

27 August 2020

UGANDAN MINISTERIAL SITE VISIT AND DRILLING UPDATE

- **Government Ministers and Local District Authorities visit Makuutu Project area**
- **1,658 metres comprising 104 drill holes completed to date with two rigs operating**
- **First batch of drill core assays expected within the next week**

Ionic Rare Earths Limited (“**IonicRE**” or “the **Company**”) (ASX: IXR) is pleased to provide an update on progress of the Makuutu Rare Earths Project (“**Makuutu**”) in Uganda, including the key Phase 2 drill program.

On Friday 21st August 2020, Hon. Sarah Opendi Achieng, Minister of State for Mineral Development, delegations from the Ministry of Energy and Mineral Development (“**MEMD**”) and Directorate of Geological Survey and Mines (“**DGSM**”) visited the Makuutu site to inspect progress to date. The visit also included local authorities of the Bugiri and Bugweri Districts, where the field activities of drilling, core-splitting, sampling and the sample storage facilities at Makuutu Subcounty were inspected. In all, IonicRE’s project team hosted some 25 dignitaries with very positive feedback and encouragement received from all groups.

Further to the announcement to the ASX on 13th August 2020, progress on the Phase 2 drilling program remains accelerated with 104 drill holes totaling 1,658 metres completed to date. Drilling of the massive Makuutu Eastern Zone on EL 1766 is nearing completion and it is expected that at this rate the full program will be completed by mid-October 2020.

The Phase 2 drill program, which commenced in early July 2020, comprises 3,700 metres of core drilling to further quantify the full potential of the 26-kilometre-long Makuutu mineralisation corridor, and is expected to materially increase the size of the already substantial Mineral Resource Estimate.

The resource extension drilling is focused on increasing the size of the existing Mineral Resource Estimate by drilling out the Makuutu Exploration Target on a 400metre x 400metre grid over an area of approximately 16 square kilometres, which is more than three (3) times the existing Mineral Resource Estimate (MRE) area.

This drill program is the largest undertaken on the project to date, and will materially expand on the previous 990 metres of core drilling which delivered a Mineral Resource Estimate announced to the ASX on 23rd June 2020 and set out in Table 1, of:

78.6 Million tonnes @ 840 ppm TREO, at a cut-off grade of 300 ppm TREO-Ce₂O₃

Most of the untested 26-kilometre-long Makuutu mineralisation corridor is being tested by the current drill program, which will potentially realise the significant resource potential at Makuutu as evidenced by the Exploration Target* of **270 – 530 million tonnes grading 0.04 – 0.1%** (400 – 1,000 ppm) TREO¹ as announced to the ASX on 4th September 2019.

* This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

IonicRE's Chief Executive Officer, Mr. Tim Harrison commented:

“The rate at which we are progressing the drill program has been outstanding. We have safely maintained the pace, with nearly 50% of the program completed after six weeks of drilling, and at the present rate we expect a further six weeks to complete the full 3,700 metre program. By that stage we expect to be close to reaching 51% ownership of the Makuutu Project.”

“With our JV partner, we were thrilled to host the MEMD, DGSM and key local stakeholders of the Makuutu Project area to witness first-hand the outstanding progress we have been able to achieve over the past 12 months. The collective and widespread appreciation for the potential of the Makuutu Project is building within Uganda, and we remain thankful for the tremendous support we have received from our stakeholders. We are committed to developing a long life, environmentally and socially responsible, Critical and Heavy Rare Earth supply alternative at Makuutu.”

Drilling Program

The Phase 2 diamond core drilling program (refer Figure 1 and Figure 2), which follows on from the drilling program undertaken by the Company in Q1 2020, has the following objectives:

- 1) In-fill drilling within the area of the current Mineral Resource (on tenement RL 1693) to assess short range REE grade variability for application to resource grade estimation confidence – 11 drill holes completed and assays pending;
- 2) Resource extensional drilling to expand the current Mineral Resource area further to the east (on tenement RL 1693) – 37 drill holes completed, 5 assays pending and 32 to be transported in next sample tranche from Uganda;
- 3) Exploration drilling on adjacent tenement EL 1766, or Makuutu Eastern Zone (MEZ) – 56 drill holes completed and 12 remaining to be drilled;
- 4) Exploration drilling on the western side of the current Mineral Resource area further to the west (on tenement RL 1693);
- 5) Exploration drilling on adjacent tenement RL 00007, or Makuutu Western Zone (MWZ); and
- 6) In-fill drilling within the area of the current Mineral Resource (on tenement RL 1693) to enhance resource grade estimation confidence.

¹TREO = Total Rare Earth Oxide

Drill hole assays for the 11 infill holes are pending and are expected shortly. Assay reports for the further five (5) resource extension holes are due within two (2) weeks.

