

28 October 2022

IONIC RARE EARTHES COMPLETES ESG ACCREDITATION FROM INDEPENDENT LEADING GLOBAL PLATFORM

- **Digbee ESG™ has awarded Ionic Rare Earths' a "BB" ESG score for Corporate and Makuutu Rare Earth Project activities**
- **Digbee ESG™ is considered the mining sector's leading independent assessment platform for ESG disclosure and is endorsed by leading global financiers**
- **Initial submission paves a path for operational and reporting improvements to be addressed across all pillars of Environmental, Social and Governance**

The Board of Ionic Rare Earths Limited ("IonicRE" or the "Company") (ASX: IXR) is pleased to report an independent panel of globally recognised ESG experts from Digbee ESG™ ("Digbee") have awarded IonicRE an overall ESG rating of "BB" on both corporate and Makuutu Rare Earth Project ("Makuutu" or "the Project"). Makuutu is being developed by IonicRE's 51% owned Ugandan subsidiary, Rwenzori Rare Metals Limited ("RRM"). This inaugural submission and review by Digby, demonstrates IonicRE's continued strong commitment to ESG integration, reporting transparency and continuous improvement.

IonicRE is focused on establishing a sustainable business which is solving complex global problems – to supply global customers with an alternative, sustainable supply of magnet and heavy rare earth elements critical to driving a Net-Zero Carbon future. In doing so, IonicRE recognises that sustainable mining practices and business ethics must be upheld.

The Digbee platform offers companies a right-sized, future-looking set globally aligned ESG frameworks to map out ESG risks and opportunities.

In assessing ESG credentials Digbee looked at several factors and awarded those individual factors a score that ranged from C to AA. The BB score achieved by IonicRE is an average of all scores and IonicRE acknowledges that there is the potential to reflect C or AA depending on action or inaction taken to manage ESG risks and opportunities.

The top 5 rating bands of AAA to BB (see Figure 1) give credit for present positives/opportunities whereas the bottom 5 rating bands (B to D) reflect present negatives/threats.

Overall Score

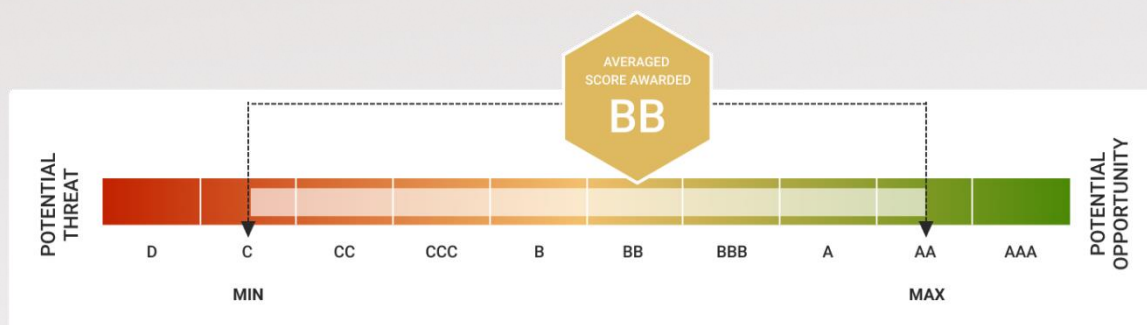


Figure 1: A graphic representation of IonicRE's overall ESG risks and opportunities assessed by Digbee ESG™.

On receiving confirmation of Ionic Rare Earths' overall ESG "BB" rating from Digbee's ESG™ independent assessment team, **Mr Tim Harrison, Managing Director of Ionic Rare Earths commented:**

"Our commitment to a transparent ESG strategy, reporting and continuous improvement program is exemplified by our partnership with Digbee ESG™."

"Now that the independent team of experts from Digbee ESG™ have identified IonicRE's baseline credentials we will now incorporate all their recommendations in order to assist in improving our Environmental, Social and Governance programs, which will remain a key focus in the development of our assets, and in upholding the highest levels of business ethics."

"The Board and staff of IonicRE and subsidiary company Rwenzori Rare Metals are pleased with our maiden overall ESG award of "BB" and acknowledge that this range provides some near-term opportunities for improvement. As the improvements are embedded in our current operations, we look forward to preparing our next submission and demonstrating improvement as we advance Makuutu towards development and operations."

Commenting on the assessment, **Mr Jamie Strauss, the founder and CEO of Digbee commented:**

"All companies have the opportunity to demonstrate a positive ESG journey. The commitment by IonicRE's management to embrace transparency and build a sustainable project was emphasised time and again during the company's submission. Rare earth metals are a critical material required for the global energy transition and the Makuutu project is well located to take advantage of a number of sustainable benefits, such as hydropower. A number of important areas of remediation have been identified but I have no doubt the commitment of this management to address these over subsequent periods will be proven."

