

14 December 2020

MAKUUTU LICENCE RENEWAL AND EXTENSION APPLICATIONS APPROVED

- **Retention Licence RL 1693 renewal application approved by Ugandan Authorities in a sign of strong support for development of the Makuutu Rare Earths Project**
- **Highly prospective, Exploration License application TN03424 approved for granting provides a potential material increase in Project scale**
- **Exploration Licence application TN03425 approved for granting providing strategic footprint adjacent to high-voltage transmission corridor for process plant location options**

Ionic Rare Earths Limited ("IonicRE" or "the Company") (ASX: IXR) is very pleased to advise it has received advice from the Ugandan Directorate of Geological Survey and Mines (DGSM) that the three (3) recent applications submitted in relation to our 51% owned Makuutu Rare Earths Project ("Makuutu") have been approved. The company is finalising the award of licences which are expected within days.

Grant of New Applications

The three (3) applications, as illustrated in Figure 1, are summarised as follows:

- **Renewal of Retention License RL1693 – Approved:** 43.8 square kilometres in area, central zone at Makuutu, and the host of the current Mineral Resource Estimate.
- **Exploration License TN03424 – Approved for Granting:** 60.3 square kilometres in area, due east and contiguous with existing exploration licence EL1766, which is observed to be highly prospective via radiometric anomaly for additional resource expansion at Makuutu.
- **Exploration License TN03425 – Approved for Granting:** 48.15 square kilometres in area due north and contiguous with existing retention licence RL1693 which will provide a strategic holding for exploration for rare earths but also aggregate, stone and other materials that may be of use during project development.

Ionic Rare Earths Chief Executive Officer Mr. Tim Harrison commented:

"The Company is very pleased to have received news of the licence application approvals. This enables the company to continue its planned activity at Makuutu including a potential material resource increase and revised scoping study to reflect the significant increase in the scale of the Project."

“The award of the area north of the RL 1693 is important to us as it provides the Project additional scope for process plant locations adjacent to the low-cost 132kV hydro-power corridor running immediately north of the project tenements.”

“The award of the new eastern exploration ground is tremendously exciting. Based upon the radiometric anomaly within TN03424 we will continue our plans for a drill program in 2021 to test and demonstrate the commercial opportunity we believe to be present at Makuutu. With recent drill assays on the boundary of the new application area being elevated in the proportion of heavy rare earth content, Makuutu continues to confirm itself to be a critical heavy rare-earth project of tremendous strategic importance.”