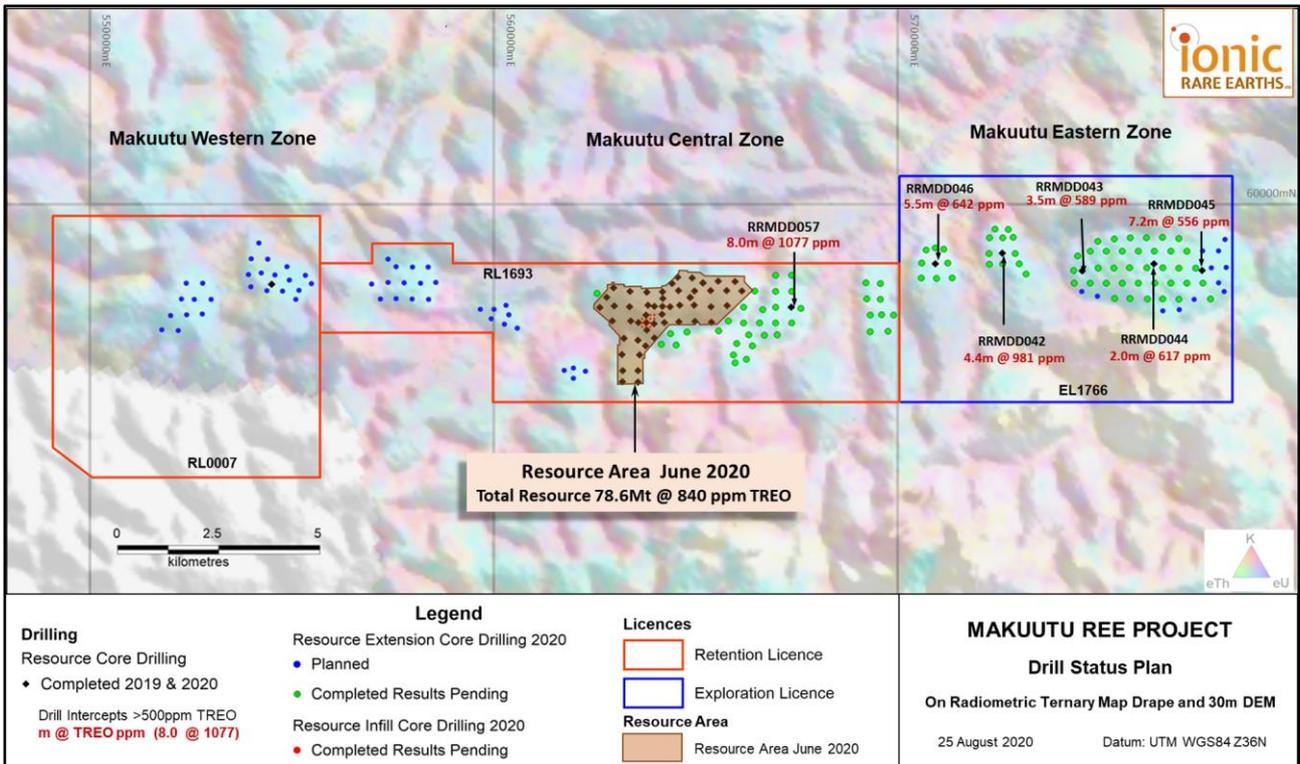


Figure 1: Current drill program showing both completed (red & green) and planned (blue) drill holes stretching over 26 kilometres across the three tenements at the Makuutu Rare Earths Project.