Assessment Findings

The inaugural Digbee report and associated scoring system provides IonicRE with a baseline ESG risks and opportunities assessment within the rating credentials for both IonicRE corporate (Figure 2) and the Makuutu Rare Earths Project (Figure 3). This report will now allow for IonicRE to apply improvement mechanisms in relation to the pillars of Environmental, Social and Governance embedded within our entire operation, from the Makuutu Rare Earths Project in Uganda to Ionic Technologies in Belfast, and within IonicRE.

Some of the findings in the report included the following items:

Environmental

- *Mining and subsistence farming:* Multiple small scale subsistence farmers own the land which will be impacted by mining, requiring a significant engagement process to ensure mining can commence. In an overall reporting and stakeholder engagement improvement program, IonicRE has identified Non-Government Organisations (NGOs) to partner with to support the farmers, along with an expanding local workforce with time allowed for training of local community liaison officers (CLOs) on the ground. Technology mechanisms are being implemented to ensure clarity of reporting and communication to all stakeholders. This will ensure that the impact to farming is positively improved in the future as the Project matures.
- *Feasibility Study to clarify heap leaching processing methods:* In the Company's upcoming Feasibility Study, it will clearly identify the environmental and social threats associated with heap leaching. Further operational and ESG reporting steps have been identified and robustly managed through improved reporting mechanisms on the ground, with technology, management accountability and board oversight.

Social

- *Resettlement Action Plan:* A large-scale resettlement program of approximately 500 community members including subsistence farmers is required. IonicRE's ambitions versus the reality of clear data collection and timelines to manage the process of land ownership will now be reflected through the implementation of transparent reporting mechanisms, data collection and employment of local CLOs required to inform and execute this program of work ahead of Environmental and Social Impact Assessment (ESIA) approval.
- *Improving Stakeholder Communications of Community Relations Capability:* In Uganda, the in-country local community workforce has grown significantly. In the past fortnight, employment of local community members across the Project continued with 10 new CLOs onboarded. Training of new and existing CLOs continues to underpin the Resettlement Action Plan (RAP) rollout. Coordinated efforts between RRM and IonicRE to improve stakeholder communications are underway to reflect the positive work and improved community sentiment amongst local members living near the Project.

Governance

- *Grievance & Speak-up processes* – Creating a culture of safety and the opportunity for all stakeholders to speak up is critical to the future development of all IonicRE workplans and social license to operate across mining, refining and recycling businesses. At the time of the Digbee submission there was no formal complaints and grievances procedure in place. After the submission, IonicRE is now in the process of establishing anonymous channels for all stakeholders to speak up and advise of grievances – creating a culture of support for staff and openness for community members. As such, IonicRE will be reviewing the current Whistleblower policy, and is establishing internal reporting protocols plus implementing internal and external communications programs reflecting improvement measures.
- *ESG Strategy*: IonicRE is in the process of communicating the overarching ESG strategy, communications, reporting and continuous improvement program. The findings based in the Digbee report have provided insights and measures to improve upon. In the coming quarter, IonicRE will communicate this strategy to the market.

Mr Tim Harrison, Managing Director of Ionic Rare Earths continues:

“The circular economy of rare earths will become increasingly more important over years to come. Demonstrating sustainable business practices and a commitment to ESG transparency and reporting of our activities will create value for our stakeholders and positively impact the social development programs in Uganda. Whilst in turn, empowering industries to develop carbon neutral applications.”

“The board and management of IonicRE, plus our subsidiary companies Rwenzori Rare Metals and Ionic Technologies, accepts the scientific notion of climate change. It is the result of human activity, and that the activities associated with rare earths mining, refining and technological innovation of magnet recycling can contribute to rising temperatures through GHG emissions.”

“In the coming months we look forward to releasing our ESG strategy and reporting aspirations as we look to embed the improvements outlined in our maiden Digbee report and embark on our Communication of Progress to the United Nations Global Compact.”

“IonicRE’s next submission to Digbee for review by the global panel of independent ESG experts is September 2023.”

Corporate Score

DigbeeESG™

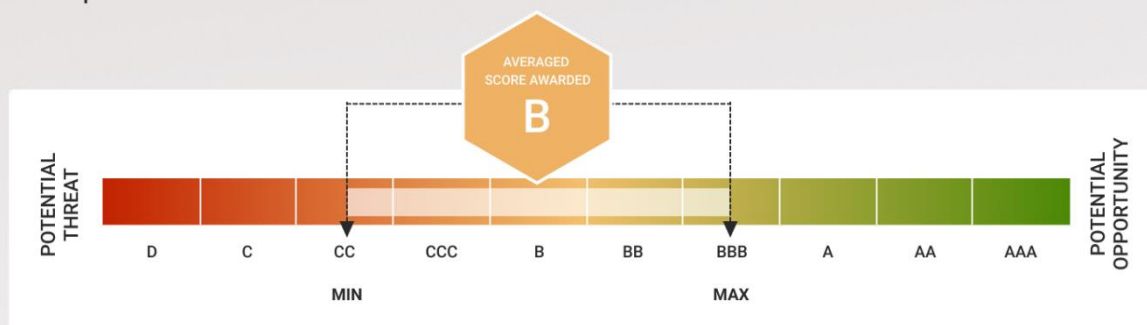


Figure 2: A graphic representation of IonicRE's corporate ESG risks and opportunities assessed by Digbee ESG™.