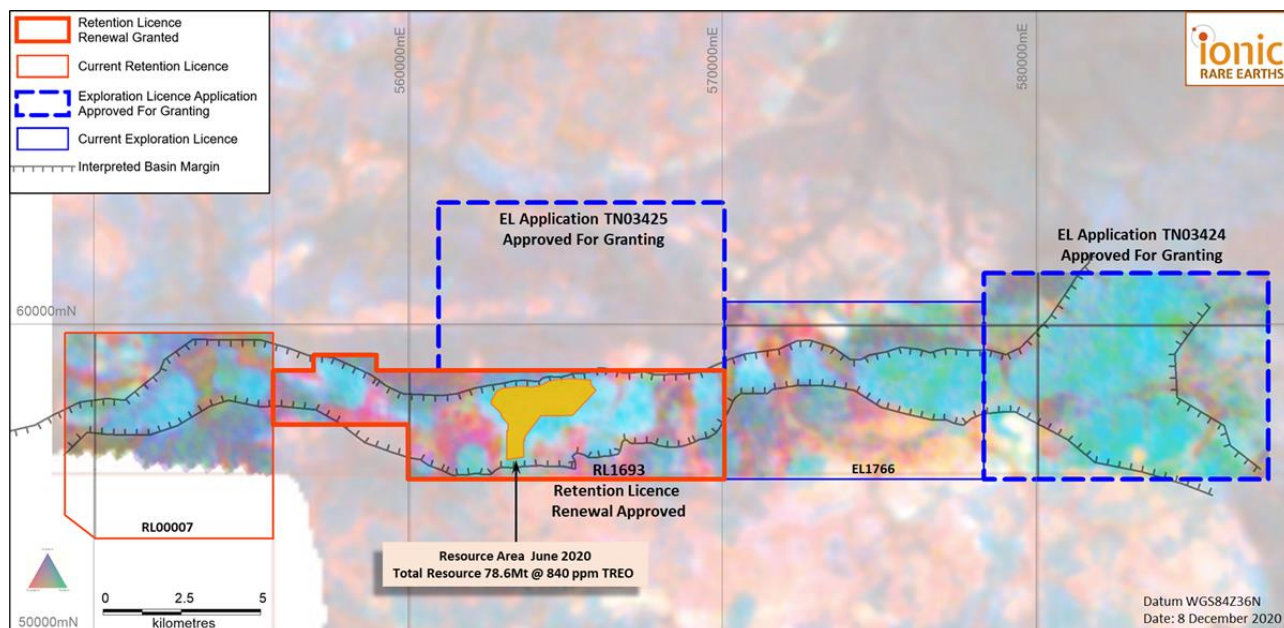


Figure 1: Makuutu Rare Earths Project Licences, showing existing, recently renewed (red bold) and recently approved (blue dash), on regional Radiometric Ternary Image and Interpreted REE Host Sedimentary Basin extending mineralisation corridor to 37 km long.

Renewal of Retention License RL1693

In late October, the Company via its 51% owned Ugandan Subsidiary Rwenzori Rare Metals Limited (“RRM”), submitted the application for the renewal of the Retention Licence No 1693, which included the interim Makuutu Rare Earths Scoping Study and a scoping report outlining the Terms of Reference on the Environmental and Social Impact Assessment (ESIA).

The submission to the DGSM to was required to extend the Retention Licence for a further two (2) years under the Ugandan Mining Act.

Exploration Licence Applications

In mid-October, the Company via its 51% owned subsidiary, RRM, submitted applications for two (2) new Exploration Licences for Makuutu with the DGSM.

The two applications were strategically targeted to complement and potentially materially expand RRM’s existing land holdings. As illustrated in Figure 1, RRM’s current Project licenses plus applications (TN03424 and TN03425) on the regional airborne radiometric ternary image, with the

interpreted boundaries for the sedimentary basin that hosts the Makuutu Rare Earths Project ionic adsorption clay rare earth element mineralisation shown.

A summary of the application areas is as follows:

- **TN03424:** 60.3 square kilometres in area, due east and contiguous with existing exploration licence EL1766. The application is interpreted to cover the eastern extension of the sedimentary basin with the blue/green (eU/eTh) colours on the radiometric ternary image are interpreted to be lateritic hardcap at surface which overlies the rare earth hosting ionic adsorption clays on the current Project area.

Now approved for granting, TN03424 will extend the Project coverage of the rare earth prospective basin to approximately 37 kilometres in length. No prior rare earth exploration is known of on this application area, however recently announced assays (ASX: 23 November 2020) has confirmed a zone of elevated heavy rare earth content immediately adjacent to the new application area. This is illustrated in Figure 2.

- **TN03425:** 48.15 square kilometres in area due north and contiguous with existing retention licence RL1693. This application includes a range of commodities and provides a strategic holding for exploration for rare earths but also aggregate, stone and other materials that may be of use during project development.

