

2 February 2023

UPDATE ON U.S. DOWNSTREAM STRATEGY

The Board of Ionic Rare Earths Limited ("IonicRE" or "The Company") (ASX: IXR) is pleased to provide an update on its downstream activities and advises that it remains fully committed to advancing and building its downstream capacity in the United States.

With the pending finalisation of the Mining Licence Application (MLA) at the Makuutu Rare Earth Project ("Makuutu" or "the Project") and significant progress achieved in 2022 at the IonicRE's 100% owned magnet recycling subsidiary, Ionic Technologies ("IonicTech") facility in Belfast, UK, the Company continues to focus on further advancing discussions with several groups who have indicated a desire for greater critical mineral supply security and specifically access to the Makuutu basket of heavy rare earth elements.

Over the last few months IonicRE has been engaging with US State representatives to best locate and establish a rare earth separation and refining plant (**Refinery**), located within close proximity to suppliers of reagents, and potential end user customers. As part of discussions, the potential nominated location is also within close proximity to a technical partner who would enhance the potential supply chain for value addition of separated and refined rare earth oxides (REO) to value added products.

In addition, the Company continues to further engage with the US Government departments, US automotive industry and other OEMs, and seeks to enhance its US based representation by establishing relationships with potential strategic partners that are able to demonstrate access to funding, both public and private, for the development of the Refinery.

These discussions will be further supported through the completion of the Refinery Scoping Study which is well advanced, and being completed with key input from potential stakeholders. The Refinery Scoping Study is expected to be finalised at the end of Q1 2023, pending key agreements being reached on proposed location.

Following on from the appointment of additional key senior personnel in IonicTech (ASX: 1 February 2023), the Company is now progressing several discussions to expand its activities in the U.S. to include the establishment of a magnet recycling facility with a strategic partner.

Magnet recycling presents an opportunity to enter the US market early and commence commercial supply engagement with customers of magnet rare earth products, plus enables the Company to participate in initial programs aimed at building US domestic rare earth capability.

Given geopolitical tensions and US government initiatives to support the domestic production of permanent magnets to provide a foundation for US manufacturing across several industries, initiatives such as the US Inflation Reduction Act and critical materials supply agenda enables the

Company, with strategic partners, to be a potential early mover in the rare earths supply chain, supported by a long life, magnet and heavy rare earths asset like Makuutu.

The Company looks forward to providing a further updates as progress unfolds.

Authorised for release by the Board.

For enquiries, contact:

Tim Harrison

Managing Director

+61 3 9776 3434

investors@ionicre.com

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.