Ionic Rare Earths Limited

ABN 84 083 646 477

Annual Report - 30 June 2026

Directors	Brett Lynch – Executive Chairman Timothy Harrison– Managing Director and CEO Maxwell McGarvie – Non-Executive Director Sufian Ahmad – Non-Executive Director James Rutherford – Non-Executive Director
Company secretary	Anshu Raghuvanshi
Notice of annual general meeting	The details of the annual general meeting of Ionic Rare Earths Limited are: 13 November 2026 at 11:00am (AEDT)
Registered office and principal place of business	Suite 09, Level 5, North Tower 525 Collins Street Melbourne VIC 3000 Telephone: +61 3 9776 3434 Email: investors@ionicre.com
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: 61 3 9415 4000
Auditor	BDO Audit Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
Solicitors	Baker & McKenzie Level 19, CBW, 181 William Street Melbourne Victoria 3000 Australia
Bankers	National Australia Bank Level 1, Gateway Building 177-179 Davy Street Booragoon WA 6154
Stock exchange listing	Ionic Rare Earths Limited shares are listed on the Australian Securities Exchange (ASX code: IXR)
Website	www.ionicre.com
Corporate Governance Statement	The Directors and management are committed to conducting the business of Ionic Rare Earths Limited in an ethical manner and in accordance with high standards of corporate governance. Ionic Rare Earths Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year, identifies and explains any Recommendations that have been followed, which is approved at the same time as the Annual Report can be found at: https://ionicre.com.au/investor-centre/

Dear IonicRE Shareholders

The past year has seen further progress by IonicRE on the repositioning of the Company in the mid and downstream segments of the rare earth value chain. Central to this strategy is progressing the delivery of the Company's first commercial magnet recycling plant, and ultimately multiple facilities worldwide.

IonicRE's wholly owned Belfast subsidiary, Ionic Technologies has worked hard to reach this point and in doing so has had significant support from key stakeholders in industry and government.

A succession of grants and other support from the UK Government culminated in the award in January 2026 of an Offer in Principle for a £12 million (approx. A$23 million) capital grant to support the delivery of a commercial magnet recycling facility in Belfast, Northern Ireland.

This is a major commitment from the UK Government, and I would like to sincerely thank all involved for this vote of confidence in our Company.

A commercial magnet recycling plant in Belfast Harbour will support employment and investment growth in the regional economy, while giving the UK sovereign capability as it seeks to reduce reliance on imports of critical minerals, as per the UK Government's November 2025 Critical Minerals Strategy.

This ground-breaking facility will produce 400 metric tonnes per annum of high purity (99.5% plus) separated magnet Rare Earth Oxides (REOs), utilising Ionic Technologies' patented long-loop recycling technology.

IonicRE is currently working with the UK's Department for Business, Innovation, Science and Trade (BIST) (formerly known as the Department for Business and Trade (DBT)) and the Advanced Propulsion Centre UK (APC) to progress the required due diligence needed to access this key funding, along with other key UK government bodies to secure additional funding for the facility. The Company has also progressed discussions with a range of potential strategic and institutional investors to secure the remaining required equity capital for this £85 million project, targeting a Final Investment Decision by the end of the September quarter 2026.

As part of this process, the Company is exploring a dual listing on the London Stock Exchange's Alternative Investment Market (AIM), Europe's most successful market for growth companies, complementing IonicRE's existing ASX listing while providing access to a broader pool of international investors in London and Europe.

Post-balance date, in July 2026 IonicRE appointed Tenova Advanced Technologies to complete Front-End Engineering Design (FEED) for the Belfast commercial plant. The planning approval process is progressing with strong local stakeholder support following a successful public consultation completed in May 2026 and the public consultation period concluding on 12 June 2026 with no objections. Ionic Technologies aims to submit a full Planning Application with Belfast City Council in the third quarter 2026, in another milestone for the project's development.

In May 2026, a collaboration led by Ionic Technologies and including industry partners Less Common Metals (LCM), GKN and Ford UK successfully demonstrated a first-of-kind supply chain for e-motor magnets, in another step forward in developing UK rare earth supply chains. The project showed that Ionic Technologies can provide a reliable supply of REOs for automotive magnet production, key for the UK's EV revolution. This model is now being explored in other target markets.

Ionic Technologies in July 2025 led an industry consortium which secured £11 million in funding to create a UK rare earth permanent magnet (REPM) supply chain, under the 'CirculaREEconomy' project. With industry partners from across the UK and Europe, this collaboration shows the potential for a UK/Europe rare earths circular supply chain.

These are exciting times for IonicRE shareholders, and as we cement our position in the UK and Europe, I look forward to providing further updates to the market as we advance on our UK commercialisation drive.

US market entry

The past year has also seen IonicRE take the significant step of entering the US defence sector, thanks to a partnership with US-based Advanced Magnet Lab (AML).

Announced in May 2026, the agreement requires IonicRE to supply AML with magnet REOs as per AML's contract with the US Defense Logistics Agency, focused on qualification of domestically produced high-grade sintered NdFeB permanent magnets for defence applications.

The partnership has the potential to support increasing requirements from the U.S. Department of War linked to the ramp up of domestically manufactured military drone motors and other critical defence equipment requiring secure, traceable, and domestically sourced rare earth permanent magnets, amid increasing geopolitical instability and need for Western supply of such critical materials.

Sales have already commenced under the agreement and IonicRE looks forward to making further inroads into this key market.

Plans for a magnet recycling facility in the United States were advanced with the signing in November 2025 of a Memorandum of Understanding with Missouri-based US Strategic Metals (USSM), which has the advantage of a fully permitted, 1,800 acre (728.4 hectare) site in Missouri.

A planned facility at the site could produce significant quantities of NdPr (neodymium and praseodymium), and importantly a range of strategic heavy rare earths, Dy (dysprosium) and Tb (terbium), plus host dedicated facilities to recycle SmCo (samarium cobalt) magnets and Y (yttrium) containing ceramics. These heavy REOs are central to those subject to Chinese export controls, thereby providing an important domestic supply source to the US market.

The Trump administration has imposed a January 2027 deadline for US companies to cease purchasing rare earths and magnets from China, Russia, Iran or North Korea. With China expected to announce additional export restrictions in November 2026, the need for new ex-China supply is becoming increasingly urgent and IonicRE's technology can form part of the solution.

Also in the United States, in May 2026 IonicRE agreed a Joint Development and Licensing Agreement with Nth Cycle, a critical mineral refining technology company, to enhance end-to-end rare earth refining operations in the United States and globally. Under the agreement, U.S.-based Nth Cycle will provide its proprietary electro-extraction technology for IonicRE's rare earth recycling and refining operations, establishing the first Western production pathway for both long-loop recycling to high purity REOs, as well as providing the potential to eliminate oxalic acid from the recycling process.

This will result in the most resilient and competitive rare earth recycling and refining flowsheet available, reducing costs, external supply dependencies, and carbon footprint. Currently, Western refiners face a hidden dependency on Chinese chemical supply chains in the rare earth refining process, which this partnership between IonicRE and Nth Cycle seeks to address.

IonicRE's Makuutu Heavy Rare Earths Project also has the potential to become a key partner in Western rare earths supply chains, with the Company announcing a strategic review in July 2026 to evaluate the best pathway forward to unlocking value from the Uganda project.

Viridion advances

Brazil represents another major rare earths market and Viridion, IonicRE's 50/50 Brazilian joint venture with Viridis Mining & Minerals, made some important progress during fiscal 2026.

In July 2025, Viridion was granted land for the construction of a Centre for Rare Earths Innovation, Technology and Recycling (CRITR) in Minas Gerais, an important step in developing South America's first rare earth refining and recycling hub. A groundbreaking ceremony was held in September 2025, with preliminary designs progressed along with engagement with contractors to support permitting and planning.

Refinery design work has also advanced, which is feeding into preliminary discussions with the Viridis team ahead of planned technical work expected on Mixed Rare Earth Carbonate (MREC) produced from Viridis' Colossus pilot plant at its Rare Earth Research and Processing Centre.

Viridion was also successful in progressing to the next phase of assessment under the R$5 billion (~US$900 million) funding program administered by BNDES (Brazilian National Bank for Economic and Social Development) and FINEP (Federal Agency for Funding Authority for Studies and Projects in Brazil).

Viridion has continued financing discussions with several groups, while talks are also progressing to develop a Demonstrator program showing the full rare earth magnet chain in Brazil.

Capacity building

Building a global industrial business requires increased capacity across all areas of the business. IonicRE has made some key appointments during the past fiscal year, including new senior executives and strategic advisors along with the recent hiring of a Chief Operating Officer – EMEA. The Company has also invested in a laboratory upgrade at the Belfast Demonstration Plant as well as recruiting additional technical staff to support increased activity and in the lead-up to commercial operations.

IonicRE's admission to the OTCQB market in the United States was another step forward in the internationalisation of its investor base, ahead of the planned AIM listing. The Company also completed a successful capital consolidation on a 1 for 30 basis which has resulted in a more effective capital structure for the benefit of shareholders.

I would like to thank shareholders for their continued support, along with the invaluable contribution made by my fellow Directors, staff, contractors and partners in our successful international expansion.

The tide has turned in rare earth markets with Western governments now deploying capital on building ex-China supply chains, with critical minerals stockpiling, financing and price support agreements all helping address the industry's current monopolistic structure. The first step is across metals, alloys and magnets, and that bodes well for our recycling technology which becomes central to recycling the waste streams for this new capacity coming on line first.

There is an enormous opportunity ahead for IonicRE and after the past year's advances, fiscal 2027 is set to be a truly landmark year as we finance our first commercial plant, and look to potential replication in the US as part of a global business expansion.