Project Score: Makuutu

DigbeeESG™

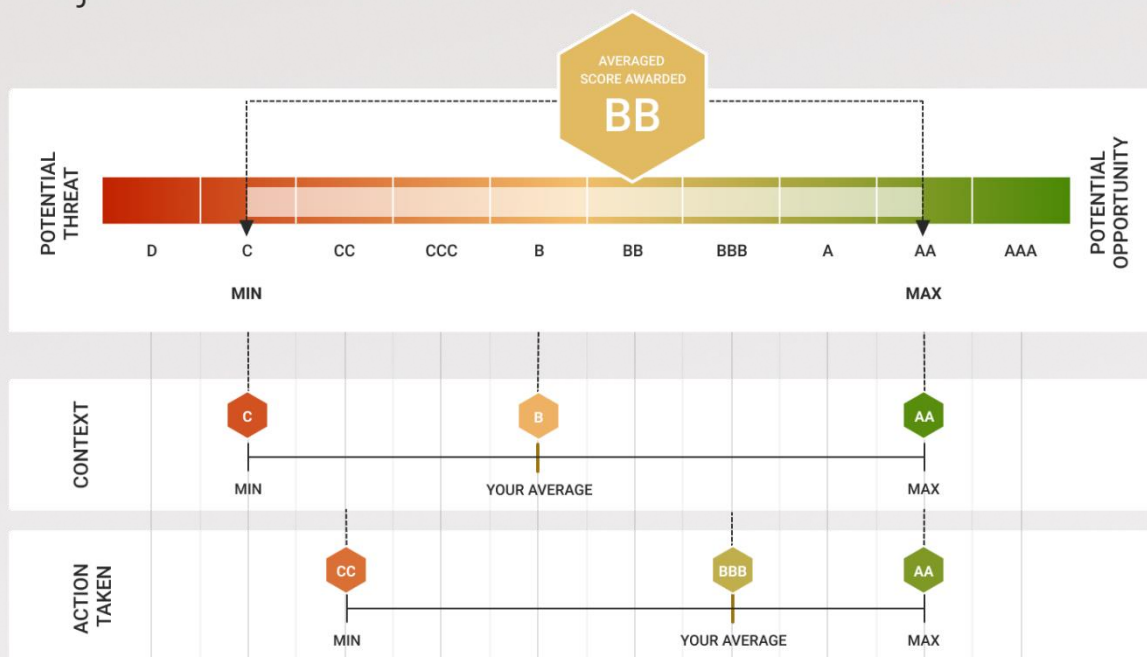


Figure 3: A graphic representation of IonicRE's Makuutu Rare Earths Project ESG risks and opportunities assessed by Digbee ESG™.

Authorised for release by the Board.

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About Ionic Rare Earths Ltd

Ionic Rare Earths Limited (ASX: IXR or IonicRE) is focused on developing its flagship Makuutu Rare Earths Project in Uganda into a significant, long life, high margin, supplier of high-value magnet and heavy rare earths oxides (REO).

Makuutu is an advanced-stage, ionic adsorption clay (IAC) hosted rare earth element (REE) project highlighted by near-surface mineralisation and significant exploration upside. The clay-hosted geology at Makuutu is similar to major IAC rare earths projects in southern China, which are responsible for the majority of global supply of low-cost rare earths, specifically the high value Heavy REOs (>95% originating from IAC). Metallurgical testing at Makuutu has demonstrated a proven ionic fraction, which provide multiple avenues for a low-CAPEX process route. Makuutu is well-supported by tier-one existing infrastructure which includes access to major highways, roads, power, water and a professional workforce. IonicRE announced a substantial 70% increase to the MRE at Makuutu in May 2022, with potential for a 50+ year life of mine.

IonicRE plans to become a vertically integrated magnet and heavy rare earths supply chain early mover. In August 2021, IonicRE announced plans to develop its own magnet and heavy rare earth refinery, or hub, to market its unique and high value magnet and heavy rare earths dominant basket (~73%). Now with the addition of Ionic Technologies, a 100% owned UK subsidiary company with patented technology for traceable permanent magnet recycling, completes the circular economy of rare earths.

IonicRE is a Participant of the UN Global Compact and adheres to its principles-based approach to responsible business.

About Digbee ESG™

Digbee is considered the world's leading ESG disclosure platform for the mining sector. It's not a new standard, and the Digbee ESG score does not reflect the score for any standard. Instead, Digbee's ESG framework currently maps to some of the worlds' leading global ESG disclosure frameworks such as United Nations, World Economic Forum, SASB, TCFD and others.

Digbee has been developed in consultation with mining companies, ESG specialists and capital providers and is endorsed by leading financial institutions, producing mining companies and other industry stakeholders. It provides mining companies like IonicRE with a right-sized, future-looking set of frameworks aligned to global ESG frameworks.