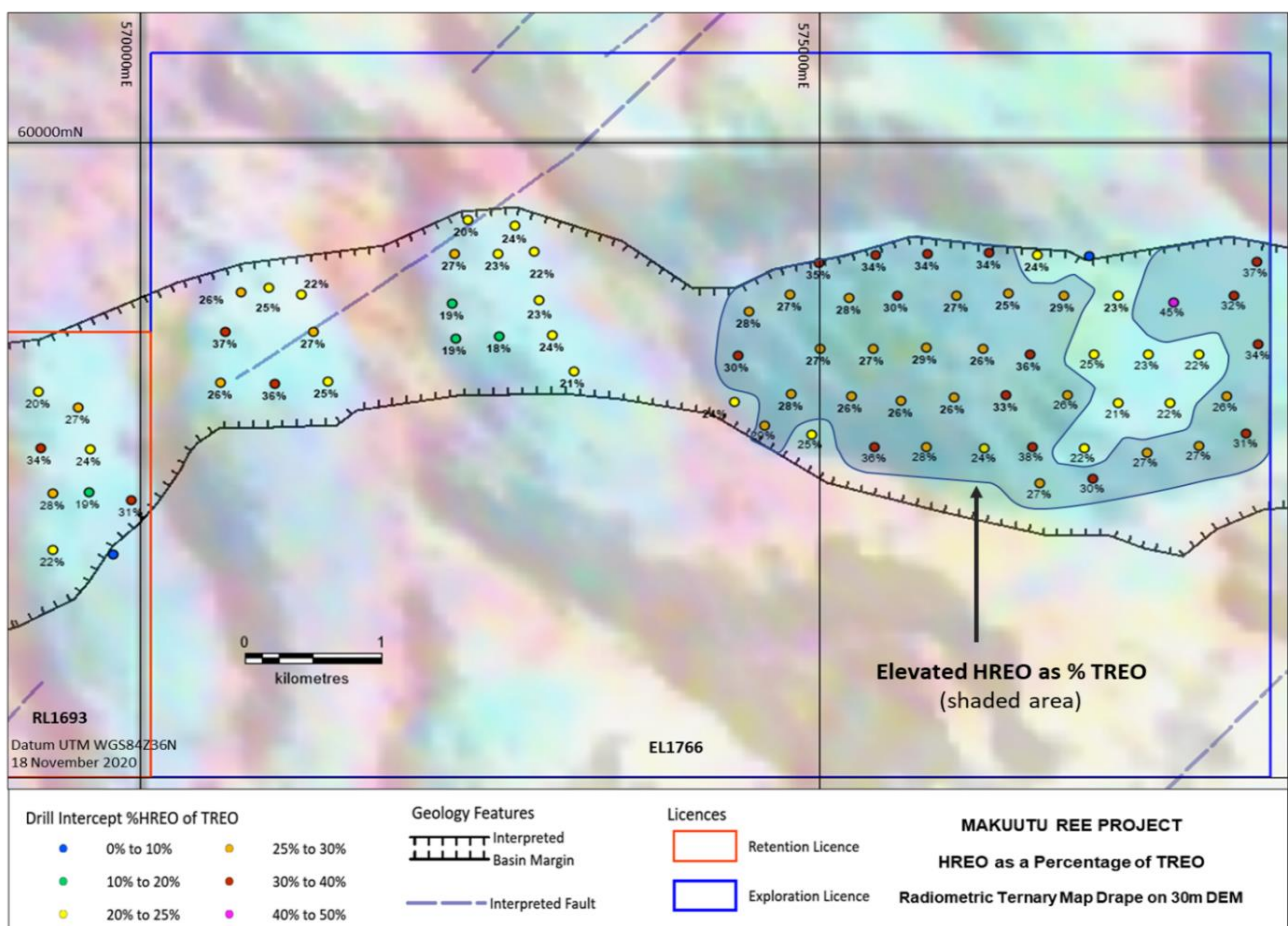


Figure 2: Eastern Zones showing MRE extensional holes highlighting increased HREO as a percentage of TREO in the east (shaded area).

Update on Scoping Study & further activity

Given the potential for a material increase in the Mineral Resource Estimate expected in Q1 2021, the Company will be completing an update of the Scoping Study ("Study") to reflect the significantly increased scale of the Makuutu Rare Earths Project. The updated Study will potentially feature multiple process modules and present options for accelerated production capacity ramp-up further to the initial scenarios previously considered in the Study.

Progress is well underway on the determination of an Exploration Target for the new Exploration Licence application TN03424, and a subsequent initial drill program planned for Q2 2021.

***** ENDS *****

Authorised for release by Brett Dickson, Company Secretary.

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Competent Person Statements

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 23 June 2020 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.