Tim Harrison
Managing Director and CEO

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Ionic Rare Earths Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The following persons were Directors of Ionic Rare Earths Limited during the financial year and up to the date of this report, unless otherwise stated:

Brett Lynch – Executive Chairman
Timothy Harrison – Managing Director and CEO
Maxwell McGarvie – Non-Executive Director
Sufian Ahmad – Non-Executive Director
James Rutherford – Non-Executive Director

Information on Directors

Name:	Brett Lynch
Title:	Executive Chairman
Qualifications:	B.Eng (Mining)
Experience and expertise:	Mr Lynch is a highly experienced international company director and chief executive, with a strong background in mining and mining-related businesses across Australia, Asia and North America and a proven track record in advancing shareholder value. A senior mining engineer and manager, he has more than 30 years' experience in the global industry, including previous posts with leading resources companies such as MIM Holdings, New Hope Corporation, Orica and VLI, during which time he was responsible for multi-million dollar international operations. Mr Lynch professional qualifications include a Bachelor of Engineering (Mining) (Honours) at the University of Melbourne, a Graduate Diploma of Business (Accounting) at Monash University and a Company Director Diploma from the Australian Institute of Company Directors.
Other current directorships:	Consolidated Lithium Metals Inc (TSX: CLM) Resolution Minerals Ltd (RML)
Former directorships (last 3 years):	Sayona Mining Limited (SYA)
Interests in shares:	5,426,870 ordinary shares Indirectly 333,333 ordinary shares Directly
Interests in options:	1,283,325 options over ordinary shares
Interests in rights:	1,500,001 performance rights

Name:	Timothy Harrison
Title:	Managing Director and CEO
Qualifications:	B.Eng (Chem), Fellow AusIMM
Experience and expertise:	Mr. Harrison holds a Bachelor of Chemical Engineering degree from Adelaide University and has over 26 years of experience and an extensive and successful track record in the fields of both mineral processing and hydrometallurgy across multiple commodities, including significant battery and technology metals experience. This has involved roles in project development, from process development, through studies and engineering, and commissioning and operations. Mr. Harrison is a Fellow of the Australian Institute for Mining and Metallurgy (AusIMM). Mr. Harrison has been instrumental in driving the development of Ionic Technologies and identifying opportunities for enhanced value creation through downstream refining and magnet recycling.
Other current directorships:	None
Former directorships (last 3 years):	Viridis Mining and Minerals Limited (VMM)
Interests in shares:	1,566,667 ordinary shares Indirectly
Interests in options:	209,525 options over ordinary shares
Interests in rights:	1,500,001 performance rights

Name: Maxwell McGarvie
Title: Non-Executive Director
Qualifications: MBT, MAICD, FAIM
Experience and expertise: Mr. McGarvie is a senior mining executive with an extensive portfolio of technical/managerial appointments in a career exceeding 46 years in mine development, mineral processing, operational and management roles across Australia, Africa and the Middle East. He has had a long and distinguished career in the mining industry, a significant portion of this with Iluka Resources Limited and prior entities, including development roles within its mineral sands operation at Eneabba, Western Australia and a major role in returning the Sierra Rutile mineral sands operation in Sierra Leone (operated by Iluka) to profitable operations following the civil war in that country.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 122,937 ordinary shares directly
Interests in options: 43,176 options over ordinary shares
Interests in rights: 125,000 performance rights

Name: Sufian Ahmad
Title: Non-Executive Director
Qualifications: MBA, Post-Graduate Diploma in Commercial and Resources Law, LLB (Hons), Diploma in Financial Planning.
Experience and expertise: Mr. Ahmad brings strong legal, business and marketing expertise to the Board with over 12 years' experience in the resource sector in the provision of corporate advisory services. He is also the founder of Sixty Two Capital, an advisory firm specialising in the growth and funding of emerging ASX companies.

Other current directorships: None
Former directorships (last 3 years): Battery Age Minerals Limited (BM8) (formerly known as Pathfinder Resources Limited)
Interests in shares: 5,131,065 ordinary shares Indirectly
Interests in options: 360,318 options over ordinary shares
Interests in rights: 125,000 performance rights

Name: James Rutherford
Title: Non-Executive Director *
Qualifications: Graduate of Queen's University Belfast; alumnus of the Royal Belfast Academical Institution (RBAI).
Experience and expertise: Mr Rutherford has more than 25 years' experience in investment management and banking, specialising in the global mining and metals sector. Between 1997 and 2013, he served as Senior Vice President at Capital Group, where he was responsible for investments in the global mining and metals sector. Prior to this, he was Vice President at HSBC James Capel in New York, covering the Latin American mining and metals industry. Mr Rutherford brings significant financial, capital markets, strategic and corporate governance expertise to the Board.

Other current directorships: Ecora Royalties plc
Perseus Mining Limited
Former directorships (last 3 years): Centamin plc (Non-Executive Chairman until the company's acquisition by AngloGold Ashanti in 2024)
Interests in shares: 177,532 ordinary shares directly
Interests in options: Nil options over ordinary shares
Interests in rights: 475,000 performance rights

* Mr Rutherford was appointed as a Non-Executive Director of the Company on 14 September 2026 and accordingly did not serve as a Director during the financial year ended 30 June 2026.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Brett Lynch	7	7
Tim Harrison	7	7
Maxwell McGarvie	7	7
Sufian Ahmad	6	7

Held: represents the number of meetings held during the time the Director held office.

As at the date of this report, the Company did not have audit, remuneration or nomination committees, as the Directors believe the size of the Company does not warrant their existence.

Company secretary

Mr Mark Licciardo resigned on 16 April 2026 and Anshu Raghuvanshi was appointed Company Secretary on 16 April 2026 as his replacement. The Board thanks Mark for his service to the Company.

Anshu is based in Melbourne and is a Corporate Governance Manager and Company Secretary at Acclime. She provides corporate governance and company secretarial support to a portfolio of listed (ASX and NSX) and unlisted companies. With more than 15 years' experience in company secretarial and legal roles across professional services firms, Anshu brings broad governance expertise spanning diverse industries, including investment management, rare earths development, E-commerce and healthtech.

Anshu is a Fellow of the Governance Institute of Australia and holds a Bachelor of Laws.

Principal activities

The principal activities of the Group during the year were the advancement of its rare earth magnet recycling and supply chain strategy, including progression of funding initiatives in the United Kingdom, advancement of engineering and FEED activities for its planned Belfast magnet rare earth oxide facility, expansion of strategic partnerships in the United States, and continued development of its critical minerals interests in Uganda and Brazil.

The Group's business is conducted from operations located in Australia, the United Kingdom through its 100% owned subsidiary Ionic Technologies International Limited, Uganda through its 60% held interest in Rwenzori Rare Metals Limited, and Brazil through its 50% held joint venture, Viridion.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to $14,913,778 (30 June 2025: loss of $11,341,449).

IonicRE made significant progress during the reporting period, focused on building a global industrial business based on wholly owned subsidiary Ionic Technologies' patented rare earth permanent magnet (REPM) recycling technology.

Highlights included the significant award in January 2026 of an Offer in Principle for a £12 million (approx. A$23 million) capital grant to support the delivery of a commercial magnet recycling facility in Belfast.

In May 2026, a collaboration led by Ionic Technologies and including industry partners Less Common Metals (LCM), GKN and Ford UK successfully demonstrated a first-of-kind supply chain for e-motor magnets, in another step forward in developing UK rare earth supply chains.

Ionic Technologies also led an industry consortium which secured £11 million in funding to create a UK REPM supply chain, under the 'CirculaREEconomy' project.

IonicRE also expanded into the US market, signing agreements with various US companies and gaining traction within the US defence sector.

In May 2026, an agreement signed with Advanced Magnet Lab (AML) requires IonicRE to supply AML with magnet REOs as per AML's contract with the US Defense Logistics Agency, focused on qualification of domestically produced high-grade sintered NdFeB permanent magnets for defence applications.

Plans for a magnet recycling facility in the United States were advanced with the signing in November 2025 of a Memorandum of Understanding (MOU) with Missouri-based US Strategic Metals (USSM), which has a fully permitted, 1,800 acre (728.4 hectare) site in Missouri.

A planned facility at the site could produce significant quantities of NdPr (neodymium and praseodymium), and importantly a range of strategic heavy rare earths Dy (dysprosium) and Tb (terbium). Additionally the collaboration plans to host dedicated facilities to recycle SmCo (samarium cobalt) magnets and Y (yttrium) containing ceramics.

Also in the United States, in May 2026 IonicRE agreed a Joint Development and Licensing Agreement with Nth Cycle, a critical mineral refining technology company, to enhance end-to-end rare earth refining operations in the United States and globally.

Under the agreement, Nth Cycle will provide its proprietary electro-extraction technology for IonicRE's rare earth recycling and refining operations, establishing the first Western production pathway for both long-loop recycling to high purity REEs, as well as providing the potential to eliminate oxalic acid from the recycling process.

In Brazil, Viridion, the company's 50/50 joint venture with Viridis Mining & Minerals, further progressed during fiscal 2026.

In July 2025, Viridion was granted land for the construction of a Centre for Rare Earths Innovation, Technology and Recycling (CRITR) in Minas Gerais. A groundbreaking ceremony was held in September 2025, with preliminary designs progressed along with engagement with contractors to support permitting and planning.

Viridion was also successful in progressing to the next phase of assessment under the R$5 billion (~US$900 million) funding program administered by BNDES (Brazilian National Bank for Economic and Social Development) and FINEP (Federal Agency for Funding Authority for Studies and Projects in Brazil).

IonicRE also successfully completed in December 2025 a capital consolidation on a 1 for 30 basis, as approved by shareholders at the November 2025 Annual General Meeting. The Company also undertook a 1 for 15 Renounceable Rights Issue and Placement, raising $15.6 million including a strategic investment from US-based Argentem Creek Partners.

IonicRE upgraded its presence in international financial markets with its ordinary shares gaining approval for trading on the OTCQB Venture Market in the United States under the ticker OTC:IXRRF, effective 21 January 2026.

As a result of the loss incurred for the year ended 30 June 2026 and the liquidity at the reporting date, there is a material uncertainty on whether the Group can continue as a going concern. The Directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Ionic Technologies (100% IonicRE subsidiary)

Ionic Technologies made substantial advances during fiscal 2026 towards the development of a commercial magnet recycling facility in Belfast, Northern Ireland, together with the Company's international expansion across North and South America, Europe and globally.

UK initiatives

In July 2025, the "CirculaREEconomy" consortium led by Ionic Technologies was awarded £11 million in funding from the Advanced Propulsion Centre UK (APC) and the UK Government for a first-of-kind UK based REPM supply chain, necessitating the production of high purity, separated REOs from Ionic's Belfast Demonstration Plant.

Commencing from 1 September 2025 and running for three years, Ionic Technologies and its collaboration partners will work with leading German REPM manufacturers to produce the best available sintered magnets for use in e-motors.

The consortium includes Ford Technologies Limited, Bentley Motors Limited, Wrightbus, Less Common Metals, European Metals Recycling Limited, and British Geological Survey. European REPM manufacturers, Vacuumschmelze and GKN

Powder Metallurgy are expected to produce magnets for the project, manufacturing magnets in Germany to OEM specifications.

The project is aligned with the APC's efforts to support electric drivetrain capability in the UK, with the project serving the e-motor market, promoting capability in permanent magnet synchronous motor technology. Ionic Technologies' direct allocation as part of the overall program will be approximately £3.1 million over the program.

In November 2025, IonicRE welcomed the launch of the UK's updated "Critical Minerals Strategy," highlighting the importance of critical minerals to the nation's economic growth and security.

Officially announced by then British Prime Minister Sir Kier Starmer on 22 November 2025, the Strategy targets producing 10% of the UK's mineral needs domestically and 20% through recycling by 2035. This compares to current domestic production which accounts for 6% of its critical minerals needs. The Strategy also aims to ensure that no more than 60% of the UK's supply of any one critical mineral is imported from any one country by 2035.

Backed by up to £50 million (A$101 million) in new funding, as well as public finance through the National Wealth Fund (£27.8 billion) and UK Export Finance, the Strategy aims to reduce the UK's overreliance on foreign imports of critical minerals, protecting the UK from shortages in global shocks and shoring up supply chains.

Notably, the Strategy recognised the important role played by Belfast as a critical minerals cluster. Northern Ireland currently hosts several strategic industries for the UK including Ionic Technologies' Belfast Demonstration Plant for rare earth permanent magnet recycling.

The critical minerals sector contributes £1.79 billion to the UK economy and directly supports over 50,000 jobs, highlighting its importance as an emerging growth sector.

Figure 1: "CirculaREEconomy" supply chain initiative back by the Advanced Propulsion Centre in £11 million program.

In January 2026, a succession of grants and other support from the UK Government culminated in the significant award of an Offer in Principle for a £12 million capital grant to support the delivery of a commercial magnet recycling facility in Belfast, via the UK Government's DRIVE35 Funding Program.

