

6 November 2020

APPLICATION FOR ADDITIONAL EXPLORATION LICENCES TO INCREASE MAKUUTU PROJECT SCALE

HIGHLIGHTS:

- **IonicRE has applied for Exploration Licence (EL) extending east of Makuutu Eastern Zone (EL 1766), following the radiometric anomaly trend and within the sedimentary basin margin which hosts elevated heavy rare earth mineralisation**
- **Potential to translate to a substantial step change in ionic adsorption clay mineralisation at Makuutu to support increased heavy and critical rare earth dominant production scenarios**
- **The new EL application significantly increases the tenement claim at Makuutu by approximately 80%, and increases the prospective strike from 26km to 36km**
- **Current Exploration Target likely to materially increase**

Ionic Rare Earths Limited (“**IonicRE**” or “the Company”) (ASX: IXR) is very pleased to announce its 51% owned subsidiary, Rwenzori Rare Metals Limited (“**RRM**”), has submitted applications for two new Exploration Licences for the Makuutu Rare Earths Project (“**Makuutu**”) with the Ugandan Directorate of Geological Survey and Mines (DGSM).

The two applications have been strategically targeted to complement and potentially materially expand RRM’s existing land holdings. Figure 1 illustrates 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.

The location of the current Mineral Resource Estimate (MRE) is also displayed and it is expected that based upon the initial resource extension results received to date, a substantial increase may be achieved in the next update in early Q1 2021. Makuutu already boasts a significant MRE of:

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

The new EL tenements may also significantly extend the 26-kilometre-long Makuutu mineralisation corridor, to a revised distance of 36-kilometres and which may substantially add to the existing Exploration Target* of **270 – 530 million tonnes grading 0.04 – 0.1% (400 – 1,000 ppm) TREO**, 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.

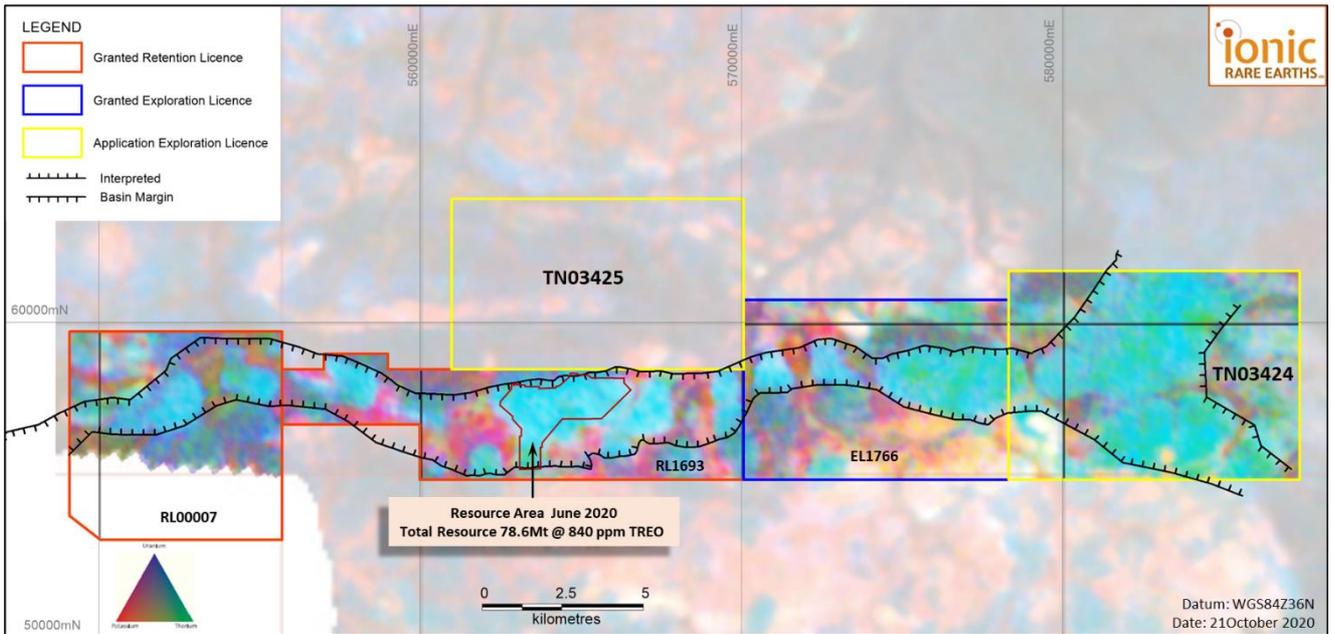


Figure 1: Makuutu Rare Earths Project Licences (existing and new applications in yellow) on regional Radiometric Ternary Image and Interpreted REE Host Sedimentary Basin extending east of EL 1766.

