4,990,354

Note 11. Issued capital

	Consolidated			
	31/12/2024	30/06/2024	31/12/2024	30/06/2024
	Shares	Shares	$	$
Ordinary shares - fully paid	5,228,428,344	4,831,301,108	94,967,740	92,130,498

Note 11. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	4,831,301,108		92,130,498
Shares issued	22 July 2024	38,461,539	$0.013	500,000
Share based payments	2 December 2024	42,428,685	$0.007	297,001
Share placement	2 December 2024	204,857,137	$0.007	1,434,000
Share placement	3 December 2024	1,999,999	$0.007	14,000
Share purchase plan	23 December 2024	109,379,876	$0.007	765,659
Transaction costs				(173,418)
Balance	31 December 2024	5,228,428,344		94,967,740

Note 12. Reserves

	Consolidated 31/12/2024 $	Consolidated 30/06/2024 $
Foreign currency reserve	3,785,279	1,894,766
Share-based payments reserve	4,995,857	9,666,510
Convertible note equity reserve	136,403	136,403
	8,917,539	11,697,679

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

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

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

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Convertible note equity $	Total $
Balance at 1 July 2024	1,894,766	9,666,510	136,403	11,697,679
Foreign currency translation	1,890,513	-	-	1,890,513
Share-based payments	-	109,858	-	109,858
Performance rights	-	291,834	-	291,834
Options and performance rights expired	-	(5,072,345)	-	(5,072,345)
Balance at 31 December 2024	3,785,279	4,995,857	136,403	8,917,539

Note 13. Contingent liabilities

There has been no change to contingent liabilities since 30 June 2024.

Note 14. Loss per share

	Consolidated 31/12/2024 $	Consolidated 31/12/2023 $
Loss after income tax attributable to the owners of Ionic Rare Earths Limited	(6,649,504)	(14,176,053)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	4,909,198,375	3,937,792,500
Weighted average number of ordinary shares used in calculating diluted earnings per share	4,909,198,375	3,937,792,500
	Cents	**Cents**
Basic loss per share	(0.14)	(0.36)
Diluted loss per share	(0.14)	(0.36)

Note 15. 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 financial half-year, no options were issued pursuant to the Plan (31 December 2023: nil).

The following options were on issue at reporting date:

Options	Number of options 31/12/2024	Weighted average exercise price 31/12/2024	Number of options 31/12/2023	Weighted average exercise price 31/12/2023
Outstanding at the beginning of the financial half-year	75,000,000	$0.00	115,000,000	$0.00
Expired	(75,000,000)	$0.00	(30,000,000)	$0.00
Exercised	-	$0.00	(10,000,000)	$0.00
Outstanding at the end of the financial half-year	-		75,000,000	
Exercisable at the end of the financial half-year	-	$0.00	-	$0.00

Performance share rights
During the financial half-year ended 31 December 2024, no new performance rights were granted.

Note 15. Share-based payments (continued)

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

Performance rights	Number of rights 31/12/2024	Weighted average exercise price 31/12/2024	Number of rights 31/12/2023	Weighted average exercise price 31/12/2023
Outstanding at the beginning of the financial half-year	95,700,000	$0.000	6,700,000	$0.000
Granted	-	$0.000	89,000,000	$0.000
Expired	(6,700,000)	$0.000	-	$0.000
Outstanding at the end of the financial half-year	89,000,000	$0.000	95,700,000	$0.000
Exercisable at the end of the financial half-year	-	$0.000	-	$0.000

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.

Note 16. Events after the reporting period

On 13 February 2025, the Company announced, that it has boosted its international expansion strategy, through the signing of a non-binding Memorandum of Understanding (MOU) with South Korea's DNA Link, Inc. (KOSDAQ: 127120), concerning collaboration on the recycling of rare earth permanent magnets and magnet REO (rare earth oxide) supply. Under the agreement, the two companies including IonicRE's wholly owned subsidiary, Ionic Technologies, will collaborate to help build a secure, sustainable and traceable ex-China rare earths supply chain in South Korea, the world's third-largest magnet market.

On 18 February 2025, the Company announced preliminary results from Minviro's Life Cycle Assessment of Ionic Technologies' magnet recycling process indicating substantial carbon emission reductions of circa 30-50%, compared to conventional primary Rare Earth Oxide sources. The final outcome is expected in March 2025.

No other matter or circumstance has arisen since 31 December 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Brett Lynch
Chairman

12 March 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ionic Rare Earths Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ionic Rare Earths Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB *134 Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth, 12 March 2025