DRIVE35 provides capital funding to support the industrialisation of zero-emission vehicle technologies and is funded by the Department for Business, Innovation, Science and Trade (BIST) (formerly known as the Department for Business and Trade (DBT)) and delivered in partnership with the APC and Innovate UK.

A commercial magnet recycling plant in Belfast Harbour will support employment and investment growth in the regional economy, while giving the UK sovereign capability as it seeks to reduce reliance on foreign imports of critical minerals, as per the UK Government's "Critical Minerals Strategy."

This ground-breaking facility will produce 400 metric tonnes per annum of high purity (99.5% plus) separated magnet REOs, utilising Ionic Technologies' patented long-loop recycling technology.

In May 2026, a collaboration led by Ionic Technologies and including LCM, GKN and Ford UK, successfully demonstrated a first-of-kind supply chain for e-motor magnets, enabled by Ionic Technologies' long-loop recycling process.

The project provided evidence that REOs produced using Ionic Technologies' proprietary technology are not only appropriate for use in high-specification magnet supply chains, but also that the long-loop recycling method can enable a UK-orientated holistic supply chain that can deliver magnets equivalent to the existing supply chain.

The project was supported via the UK Government's CLIMATES initiative, which fostered 36 projects supporting circular REE initiatives.

Post-balance date, in July 2026 IonicRE appointed Tenova Advanced Technologies to complete Front-End Engineering Design for the commercial plant. The planning approval process is well underway, with a successful public consultation completed in May 2026 and the public consultation period concluding on 12 June 2026 with no objections.
Ionic Technologies aims to submit a full Planning Application with Belfast City Council in the third quarter 2026, in another milestone for the project's development.

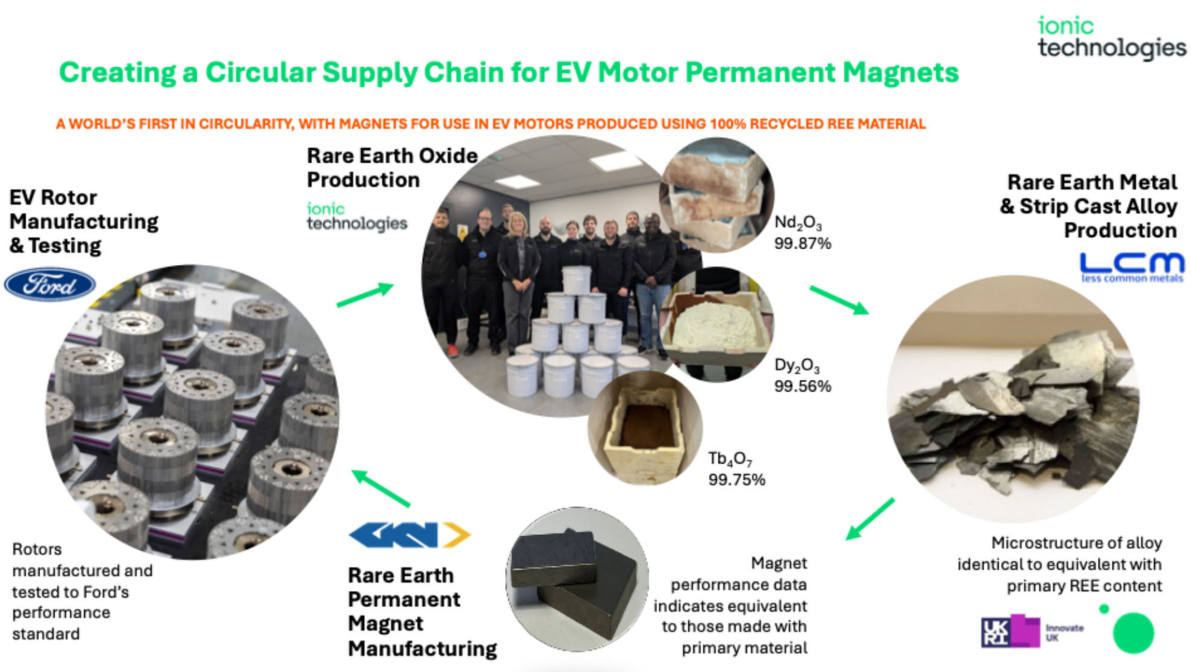

Figure 2: Circular Supply Chain including roles of Ionic Technologies, LCM, GKN and Ford UK.

US entry

IonicRE made inroads into the US market in fiscal 2026, securing a number of partnerships to drive growth in the world's biggest economy.

In November 2025, IonicRE signed a non-binding MOU with Missouri-based US Strategic Metals (USSM), a vertically integrated, multi-metallic critical minerals platform, at an official ceremony held at the Australian Embassy in Washington, D.C., highlighting the strong corporate commitment to supporting the US-Australia critical minerals partnership.

Under the MOU, IonicRE and USSM will pursue opportunities to align rare earth and critical mineral production with multi-metallic downstream processing and supply chain development at USSM's 1,800 acre (728.4 hectare) fully permitted site in Missouri, USA, starting with the deployment of Ionic Technologies' patented rare earth permanent magnet recycling technology, developing both commercial Neodymium-Iron-Boron (NdFeB) and Samarium-Cobalt (SmCo) magnet recycling capacity.

The Missouri recycling facility is expected to produce significant quantities of NdPr (neodymium and praseodymium), and importantly a range of strategic heavy rare earths, including those on the list of Chinese restricted rare earth elements, including dysprosium (Dy), terbium (Tb), samarium (Sm), gadolinium (Gd) and holmium (Ho). In addition, the parties will evaluate other heavy rare earth recycling opportunities, including yttrium (Y) within the USA to be located at the USSM site in Missouri.

The MOU focuses on producing high purity, separated magnet rare earth oxides (REOs) rapidly in the United States, with future potential expansion to include a wide range of magnet and heavy rare earths from a range of strategically sourced mixed rare earth carbonate (MREC) from target project feeds.

The partnership supports the historic critical minerals framework signed on 21 October 2025 by US President Donald J. Trump and Australian Prime Minister Anthony Albanese ("The United States–Australia Framework for Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earths"), aimed at delivering a US-Australia secured supply chain for critical minerals and rare earths, required for defence, advanced manufacturing and renewables.

The MOU also supports the Trump Administration's efforts to secure US leadership in critical minerals and energy by expanding domestic critical mineral production. The United States currently sources 70% of its rare earth imports from China, with the Trump administration ramping up efforts to expand US domestic production of rare earths and other critical minerals to reduce its import dependence. By January 2027, Chinese rare earth content must be completely removed from US weapons systems under existing regulations.

In May 2026, IonicRE formed a Joint Development and Licensing Agreement with US-based Nth Cycle, Inc., a critical mineral technology company, to enhance end-to-end rare earth refining operations in the United States and globally.

Under the agreement, Nth Cycle will provide its proprietary electro-extraction technology for IonicRE's rare earth recycling and refining operations, establishing the first Western production pathway for both long-loop recycling to high purity REEs as well as providing the potential to eliminate oxalic acid from the recycling process.

Patented technology developed by Ionic Technologies leads Western industry in recycling and refining rare earths from pre-consumer magnet swarf and spent magnets, while Nth Cycle is the most advanced critical mineral refiner for black mass and refining technology provider in rare earths, with singular speed and scalability advantages in the supply chain's "missing midstream."

Together, the two companies will work to replace the precipitation step in IonicRE's flowsheet with Nth Cycle's electro-extraction closed-loop process, which uses electricity to produce the chemicals—rather than oxalic acid—to convert rare earth recycled feedstocks into high-purity oxides, the solid powders used in magnet metal and alloy production.

Unlike conventional refining processes for rare earths, where the precipitating oxalic acid agent is consumed and must be continuously resupplied, the companies' integrated system eliminates that dependency entirely, while regenerating hydrochloric acid for continuous reuse during processing. The result is the most resilient and competitive rare earth recycling and refining flowsheet available, reducing costs, external supply dependencies and carbon footprint.

Also in May 2026, IonicRE signed both binding sales agreements with US-based Advanced Magnet Lab, Inc. (AML) to supply AML with magnet rare earth oxides, specifically Neodymium/Praseodymium oxide (NdPr)2O3 and dysprosium oxide (Dy2O3), under AML's recently awarded U.S. Defense Logistics Agency ("DLA") contract focused on qualification of domestically produced high-grade sintered NdFeB permanent magnets for defence applications.

Additionally, both companies signed a non-binding MOU for collaboration on both the supply of magnet REOs and recycling of swarf and pre-consumer waste, representing another important step in IonicRE's strategy to establish secure, sovereign, and sustainable ex-China rare earth supply chains across the United States and Europe, while expanding the Company's global refining and magnet recycling footprint.

The partnership has the potential to support increasing requirements from the US Department of War linked to the ramp up of domestically manufactured military drone motors and other critical defence equipment requiring secure, traceable, and domestically sourced rare earth permanent magnets, amid increasing geopolitical instability and need for Western supply of such critical materials.

Under the program, IonicRE will provide critical magnet REO feedstock to support AML's innovative PM-Wire™ manufacturing platform, designed to enable scalable, traceable, and high-performance permanent magnet production in the United States. AML's DLA-supported initiative includes alloy optimisation, advanced manufacturing development, and integrated supply chain collaboration across Western-aligned partners.

AML recently announced the award of a US$2 million contract from the DLA to support qualification activities for domestically produced sintered NdFeB magnets used in defence systems, with IonicRE a key supplier of $(NdPr)_2O_3$ and Dy_2O_3.

Additional to this, IonicRE has started working closely with other US.-based magnet manufacturing companies and aims to add significantly to our customer base across fiscal 2027 and beyond.

Brazil partnership

In Brazil, Viridion, the company's 50/50 joint venture with Viridis Mining & Minerals, further progressed during fiscal 2026.

In July 2025, Viridion was granted 2,071 square meters of land by the Municipality of Poços de Caldas, Minas Gerais, within an Industrial Zone for the construction of a Centre for Rare Earths Innovation, Technology and Recycling (CRITR). This is an important step in developing South America's first rare earth refining and recycling hub, aligning with Brazilian national industrial policy, with the CRITR expected to commence preliminary site works in FY2027, subject to financing and regulatory approvals.

Viridion received unanimous approval from the Poços de Caldas City Council for the official grant of land, a definitive endorsement by the local government and Mayor. This milestone reflects strong community and government support for Viridion, reinforcing its strategic upside for value addition within Brazil, the state of Minas Gerais, and the local Poços de Caldas economy.

A groundbreaking ceremony for the CRITR was held in September 2025 attended by IonicRE Managing Director Tim Harrison along with Viridis and government representatives.

Also in July 2025, Viridion was successful in progressing to the next phase of assessment under the R$5 billion (~US$900 million) strategic minerals funding program administered by BNDES (Brazilian National Bank for Economic and Social Development) and FINEP (Federal Agency for Funding Authority for Studies and Projects in Brazil).

Viridion was selected from the initial shortlist as one of the successful companies advancing to progress with a Joint Support Plan ('PSC') after high-level meetings with both agencies. Viridion subsequently entered into negotiations to finalise a tailored funding package, expected to include a combination of non-dilutive grants, debt financing, and potential equity participation, to accelerate the development of downstream rare earth refining and magnet recycling facilities in Brazil. The JV is collectively working through key inputs to unlock funding and start development activities in Brazil.