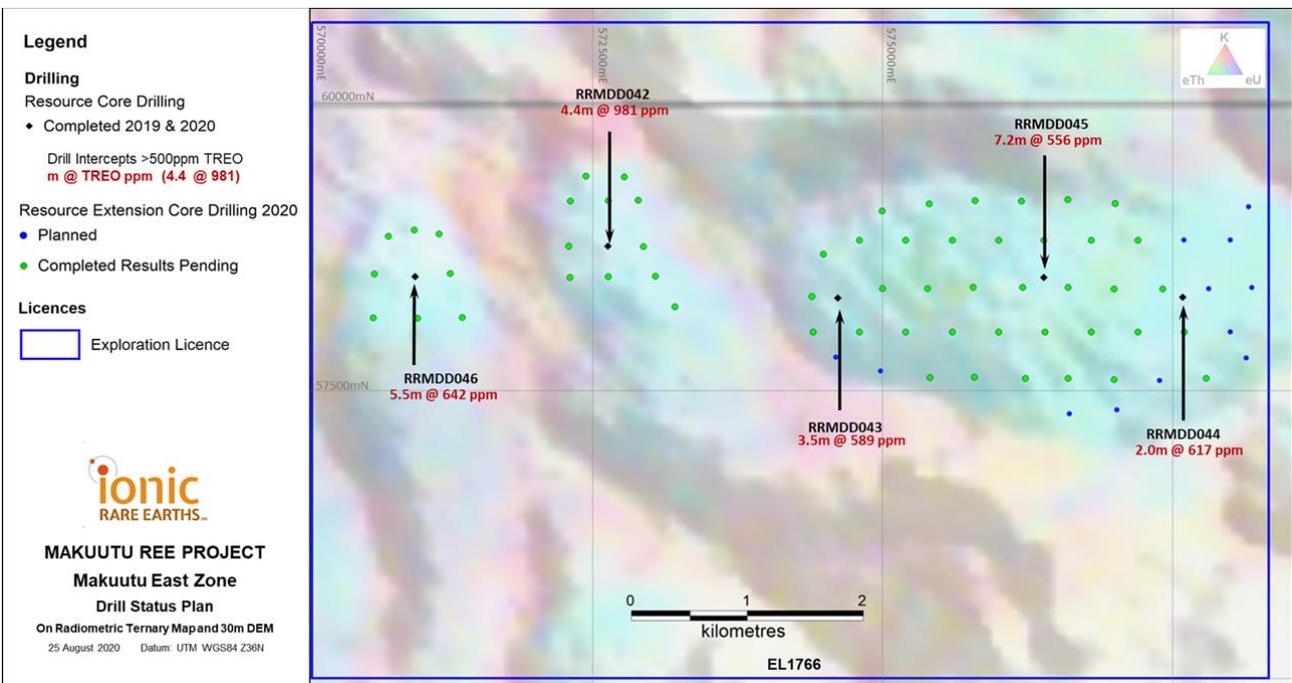


Figure 2: Current drill program showing both completed (green) and planned (blue) drill holes in the Makuutu Eastern Zone, EL 1766.

Visit from Ministry of Energy and Mineral Development

On Friday 21st August 2020, Rwenzori Rare Metals Limited (“Rwenzori”), 100% owner of the Makuutu Rare Earths Project, and of which IonicRE owns 31% at present with option to increase to 60%, hosted a visit from the Hon. Sarah Opendi Achieng, Minister of State for Mineral Development and a technical team from the Ministry of Energy and Mineral Development - the Directorate of Geological Survey and Mines (DGSM). The visit was extremely well received, and consisted of additional delegations from, from the local Bugiri and Bugweri Districts, Natural Resources and Environmental Officers, Subcounty Leaders and key local stakeholders.

The Minister and delegation visited a drill site on EL1766 where drilling work was taking place, followed by a visit to the sample processing station at Makuutu Subcounty. The visit provided a chance for wider Q&A, plus a presentation on the current project activities, discussions on project development, future work program requirements and overall project timelines. Feedback from the visit was unanimously supportive, and the company will now look to prepare to expedite in country activities once the completion of the scoping study and current drill program are completed.



Figure 3: Hon. Sarah Opendi Achieng, Minister of State for Mineral Development (centre) inspecting the drill core sample cutting station at Makuutu.

Increasing Ownership of Makuutu Rare Earths Project

IonicRE is progressing rapidly towards increasing the overall ownership in the Rwenzori Rare Metals Limited, the 100% owner of the Makuutu Rare Earths Project. IonicRE presently owns 31% of Rwenzori, and by nature of an earn-in agreement, is nearing the 51% ownership milestone defined by investment contribution. It is expected that the completion of the drill program plus other project activities will see IonicRE meet the earn-in obligations to acquire 51% ownership prior to Retention Licence 1693 renewal and Scoping Study submission to the DGSM due before 1 November 2020.

Table 1: Makuutu Resource above 300ppm TREO-Ce₂O₃ Cut-off Grade.

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO-Ce ₂ O ₃ (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)
Indicated Resource	9.5	750	520	550	200	280
Inferred Resource	69.1	860	620	640	210	320
Total Resource	78.6	840	610	630	210	310

Rounding has been applied to 0.1Mt and 10ppm which may influence grade average calculations.

Table 2: Makuutu Rare Earths Project Reconnaissance RRMDD Diamond Core Hole Details (Datum UTM WGS84 Zone 36N)

Drill Hole ID	UTM East (m.)	UTM North (m.)	Elevation (m.a.s.l.)	Drill Type	Hole Length EOH (m.)	Azimuth	Inclination
RRMDD042 ²	572,636	58,752	1,106	DD	11.20	0	-90
RRMDD043 ²	574,615	58,301	1,125	DD	12.50	0	-90
RRMDD044 ²	576,391	58,482	1,145	DD	15.00	0	-90
RRMDD045 ²	577,588	58,310	1,147	DD	18.50	0	-90
RRMDD046 ²	570,974	58,487	1,103	DD	12.00	0	-90
RRMDD057 ³	567,405	57,393	997	HQ DD	16.50	0	-90

Authorised for release by Brett Dickson, Company Secretary.

***** ENDS *****

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²Announced to ASX 23rd December 2019. Elevation is not considered accurate. Recorded with handheld GPS

³Reported to ASX on 28th May 2020.

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.