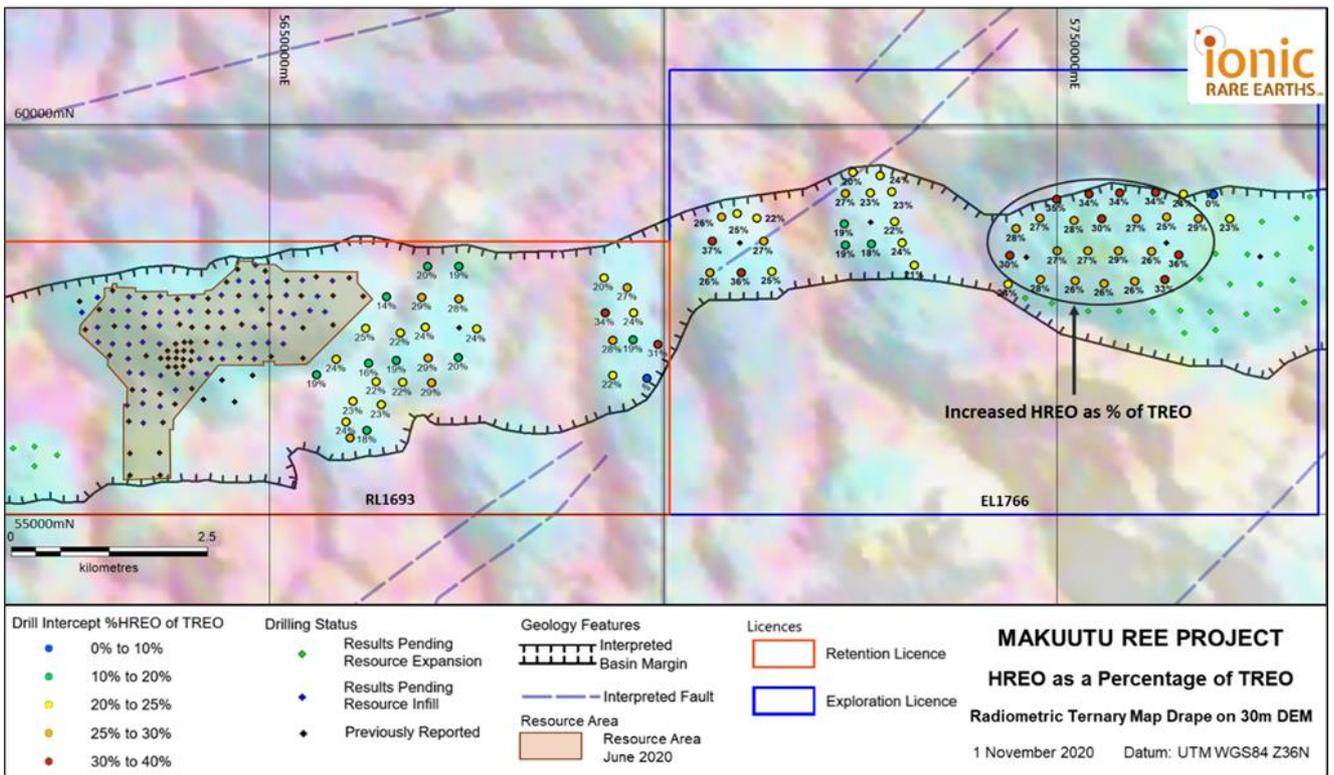


Figure 2: Makuutu Central and Eastern Zones showing MRE extensional holes highlighting increased HREO as a percentage of TREO in the east, EL 1766, and also showing the continuity of the basin east towards TN03424.

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

“The potential for a substantial step change in ionic adsorption clay mineralisation in this new eastern target is incredibly exciting for the Company. As drill assay results are returned from our recent drill program, we continue to see validation of the radiometric anomalies with predicted clay presence following along the trend within the Karoo Basin. Logging of the recent drilling on the eastern perimeter of EL 1766 intersected sand clay intervals. Based on these results we have high expectations for the ground in TN03424 and are very excited by the prospect that appears present.

“Our focus remains on defining and progressing towards developing a globally significant long-life alternative supply of heavy and critical rare earths, and this potential additional tenement area could add significant value in achieving this goal”.

Exploration Licence Applications

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.

If granted, TN03424 will extend the Project coverage of the rare earth prospective basin to approximately 36 kilometres in length. No prior rare earth exploration is known of on this application area.

- **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.

The recently announced tranche 3 drill assays (ASX: 5th November 2020) indicated a consistent step change increase in the proportion of heavy rare earth oxide (HREO), as a percentage of total rare earth oxide (TREO), that is greater than the existing MRE average of 25%. Intercepts in the eastern zone range from 26% to 36% HREO in TREO. Figure 2 shows the %HREO for the intercepts above resource cut-off grade.

Exploration programs for both areas have been planned and budgeted to commence following the grant approvals.

Licence Grant Process

The applications are registered as of 19th October 2020 (TN03424) and 21st October 2019 (TN03425) and currently listed by the DGSM as “Application Pending - Documents Verification”. Under the Ugandan Mining (Licensing) Regulations 2019, the applications are required to be processed within 40 days of application and, subject to approval, will then be granted on payment of the required fees. The Company is not aware of any reason why the applications would not be approved and remains in good standing with the Ugandan DGSM and Ministry of Energy and Mineral Development.

***** ENDS *****

Authorised for release by Brett Dickson, Company Secretary.

For enquiries, contact: Tim Harrison
Chief Executive Officer
+61 8 9481 2555

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.