During the June quarter 2026, preliminary designs were progressed for the CRITR facility, with local engagement with contractors underway to support finalising of applications for permitting and planning. Refinery design work has progressed, which is feeding into preliminary discussions with the Viridis team ahead of planned technical work expected to commence later in 2026 on Mixed Rare Earth Carbonate (MREC) produced from Viridis' Colossus pilot plant at its Rare Earth Research and Processing Centre ('CPTR') in Poços de Caldas.

Viridion also has continued discussions with several groups on financing Viridion, including BNDES/FINEP to finalise a tailored funding package, expected to include a combination of non-dilutive grants, debt financing, and potential equity participation, to accelerate the development of downstream rare earth refining and magnet recycling facilities in Brazil.

Viridion has continued significant engagement with several potential industrial partners and consumers of REPMs in the Brazilian market as part of discussions to develop a Demonstrator program to demonstrate the full magnet rare earth magnet value chain in Brazil.

Makuutu Heavy Rare Earths Project (60% IXR)

Makuutu ranks amongst the world's largest and most advanced ionic adsorption clay (IAC) deposits, and as such, is a globally strategic resource for near term, low capital development, facilitating long-term security of magnet and heavy REO supply. The project's strategic nature in the development of an ex-China rare earths supply chain has come into added focus following Beijing's imposition of rare earth export controls and resulting supply shortages, particularly of heavy rare earths.

Importantly, the Makuutu MREC product basket announced in IonicRE's Definitive Feasibility Study released in March 2023 demonstrated a basket rich in medium and heavy REOs (~ 45% content) notably able to help offset the elements targeted in China's export control ban expected to come into force from November 2026.

Makuutu is being developed by Rwenzori Rare Metals Limited ("RRM"), a Ugandan private company which owns 100% of the Makuutu Project. IonicRE is a 60% owner of RRM.

Post-balance date, in July 2026 IonicRE announced a strategic review of the Project amid strong inbound interest and a global, Western search for new and independent sources of medium and heavy rare earths supply, following significant engagement with US and other Western-aligned interests.

The review aims to evaluate opportunities to enhance value creation and accelerate development of Makuutu, a member of the Forum on Resource Geostrategic Engagement (FORGE) (previously the Minerals Security Partnership) as part of IonicRE's broader strategy to establish an integrated, sustainable rare earth supply chain encompassing mining, refining and recycling operations.

The review will consider a range of potential strategic, structural and funding alternatives for Makuutu, including the introduction of strategic or government-backed partners, new investment structures, or potential listings in alternative jurisdictions.

The Makuutu deposit comprises nine licences covering around 300 square kilometres, located 120 km east of Kampala. The defined mineralisation stretches 37 km long and is situated near high-quality infrastructure. It contains a high proportion of magnet and heavy rare earths, including a near-perfect split of magnet rare earths Nd, Pr, Dy and Tb, required for developing the high intensity permanent magnets required for EVs and offshore wind turbines.

A mining licence was awarded in January 2024 for the central Makuutu tenement, representing the first large-scale mining licence issued in Uganda under the 2022 Mining Act. First production of MREC was achieved during the March quarter 2024 at the Makuutu Demonstration Plant, fostering engagement with potential offtakers and strategic partners.

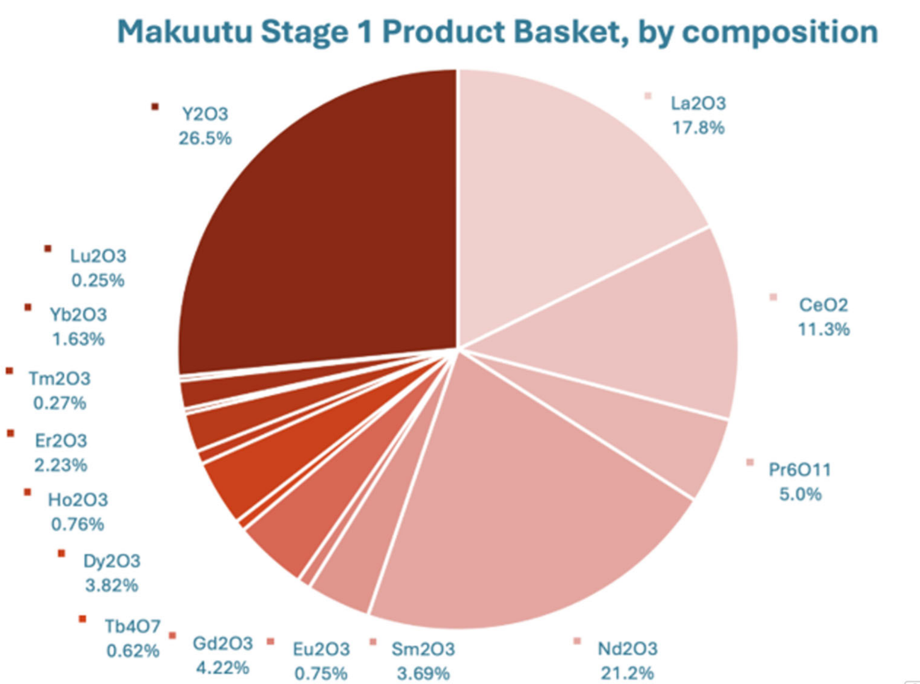

Figure 3: Makuutu Stage 1 REO product basket, excluding Sc_2O_3 (note rounding applied) (ASX: 20 March 2023).

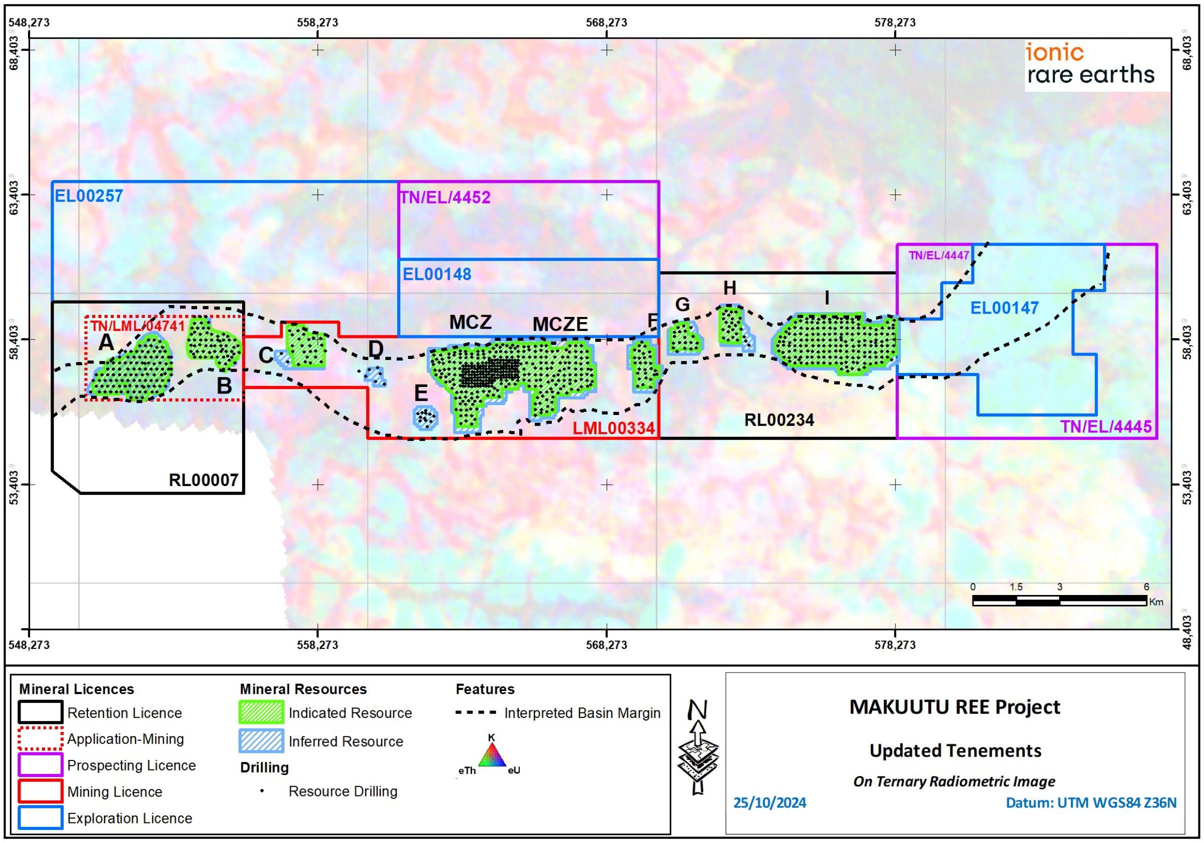

Figure 4: Makuutu Heavy Rare Earths Project mineral tenements including MLA over a selection of RL00007, TN04741 (red dashed border).

Table 1: Makuutu Resource above 200ppm TREO-CeO_2 Cut-off Grade (ASX: 15 May 2024).

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO- CeO_2 (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)	Sc_2O_3 (ppm)
Indicated	517	650	440	470	170	220	30
Inferred	99	560	380	420	140	190	30
Total	**617**	**630**	**430**	**460**	**160**	**210**	**30**

Rounding has been applied to 1Mt and 10ppm which may influence averaging calculation.
All REO are tabulated in ASX announcement 15th May 2024 with formulas defining composition of (Light Rare Earth Oxides ("LREO"), Heavy Rare Earth Oxides ("HREO") and Critical Rare Earth Oxides ("CREO").

Tenement update

During the year, RRM progressed a submission on the next Mining Licence Application, TN04741 over the mineralised selection of Retention Licence (RL) 00007 (see Figure 4).

Additionally, RRM progressed renewal applications over additional tenements RL00234 and EL00257. Full details are provided below in Table 2.

Table 1: Makutu Heavy Rare Earths Project Tenement Details.

Licence ID	Licence Type	Application Date	Granted Date	Expiry / Renewal Date	Area (km^2)
LML00334	Mining	01/09/2022	28/12/2023	27/12/2044	43.78
TN/LML/04741	Mining	23/09/2024	Application in process*	Application in process	15.34
RL00007	Retention	27/03/2019	27/11/2019*	25/11/2024	43.39
RL00234	Retention	20/06/2021	06/07/2021	05/07/2024 - Renewal Pending	47.03
EL00257	Exploration	15/07/2021	21/10/2021	20/10/2024 - Renewal Pending	55.51
EL00147	Exploration	19/10/2020	28/12/2020	27/12/2026	30.07
EL00624	Exploration	03/05/2024	03/09/2025	02/09/2029	24.79
EL00616	Exploration	03/05/2024	29/08/2025 [a]	28/08/2029	5.44
EL00148	Exploration	20/10/2020	28/12/2020	27/12/2026	24.08
EL00450	Exploration	07/05/2024	24/03/2025[b]	23/03/2029	24.08

* Renewal approved
a. The Ugandan cadastre system requires amendment to no longer relinquish 50% of EL upon renewal – TN relates to EL00147, which RRM retains in full.
b. The Ugandan cadastre system requires amendment to no longer relinquish 50% of EL upon renewal – TN relates to EL00148, which RRM retains in full.

Significant changes in the state of affairs

IonicRE's wholly owned subsidiary, Ionic Technologies received in January 2026 an Offer in Principle for a £12 million (approx. A$23 million) capital grant to support the delivery of a commercial magnet recycling facility in Belfast.

In May 2026, a collaboration led by Ionic Technologies and including industry partners Less Common Metals (LCM), GKN and Ford UK successfully demonstrated a first-of-kind supply chain for e-motor magnets, in another step forward in developing UK rare earth supply chains.

Ionic Technologies also led an industry consortium which secured £11 million in funding to create a UK REPM supply chain, under the 'CirculaREEconomy' project announced in July 2025.

IonicRE also expanded into the US market, signing agreements with various US companies and gaining access to the US defence sector.

In May 2026, an agreement signed with Advanced Magnet Lab (AML) requires IonicRE to supply AML with magnet REOs as per AML's contract with the US Defense Logistics Agency, focused on qualification of domestically produced high-grade sintered NdFeB permanent magnets for defence applications.

Plans for a magnet recycling facility in the United States were advanced with the signing in November 2025 of a Memorandum of Understanding (MOU) with Missouri-based US Strategic Metals (USSM), which has a fully permitted, 1,800 acre (728.4 hectare) site in Missouri.

A planned facility at the site could produce significant quantities of NdPr (neodymium and praseodymium), and importantly a range of strategic heavy rare earths, which also has potential to host Sm-Co magnet and Y-compound recycling facilities.

Also in the United States, in May 2026 IonicRE agreed a Joint Development and Licensing Agreement with Nth Cycle, a critical mineral refining technology company, to enhance end-to-end rare earth refining operations in the United States and globally.

Under the agreement, Nth Cycle will provide its proprietary electro-extraction technology for IonicRE's rare earth recycling and refining operations, establishing the first Western production pathway for both long-loop recycling to high purity REEs, as well as providing the potential to eliminate oxalic acid from the recycling process.

In Brazil, Viridion, the company's 50/50 joint venture with Viridis Mining & Minerals, was granted land for the construction of a Centre for Rare Earths Innovation, Technology and Recycling (CRITR) in Minas Gerais. A groundbreaking ceremony was held in September 2025, with preliminary designs progressed along with engagement with contractors to support permitting and planning.

Viridion was also successful in progressing to the next phase of assessment under the R$5 billion (~US$900 million) funding program administered by BNDES (Brazilian National Bank for Economic and Social Development) and FINEP (Federal Agency for Funding Authority for Studies and Projects in Brazil).

IonicRE also successfully completed in December 2025 a capital consolidation on a 1 for 30 basis, as approved by shareholders at the November 2025 Annual General Meeting. The Company also undertook a 1 for 15 Renounceable Rights Issue and Placement, raising $15.6 million including with a strategic investment from US-based Argentem Creek Partners.

IonicRE upgraded its presence in international financial markets with its ordinary shares gaining approval for trading on the OTCQB Venture Market in the United States under the ticker OTC:IXRRF, effective 21 January 2026.

Post year-end the Company announced a strategic review in July 2026 to evaluate the best pathway forward to unlocking value from IonicRE's Makuutu Heavy Rare Earth in Uganda, plus that it is exploring a dual listing on AIM (Alternative Investment Market), the London Stock Exchange sub-market for smaller, high-growth companies which is Europe's most successful growth market.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 27 July 2026, the Company issued 67,413 fully paid ordinary shares as consideration for services received.

On 27 July 2026, the Company issued 1,949,999 performance rights under its employee incentive scheme with an expiry date of 30 June 2029.

On 13 July 2026 the Company announced it commenced the FEED phase for its Belfast rare earth magnet recycling facility and continued to advance planning and permitting activities in support of the proposed development.

On 31 July 2026 the Company announced the commencement of a strategic review of its Makuutu Heavy Rare Earths Project to evaluate potential strategic, funding and development alternatives. No decisions have been made and the review remains ongoing

On 5 August 2026 the Company announced a successful $8 Million placement at 0.26 per new share. The placement includes $0.5 Million Company Director participation subject to shareholders approval at the AGM.

On 11 August 2026, the Company issued 28,846,155 fully paid ordinary shares as part of the placement, and 251,299 shares as consideration for services received.

On 25 August 2026, the Company issued 286,622 fully paid ordinary shares as consideration for services received.

On 31 August 2026, the Company lapsed 666,667 Performance rights as the relevant conditions were not met.

On 3 September 2026, the Company announced that Ionic Rare Earths USA had entered into a non-binding term sheet with US Strategic Metals to establish a proposed 50:50 joint venture to develop rare earth magnet recycling facilities in Missouri, USA. The proposed joint venture contemplates an initial investment of US$100 million and the licensing of Ionic Technologies' magnet recycling technology. The transaction remains subject to definitive agreements and other conditions precedent and therefore no amounts have been recognised in the financial statements at 30 June 2026. The financial impact of the proposed joint venture cannot presently be reliably estimated.

On 11 September 2026, the Company issued 34,922 ordinary shares for services provided. Additionally, 883,332 performance rights vested and were exercised into 883,332 ordinary shares, and five convertible notes were converted into 485,510 ordinary shares. Accordingly, a total of 1,403,764 new ordinary shares were issued.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Ionic Rare Earths will continue to progress its downstream operations through the magnet recycling path to commercialisation through the demonstration plant, feasibility studies and supply chain collaboration being undertaken by Ionic Technologies International Limited.

In addition, it will advance the Viridion JV to further develop the Brazilian magnet supply chain as well continue its strategic review of the Makuutu Heavy Rare Earths Project and assess opportunities to optimise the Project's structure and future development.

Business Risks

Ionic Rare Earths is exposed to the risk of market, geopolitical, operational and financial risks which may affect the Consolidated Entity's ability to achieve the financial performance or outcomes disclosed herein.

Market Volatility and Geopolitical Risk
A significant risk for Ionic Rare Earths is the volatility of rare earth metal prices, which are subject to fluctuations driven by global supply-demand dynamics, geopolitical tensions, and macroeconomic conditions. Changes in these prices can have a substantial impact on the Company's outlook. Furthermore, rare earth elements are considered to be in the highest risk quartile on criticality indices for western governments, representing both high economic importance and high supply chain risk, making them geopolitically sensitive due to their strategic role in high-tech industries such as defence, renewable energy advanced manufacturing. As a result, export restrictions, tariffs, or trade disputes between nations could disrupt the supply chain and hinder Ionic Rare Earths' access to key markets.

Operational Risk
The successful development of the Ionic Technologies magnet recycling project, progressing the Viridion JV in Brazil in developing new refining and recycling capacity, and the Makuutu project as an economically viable rare earth mine, is central to the Company's long-term success.

At Ionic Technologies, the magnet recycling demonstration plant has validated the technical aspects of the patented process, and engineering studies have defined a high confidence capital and operational cost basis to commercialise the technology in the UK. Additional engineering is required through FEED stage and financing activity is underway, where due diligence on the overall financing of the Project will require support from both Government and western customers and supply chain partners to reach commercialisation.

The development of refining and recycling capacity in Brazil will be influenced by market conditions and appetite from both local and western customers to support the development.

At Makuutu, geological uncertainties and the complexities involved in mining and processing rare earth elements present operational risks that must be carefully managed and derisked through staged activity to enhance overall execution confidence prior to the final investment decision.

Strategic Transition
The Group is transitioning from a junior exploration and development company to an industrial rare earth recycling business. The transition requires the Group to develop new operational capabilities, infrastructure, processes and commercial relationships, as well as secure the funding required to support its growth plans. There is a risk that the transition may not be achieved as planned, within the anticipated timeframe or at the expected cost.

Financial and Capital Risk
The Company's financial position depends on its ability to secure capital for exploration and development activities. Reliance on debt or equity financing exposes the Group to financial risks, including interest rate fluctuations, market sentiment, and credit availability. There can be no assurance that additional capital or other types of financing will be available if needed for further exploration and/or possible development activities or that, if available, the terms of such financing will be favourable to the Company.

Environmental Risk
Ionic Rare Earths must comply with environmental and climate-related regulations that impact its mining activities. Failure to meet these standards or adapt to changing regulations could affect the Company's financial performance and require unplanned expenditures. Additionally, stricter requirements from customers or partners may also lead to increased compliance costs. The Company manages these risks through a strong risk management framework and environmental management plans.

Tenure Risk
The Group's access to funding directly influences the ability to continue investment at the Makuutu project to satisfy continued access rights under exploration permits and mining licences. Access rights are governed by Ugandan Mining Regulations. If the Group fails to comply with the requirements therein, it may lose access rights or incur material unplanned expenditure, and or loss of the tenement if failing to meet expenditure obligations.

Technology Risk
The Group has invested in developing magnet recycling technology and has several patents protecting its intellectual property. The Group has produced rare earth oxides at demonstration scale in its Belfast facility and the Group is subject to risks associated with scale up of technology to commercial scale. The Group's ability to achieve the financial performance and outcomes may be materially adversely affected if it fails to achieve its scale up plans.

Execution Risk
The Company may experience time delays, unforeseen expenses, increased capital costs and other complications while developing its magnet recycling technology, its Viridion joint venture or its Makuutu Project in Uganda. These risks could delay the start of revenue generating activities and increase development costs. Further to the above, the Company depends on key personnel for the success of the business.

Personnel Risk
In order to deliver on its initiatives, the Company will need to retain and attract suitably qualified personnel to deliver on its plans. The technical aspects of the business require specific skill sets which are in high demand. To address this the Company is exploring mechanisms to reduce the risk profile.

Environmental regulation
The Company is subject to significant environmental regulation in respect of its exploration activities. It aims to ensure the appropriate standard of environmental care is achieved and in so doing, is aware of all relevant environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review. The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that the Company has no current reporting requirements but may be required to report in the future. However, the following disclosure standard will soon become effective.

AASB S2 'Climate-related Disclosures' sets out specific climate related disclosures. It applies to entities required to prepare and lodge a financial report with ASIC under Chapter 2M and is effective for different entities based on certain criteria. Based on the Group's size and reporting profile, this mandatory sustainability reporting may be applicable to the Company for the first time for the year ending 30 June 2028. The Group continues to monitor developments in the regulatory framework.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2011, where the shareholders approved a maximum annual aggregate remuneration of $400,000.

Non-executive Directors have long been encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have an equity interest in the Company whose board they serve on. Non-executive directors are also entitled to receive long-term incentives in the form of options, shares or performance rights to increase goal congruence between directors and shareholders.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits;
- long-term incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual performance, the overall performance of the Group and comparable market remunerations.

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

The long-term incentives ('LTI') program is designed to link the achievement of the Company's targets with the compensation received by the executives charged with meeting those targets.

Currently, the Company does not restrict executives from entering into arrangements to protect the value of unvested LTI. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

The LTI are share-based payments (options and performance rights). Options, shares or performance rights may be issued to Directors and executives as part of their remuneration to increase goal congruence between executives, directors and shareholders.

Actual payments granted to each KMP are determined by the Board who meet periodically.

Consolidated entity performance and link to remuneration
The variable component of the executives' remuneration includes share options and performance rights. The value of the share options is directly linked to the Company's share price performance. The performance rights vest on achievement of operational targets set by the Board. Refer to the section 'Additional information' below for details of total shareholders return for the last five years.

Use of remuneration consultants
No consultants were used during the year.

Voting and comments made at the Company's 2025 Annual General Meeting ('AGM')
At the 2025 AGM, 85.89% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2025. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the following Directors of Ionic Rare Earths Limited:
- Brett Lynch – Executive Chairman
- Tim Harrison – Managing Director and CEO
- Maxwell McGarvie – Non-Executive Director
- Sufian Ahmad – Non-Executive Director
- Warren Tregurtha – Chief Financial Officer **(Acting)**

2026	Short-term benefits				Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash Bonus[2] $	Non-monetary[1] $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Maxwell McGarvie	50,000	-	9,340	6,000	-	38,377	103,717
Sufian Ahmad	50,000	-	9,340	-	-	38,377	97,717
Executive Directors:							
Brett Lynch	360,000	100,000	9,340	-	-	260,174	729,514
Tim Harrison	375,000	100,000	28,801	15,000	-	260,174	778,975
Other KMP:							
Warren Tregurtha	262,047	123,744	9,340	-	-	54,722	449,854
	1,097,047	323,744	66,162	21,000	-	651,823	2,159,777

1. The non-monetary benefit relates to the Directors' indemnity insurance and annual leave accrual.
2. During the year, certain KMP received discretionary payments relating to salary amounts previously forgone. The payments were not contractual obligations and were made at the discretion of the Company.
3. Mr James Rutherford was appointed as a Non-Executive Director on 14 September 2026. As Mr Rutherford was not a Director or key management personnel of the Group during the financial year ended 30 June 2026, he has not been included within the remuneration disclosures contained in this report.

2025	Short-term benefits				Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary[1] $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
	-	-	-	-	-	-	-
Maxwell McGarvie	50,003	-	7,260	5,750	-	32,500	95,513
Sufian Ahmad	50,000	-	7,260	-	-	32,500	89,760
Nitin Tyagi[2]	27,741	-	7,260	-	-	-	35,001
Executive Directors:							
Brett Lynch	380,000	-	7,260	-	-	252,812	640,072
Tim Harrison	380,000	-	7,260	-	-	141,689	528,949
Other KMP:							
Warren Tregurtha[3]	80,153	-	-	-	-	-	80,153
	967,897	-	36,300	5,750	-	459,501	1,469,448

1. The non-monetary benefit relates to the Directors' indemnity insurance.
2. Resigned on 20 January 2025.
3. Appointed on 1 December 2024, remuneration calculated from date of appointment as KMP.

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The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2026	2025	2026	2025	2026	2025
Non-Executive Directors:						
Maxwell McGarvie	63%	66%	-	-	37%	34%
Sufian Ahmad	61%	64%	-	-	39%	36%
Nitin Tyagi	-	100%	-	-	-	-
Executive Directors:						
Brett Lynch	51%	61%	13%	-	36%	39%
Tim Harrison	54%	73%	14%	-	33%	27%
Other KMP:						
Warren Tregurtha	60%	100%	28%	-	12%	-

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Tim Harrison
Title:	Managing Director
Agreement commenced:	1 January 2026
Term of agreement:	Ongoing
Details:	Fixed consulting fee of **$40,000** per month including super. Termination by either party with six months' notice. In the event of a change of control, the executive is entitled to 12 months' notice or payment in lieu of notice.

Name:	Brett Lynch
Title:	Executive Chairman
Agreement commenced:	1 January 2026
Term of agreement:	up to 31 December 2026
Details:	Fixed consulting fee of **$35,000** per month. Termination by either party with three months' notice.

Name:	Warren Tregurtha
Title:	Chief Financial Officer **(Acting)**
Agreement commenced:	1 November 2021 *
Term of agreement:	Ongoing
Details:	Fixed consulting fee of **US$15,000** per month. Termination by either party with one months' notice.

* Initial service agreement dated 1 November 2021, although became Acting Chief Financial Officer on 1 December 2024. A new agreement was signed and effective from 1 July 2025.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2026.

Options

There were no options over ordinary shares issued to Directors and other KMP as part of compensation that were outstanding as at 30 June 2026.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of rights granted *	Grant date	Expiry date	Fair value per right at grant date*
Brett Lynch	1,333,333	16 May 2025	21 May 2028	$0.24
	666,667	13 March 2024	13 March 2027	$0.59
Tim Harrison	1,333,333	16 May 2025	21 May 2028	$0.24
	666,667	13 March 2024	13 March 2027	$0.59
Maxwell McGarvie	166,667	13 March 2024	13 March 2027	$0.59
Sufian Ahmad	166,667	13 March 2024	13 March 2027	$0.59
Warren Tregurtha	666,666	28 November 2025	28 November 2028	$0.42

* A security consolidation of every 30 pre-consolidation shares into post consolidation share took place during the year. Approved by shareholders at EGM on 28 November 2025. The 30 June 2025 balance was restated accordingly.

Performance rights granted carry no dividend or voting rights.

During the year ended 30 June 2026, **4,133,333 (124,000,000 pre-consolidation)** performance rights were granted to KMP and others under the plan. The vesting conditions of the performance rights are:

- 536,667 (16,100,000 pre-consolidation) Performance Rights will vest upon successful achievement of government funding to support the commercialisation of the Company's magnet recycling activities;
- 100,000 (3,000,000 pre-consolidation) Performance Rights will vest upon successfully receipt of strategic investment funding from external parties to advance the Company's projects;
- 100,000 (3,000,000 pre-consolidation) Performance Rights will vest upon successfully execution of a new joint venture or licensing arrangement to progress the Company's magnet recycling business;
- 350,000 (10,500,000 pre-consolidation) Performance Rights will vest upon successfully completion of a transaction relating to the Company's interest in the Makuutu Rare Earth Project;
- 83,333 (2,500,000 pre-consolidation) Performance Rights will vest upon successfully securing a significant portion of required raw material supply for the initial operation of the Belfast facility;
- 83,333 (2,500,000 pre-consolidation) Performance Rights will vest upon successfully progressing offtake negotiations to secure sales commitments for a portion of the Belfast facility's initial production;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully securing a site in the United States for a future commercial-scale magnet recycling facility;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully completion of engineering design work to support a financial investment decision for a commercial magnet recycling plant;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully obtaining required environmental and regulatory approvals for construction of a commercial magnet recycling facility in the United States;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully Board approval of a financial investment decision for a commercial-scale magnet recycling facility in the United States;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully securing a strategic partnership, cornerstone investment, or government funding to support development of a U.S. magnet recycling facility;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successfully execution of binding feedstock supply agreements for a significant portion of the Belfast facility's planned processing capacity;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successful Board approval to proceed with commercialisation of the Belfast magnet recycling facility;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successful achievement of production targets for separated REO's at the Belfast demonstration plant;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successful deployment of the Company's magnet recycling technology at an additional location achieving targeted production output;
- 66,667 (2,000,000 pre-consolidation) Performance Rights will vest upon successfully securing an offtake agreement relating to the Makuutu Rare Earths Project;
- 200,000 (6,000,000 pre-consolidation) Performance Rights will vest upon successful Board approval of a financial investment decision to progress the Makuutu Project to construction;
- 200,000 (6,000,000 pre-consolidation) Performance Rights will vest upon successful achievement of production targets for mixed rare earth carbonate at the Makuutu demonstration plant;
- 66,667 (2,000,000 pre-consolidation) Performance Rights will vest upon successful execution of binding documentation for an equity or debt investment into the Company or the Makuutu Project;
- 66,667 (2,000,000 pre-consolidation) Performance Rights will vest upon successfully securing an offtake or strategic partnership arrangement with Ionic Technologies International Limited;
- 200,000 (6,000,000 pre-consolidation) Performance Rights will vest upon successful Board approval of a financial investment decision to construct a commercial magnet recycling facility.

During the year ended 30 June 2025, 2,666,667 (80,000,000 pre-consolidation) performance rights were granted to KMP and others under the plan. The vesting conditions of the performance rights are:

- 666,667 (20,000,000 pre-consolidation) Performance Rights will vest upon successfully securing UK Government funding of £5m or greater, prorated up to £10m, for commercialisation in magnet recycling in Belfast;
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon successfully securing strategic investment of greater than US$5million within IRE or subsidiaries / projects;
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon signing magnet and swarf feed supply agreements for Belfast facility for greater than 50% of nominated feed capacity;
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon signing REO offtake agreements from the Belfast magnet recycling facility for greater than 20% of proposed production;
- 666,667 (20,000,000 pre-consolidation) Performance Rights will vest upon successfully securing an additional joint venture for establishment of magnet recycling business in target markets; and
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon successful completion of a positive scoping study (Viridion JV) for magnet recycling, IRR > 20%.

During the year ended 30 June 2024, 2,966,667 (89,000,000 pre-consolidation) performance rights were granted to KMP and others under the plan. The vesting conditions of the performance rights are:
- 333,333 Performance Rights will vest on the 12-month anniversary of Brett Lynch's commencement;
- 391,667 Performance Rights will vest upon successfully securing any offtake for the Makuutu product;
- 458,333 Performance Rights will vest upon the Company's Board making a Financial Investment Decision to progress the Makuutu Project to construction;
- 391,667 Performance Rights will vest upon the Makuutu Demonstration Plant producing more than 30 tonnes of Mixed Rare Earth Carbonate (MREC) at the target product specification;
- 575,000 Performance Rights will vest upon successfully securing a strategic partnering investment within the Company or Makuutu;
- 391,667 Performance Rights will vest upon successfully securing offtake, or a strategic partnering investment within Ionic Technologies; and
- 425,000 Performance Rights will vest upon Financial Investment Decision to progress a commercial magnet recycling plant with Ionic Technologies.

Of the 2,966,667 performance rights granted on 13 March 2024, 166,667 lapsed and 333,333 vested during the year ended 30 June 2025. A further 416,667 performance rights vested during the year ended 30 June 2026. The remaining 2,216,667 performance rights continue to be subject to the vesting conditions set out above.

Values of performance rights over ordinary shares granted and number of performance rights vested and lapsed for directors and other KMP as part of compensation during the year ended 30 June 2026 are set out below:

	Value of performance rights		Number of performance rights		Remuneration consisting of performance rights
Name	Granted during the year $	Exercised during the year $	Vested during the year #	Lapsed during the year #	for the year %
Brett Lynch	260,174	97,500	166,667	-	36.00%
Tim Harrison	260,174	97,500	166,667	-	33.00%
Maxwell McGarvie	38,377	24,375	41,667	-	37.00%
Sufian Ahmad	38,377	24,375	41,667	-	39.00%
Warren Tregurtha	54,722	-	-	-	12.00%

Additional information
The earnings of the Group for the five years to 30 June 2026 are summarised below:

	2026 $	2025 $	2024 $	2023 $	2022 $
Loss after income tax	(14,913,778)	(11,341,449)	(21,200,915)	(8,538,462)	(4,644,087)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026 $	2025 $	2024 $	2023 $	2022 $
Share price at financial year end	0.36	0.36	0.30	0.66	1.17
Basic earnings per share	(6.96)	(6.70)	(15.00)	(6.60)	(3.90)

Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year *	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Brett Lynch	5,155,067	-	274,167	(2,364)	5,426,870
Tim Harrison	1,000,001	-	233,333	-	1,233,334
Maxwell McGarvie	76,191	-	46,746	-	122,937
Sufian Ahmad	4,776,699	-	354,366	-	5,131,065
Warren Tregurtha	-	-	177,084	-	177,084
	11,007,959	-	1,085,696	(2,364)	12,091,291

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year *	Additions**	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Brett Lynch	1,175,825	107,500	-	-	1,283,325
Tim Harrison	142,858	66,667	-	-	209,525
Maxwell McGarvie	38,096	5,079	-	-	43,176
Sufian Ahmad	47,619	312,699	-	-	360,318
Warren Tregurtha	-	177,084	-	-	177,084
	1,404,399	669,029	-	-	2,073,428

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Brett Lynch	1,283,325	-	1,283,325
Tim Harrison	209,525	-	209,525
Maxwell McGarvie	43,176	-	43,176
Sufian Ahmad	360,318	-	360,318
Warren Tregurtha	177,084		177,084
	2,073,428	-	2,073,428

Performance rights

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Company, including their personally related parties, is set out below:

	Balance at the start of the year *	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights					
Brett Lynch	2,000,001	-	(166,667)	-	1,833,334
Tim Harrison	2,000,001	-	(166,667)	-	1,833,334
Maxwell McGarvie	166,667	-	(41,667)	-	125,000
Sufian Ahmad	166,667	-	(41,667)	-	125,000
Warren Tregurtha	-	666,667			666,667
	4,333,336	666,667	(416,667)	-	4,583,336

* A security consolidation of every 30 pre-consolidation shares into post consolidation share took place during the year. Approved by shareholders at EGM on 28 November 2025. The 30 June 2025 balance was restated accordingly.

** The options were either acquired for cash consideration or issued as free-attaching options and were not granted as part of an employee benefit arrangement.

Other transactions with KMP and their related parties
There were no related party transactions during the year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Ionic Rare Earths Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30 November 2023 *	30 November 2026	$0.9450	666,668
1 May 2024 *	26 June 2028	$0.6000	7,232,261
22 July 2024 *	28 June 2028	$0.6000	3,344,688
31 July 2024 *	28 June 2028	$0.6000	666,667
2 December 2024 *	15 December 2027	$0.3300	6,787,826
1 December 2025 *	30 November 2028	$0.6300	333,333
16 October 2025 *	30 September 2028	$0.7500	34,045,331
			53,076,774

* A security consolidation of every 30 pre-consolidation shares into post consolidation share took place during the year. Approved by shareholders at EGM on 28 November 2025. The 30 June 2025 balance was restated accordingly.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Ionic Rare Earths Limited were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
2 December 2024	$0.3300	6,568,573
16 October 2025	$0.7500	889
		6,569,462

Shares under performance rights

Unissued ordinary shares of Ionic Rare Earths Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
21 March 2024 *	21 March 2027	$0.0000	1,933,333
21 May 2025	21 May 2028	$0.0000	2,000,002
28 November 2025	28 November 2028	$0.0000	2,566,673
27 July 2026	30 June 2029	$0.0000	1,949,999
			8,450,007

* A security consolidation of every 30 pre-consolidation shares into post consolidation share took place during the year. Approved by shareholders at EGM on 28 November 2025. The 30 June 2025 balance was restated accordingly.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights
The following ordinary shares of Ionic Rare Earths Limited were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Expiry date	Exercise price	Number of shares issued
21 March 2024 *	21 March 2027	$0.0000	533,333
21 May 2025	21 May 2028	$0.0000	666,666
28 November 2025	28 November 2028	$0.0000	100,000

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of BDO
There are no officers of the Company who are former partners of BDO.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.
This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Brett Lynch
Chairman

17 September 2026
Melbourne

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Australia

DECLARATION OF INDEPENDENCE BY DAVE ANDREWS TO THE DIRECTORS OF IONIC RARE EARTHS LIMITED

As lead auditor of Ionic Rare Earths Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ionic Rare Earths Limited and the entities it controlled during the year.

Dave Andrews

Director

BDO Audit Pty Ltd

Perth

17 September 2026

ionic rare earths

	Note	Consolidated 2026 $	Consolidated 2025 $
Revenue			
Other income	5	1,734,395	2,162,104
Interest revenue		112,990	18,789
Expenses			
Employee benefits expense	6	(2,907,507)	(3,069,144)
Depreciation and amortisation expense	6	(845,630)	(1,151,332)
Share-based payments expense		(1,026,710)	(697,776)
Administration expenses	6	(3,541,565)	(1,743,306)
Exploration expense	6	(2,317,678)	(2,792,765)
Research and development expense		(220,413)	(424,806)
Foreign exchange losses		(48,799)	(5,036)
Other expenses	6	(5,842,486)	(3,596,898)
Finance costs	6	(10,375)	(41,279)
Loss before income tax expense		(14,913,778)	(11,341,449)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Ionic Rare Earths Limited		(14,913,778)	(11,341,449)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(1,768,743)	688,275
Other comprehensive income/(loss) for the year, net of tax		(1,768,743)	688,275
Total comprehensive loss for the year attributable to the owners of Ionic Rare Earths Limited		(16,682,521)	(10,653,174)
		Cents	Cents
Basic earnings per share	28	(6.96)	(6.70)
Diluted earnings per share	28	(6.96)	(6.70)

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Ionic Rare Earths Limited
Consolidated statement of financial position
As at 30 June 2026

ionic rare earths

	Note	Consolidated 2026 $	Consolidated 2025 $
Assets			
Current assets			
Cash and cash equivalents	8	3,481,238	595,231
Other receivables		461,848	168,453
Inventories		647,613	548,351
Income tax refund due		-	52,321
Other assets		765,691	60,789
Total current assets		5,356,389	1,425,145
Non-current assets			
Investments accounted for using the equity method	9	23,064,992	24,223,908
Intangible assets	11	4,518,837	5,195,824
Plant and equipment	10	2,477,205	1,356,248
Right-of-use assets	10	254,544	326,217
Other assets		35,000	35,000
Total non-current assets		30,350,578	31,137,197
Total assets		35,706,968	32,562,342
Liabilities			
Current liabilities			
Trade and other payables	12	2,009,010	1,851,820
Lease liabilities		78,673	131,342
Other financial liabilities	13	-	750,000
Total current liabilities		2,087,683	2,733,162
Non-current liabilities			
Lease liabilities		162,136	237,044
Other liabilities		19,956	-
Total non-current liabilities		182,092	237,044
Total liabilities		2,269,775	2,970,206
Net assets		33,437,193	29,592,136
Equity			
Issued capital	14	114,671,378	95,086,703
Reserves	15	7,103,830	8,066,073
Accumulated losses		(88,338,015)	(73,560,640)
Total equity		33,437,193	29,592,136

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes

ionic rare earths

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	92,130,498	11,697,679	(67,316,913)	36,511,264
Loss after income tax expense for the year	-	-	(11,341,449)	(11,341,449)
Other comprehensive income for the year, net of tax	-	688,275	-	688,275
Total comprehensive income for the year	-	688,275	(11,341,449)	(10,653,174)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	2,761,205	-	-	2,761,205
Exercise of performance rights (notes 14 and 15)	195,000	(195,000)	-	-
Share-based payments (note 15)	-	275,065	-	275,065
Performance rights (note 15)	-	697,776	-	697,776
Options and performance rights expired (note 15)	-	(5,097,722)	5,097,722	-
Balance at 30 June 2025	95,086,703	8,066,073	(73,560,640)	29,592,136

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2025	95,086,703	8,066,073	(73,560,640)	29,592,136
Profit after income tax expense for the year	-	-	(14,913,778)	(14,913,778)
Other comprehensive income for the year, net of tax	-	(1,768,743)	-	(1,768,743)
Total comprehensive income for the year	-	(1,768,743)	(14,913,778)	(16,682,521)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	19,340,925	-	-	19,340,925
Share-based payments (note 15)	-	(295,726)	-	(295,726)
Performance rights (note 15)	243,750	913,628	-	1,157,378
Options and performance rights expired (note 15)	-	-	-	-
Convertible notes issued	-	3,000,000	-	3,000,000
Convertible notes converted	-	(2,675,000)	-	(2,675,000)
Convertible notes expired	-	(136,403)	136,403	-
Balance at 30 June 2026	114,671,378	7,103,830	(88,338,015)	33,437,193

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2026 $	Consolidated 2025 $
Cash flows from operating activities			
Receipt from customers		134,500	-
Receipt of government R&D rebate	5	68,402	1,809,911
Receipt of grants	5	1,226,642	1,409,881
Payments to suppliers and employees		(13,477,319)	(6,295,589)
Payment for exploration		(1,893,128)	(2,792,765)
Interest received		98,742	18,789
Interest expense		(10,375)	(41,279)
Net cash used in operating activities	25	(13,852,536)	(5,891,052)
Cash flows from investing activities			
Payments for plant and equipment	10	(1,606,294)	(37,660)
Proceeds/(payment) from financial assets	18	-	1,385,515
Payments for other current assets		(252,510)	-
Net cash from investing activities		(1,858,804)	1,347,855
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of transaction costs)	14	16,483,138	3,650,191
Proceeds from issue of convertible notes		2,247,187	-
Repayment of office lease liabilities		(151,094)	(120,960)
Net cash from financing activities		18,579,231	3,529,231
Net decrease in cash and cash equivalents		2,867,891	(1,013,966)
Cash and cash equivalents at the beginning of the financial year		595,231	2,028,820
Effects of exchange rate changes on cash and cash equivalents		18,115	(419,623)
Cash and cash equivalents at the end of the financial year	8	3,481,238	595,231

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Ionic Rare Earths Limited as a Group consisting of Ionic Rare Earths Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Ionic Rare Earths Limited's functional and presentation currency.

Ionic Rare Earths Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 09, Level 5, North Tower
525 Collins Street
Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 17 September 2026. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations have been adopted from 1 July 2025:

- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets at fair value through profit or loss (equity shares).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The Group incurred a loss after tax of $14,913,778 (2025: $11,341,449) for the year ended 30 June 2026 and experienced net cash outflows from operating activities of $13,852,536 (2025: $5,891,052).

Subsequent to year end, in August 2026, the Company successfully completed a capital raising of $8.0 million (before costs). The Directors have prepared cash flow forecasts which indicate that additional funding will be required during the forecast period to fund planned exploration, project development activities and working capital requirements. The Directors intend to meet these funding requirements through future capital raisings and continue to assess the timing and amount of funding required having regard to the Group's planned activities and available cash resources.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal

Note 2. Material accounting policy information (continued)

course of business. The Directors believe that the Group will be successful in obtaining additional funding as required and, accordingly, have prepared the financial report on a going concern basis.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.
Should the going concern basis not be appropriate, the entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ionic Rare Earths Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Ionic Rare Earths Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Material accounting policy information (continued)

Revenue - other income

Grant income

Grant income is recognised when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant income will be received. IonicTech claims 60% of the expenses paid during the quarter, following the end of that quarter and only receives the grant money once the bills are paid.

Grant income is initially recognised at the fair value of the grant received or receivable. If the grant is conditional, recognition is deferred until the conditions are met.

Government grants are recognised in accordance with the specific requirements of accounting standards applicable to government grants and presented as other income in the statement of profit or loss and other comprehensive income.

Research and development tax incentive

The research and development tax incentive ('RDTI') represents a refundable tax offset that is available on eligible research and development expenditure incurred by the Group. The RDTI is considered to be a form of government assistance and the accounting policy adopted is analogous to accounting for government grants.

The RDTI is recognised at fair value where there is a reasonable assurance that the incentive will be received and the Group will comply with all attached conditions.

The RDTI relating to expenses is recognised as incurred at the point of time in profit or loss.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Research and development costs

Research costs are expensed in the period in which they are incurred. Development costs will be capitalised if and when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Material accounting policy information (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Ionic Rare Earths Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries. The Group classifies its interests in joint arrangements as either:

(a) Joint ventures: where the Group has rights to only the net assets of the joint arrangement,
(b) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

During the year, the Group reassessed the nature of its interest in a previously classified associate. Following this assessment, and consistent with the requirements of AASB 128 *Investments in Associates and Joint Ventures*, the investment has been reclassified as a joint venture.

The change in classification reflects updated conclusions regarding the rights and obligations of the parties under the relevant contractual arrangements, which indicate that decisions about the relevant activities now require the unanimous consent of the parties sharing control.

As a result of this change, the investment continues to be accounted for using the equity method. The reclassification did not result in any adjustment to the carrying amount of the investment at the date of reassessment.

Note 2. Material accounting policy information (continued)

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – refer above). Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In accordance with AASB 11 *Joint Arrangements*, the Group is required to apply all of the principles of AASB 3 *Business Combinations* when it acquires an interest in a joint operation that constitutes a business as defined by AASB 3.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 2. Material accounting policy information (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents
Significant costs associated with patents, trademarks and licences are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years. The 20-year useful life reflects management’s assessment of the expected economic life of the underlying intellectual property and the anticipated period over which the related commercialisation activities are expected to generate economic benefits.

Exploration and evaluation expenditure
Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs, including costs such as the earn-in payments relating to the Makuutu project, which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial year the decision is made. Each area of interest is also reviewed at the end of each financial year and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Material accounting policy information (continued)

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease Liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options over shares and performance rights that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 2. Material accounting policy information (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Ionic Rare Earths Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group does not expect these amendments to have a material impact on the amounts recognised in prior periods or will affect the current or future periods. The main standards are listed below:

- AASB 18 Presentation and Disclosure in Financial Statements
- AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Joint arrangements
For all joint arrangements structured in separate vehicles the Group must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). Factors the Group must consider include:
(a) Structure;
(b) Legal form;
(c) Contractual agreement; and
(d) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint ventures.

Treatment of expenditure on the Makuutu project
Management has applied judgement in the treatment of expenditure incurred on the Makuutu Project in Uganda (see further details on the investment in note 9).

Expenditure incurred in order to acquire the project has been capitalised as an initial cost of an investment in joint venture (being Rwenzori Rare Metals Limited ('RRM")) representing the Group's 60% interest in RRM. In addition, exploration expenditure incurred during 30 June 2023 increased the Group's interest to 60% which has been capitalised as a further investment in RRM. Management has determined that the Company has joint control as they do not have control over the management direction and control over the activities and operations of the Makuutu project.

The Group assesses at each reporting date whether there is objective evidence that its investment in the joint venture is impaired in accordance with AASB 128 Investments in Associates and Joint Ventures. In performing this assessment, management considers the underlying exploration and evaluation asset held by the joint venture and evaluates indicators of impairment with reference to AASB 6 Exploration for and Evaluation of Mineral Resources. This assessment includes consideration of the status of rights of tenure, planned and budgeted exploration expenditure, the results of exploration activities and whether facts and circumstances suggest that the carrying amount of the investment may not be recoverable.

During the earn-in period, contributed expenditure incurred is deemed to be capitalised exploration and evaluation expenditure, as opposed to contributions towards the joint venture. Once an earn-in milestone has been met, expenditure is transferred from capitalised exploration and evaluation expenditure to investment in joint venture.

Exploration and evaluation costs
Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs (including costs such as the earn-in payments relating to the Makuutu project) which are carried forward where right of tenure of the area of interest is current and are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The future recoverability of exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Share-based payment
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial, Black-Scholes model or current share price (where there are non-market conditions) taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 4. Operating segments

Identification of reportable operating segments
During the year, the Group revised its internal reporting structure and identified three operating segments for the purposes of monitoring performance and allocating resources: Exploration Operations, Magnet Recycling Operations and Corporate. This represents a change from the prior year, in which the Group was considered to operate as a single segment, being Exploration Operations.

These operating segments are recognised on both a business line and geographical basis, reflecting the manner in which the Group's operations are managed and resources are allocated. As the Group is in a development phase, revenue generation is currently limited and not material.

Although the Chief Operating Decision Makers ('CODM') reviews activities across these three segments, the information provided to the CODM continues to be primarily focused on expenditure levels, project development progress and funding requirements. The CODM does not receive discrete financial information such as segment revenue, segment profit or loss, or segment assets and liabilities, but rather consolidated results.

As a result, the Group does not prepare, and the CODM does not review, detailed financial results at a segment level. In accordance with AASB 8 *Operating Segments*, numerical segment disclosures have not been presented in these annual financial statements, as the information reviewed by the CODM is consistent with the consolidated results disclosed.

Geographical information

During the year, the Company conducted its activities across three geographic locations, being Australia, Uganda,and United Kingdom. (2025: Australia, Uganda and United Kingdom)

Note 4. Operating segments (continued)

	Other income		Geographical non-current assets	
	2026	2025	2026	2025
	$	$	$	$
Australia	-	754,094	289,544	450,898
United Kingdom	1,734,395	1,408,010	6,996,042	6,462,391
Uganda	-	-	23,064,992	24,223,908
	1,734,395	2,162,104	30,350,578	31,137,197

Note 5. Other income

	Consolidated	
	2026	2025
	$	$
Research and development rebate	491,116	2,160,135
Net fair value loss on financial assets (note 18)	-	(1,530,485)
Government grants	1,108,779	1,059,657
Other income	134,500	472,797
Other income	1,734,395	2,162,104

Government grants

During the financial year ending 30 June 2026, Ionic Technologies International Limited (IOT) derived income via the Innovation Funding Service portal (GOV.UK) from a number of different projects namely Critical Materials for Magnets/Feasibility, APC26: Industrialising Net–Zero Automotive, Critical Materials for Magnets/Supply Chain, Project – Climates: Supply Chain Innovations for Rare Earths strand 2 / Reevaluate and Project - Climates: Supply Chain Innovations for Rare Earths / Magnostic. These projects are funded by Innovate UK, a non-departmental public body sponsored by the Department for Business, Innovation, Science and Trade (BIST) (which incorporates the formerly known Department for Science, Innovation and Technology (DSIT)).

During the year $1,108,779 (£ 560,599) (2025: $1,059,657 (£505,562)) was received from the grant funding.

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Note 6. Expenses

	Consolidated 2026 $	Consolidated 2025 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	16,608	31,973
Plant and equipment	429,393	598,536
Furniture, fittings and equipment	58,364	107,325
Land and buildings right-of-use assets	52,930	126,276
Total depreciation	557,295	864,110
Amortisation		
Patents	288,335	287,222
Total amortisation	288,335	287,222
Total depreciation and amortisation	845,630	1,151,332
Employee benefits expense		
Salaries and wages expenses	2,465,134	2,626,656
Directors' benefit expense (excluding executives)	351,206	371,408
Defined contribution superannuation expense	91,167	71,080
Total employee benefits expense	2,907,507	3,069,144
Administration expenses		
Office operating lease rentals	281,126	173,138
Office operating and maintenance	683,659	430,957
Accounting and tax services	295,967	408,211
ESG expenses	9,116	11,690
Conferences	36,558	15,032
Publications	301,822	146,892
Other	1,933,317	557,386
Total administration expenses	3,541,565	1,743,306
Exploration expense		
Uganda - Makuutu	2,317,678	2,792,765
Finance costs		
Interest and finance charges paid/payable on lease liabilities	10,375	34,997
Other finance charges	-	6,282
Finance costs expensed	10,375	41,279
Other expenses		
Consultants	3,315,914	2,033,862
Legal fees	369,525	127,459
Travel and accommodation	874,992	442,457
Insurance	150,845	200,421
Promotion	197,939	189,240
Operating other	933,271	603,459
	5,842,486	3,596,898

Note 7. Income tax

	Consolidated 2026 $	Consolidated 2025 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(14,913,778)	(11,341,449)
Tax at the statutory tax rate of 25%	(3,728,444)	(2,835,362)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	256,678	174,444
Exploration expenditure	579,419	698,191
Net fair value gain/loss on financial assets - unrealised	289,729	(73,393)
Government grants exempt from tax	-	(452,478)
Other	903,092	1,240,244
	(1,699,526)	(1,248,354)
Current year tax losses not recognised	1,699,526	1,248,354
Income tax expense	-	-

	Consolidated 2026 $	Consolidated 2025 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	26,988,560	22,632,918
Potential tax benefit @ 25%	6,747,140	5,658,230

	Consolidated 2026 $	Consolidated 2025 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Transaction costs arising on shares issued	355,644	264,823
Prepayments	(7,032)	(1,758)
Timing differences (other than tax losses and capital losses) not brought to account	(399,658)	(275,405)
Other	43,968	10,542
Accruals	7,079	1,798
Total deferred tax assets not recognised	-	-

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the Statement of financial position as the recovery of this benefit is uncertain.

Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of $ 26,988,560 and capital losses of $8,924,336 (2025: $22,632,918 and capital losses of $8,924,336) that may be available for offset against future taxable profits of the companies in which the losses arose. The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company provided that:

(i) the provisions of deductibility imposed by law are complied with;
(ii) the Group satisfies the continuity of ownership test from the period the losses were incurred to the time they are to be utilised; and
(iii) no change in tax legislation adversely affect the realisation or the benefit from the deductions.

Note 8. Cash and cash equivalents

	Consolidated 2026 $	Consolidated 2025 $
Current assets		
Cash at bank	3,481,238	437,536
Term deposit	-	157,695
	3,481,238	595,231

Note 9. Investments accounted for using the equity method

An amount of $23,064,992 (2025: $24,223,908) has been presented in the financial statements as an Investment in Joint Venture. This represents amounts incurred to acquire an interest in Rwenzori Rare Metals Limited ('RRM') which holds 100% of the Makuutu Rare Earths Project. This includes the amounts set out below.

Reclassification due to reassessment:
The Group's interest in RRM was previously accounted for as an associate. During the year, the Group revisited its assessment of the rights and obligations relating to this investment. Although there were no changes to the contractual arrangements or other underlying facts and circumstances, the reassessment confirmed that key decisions over RRM's relevant activities require approval from more than 75% of voting rights, meaning the Group cannot unilaterally direct these activities, as the Group controls 60% of the voting rights, and such decisions must therefore be made jointly by the parties sharing control.

Accordingly, the investment has been reclassified from an associate to a joint venture in accordance with AASB 11. As both associates and joint ventures are accounted for under the equity method, there has been no change to the balances recognised in the financial statements or the disclosure requirements under AASB 12 and AASB 128.

	Consolidated 2026 $	Consolidated 2025 $
Non-current assets		
Non-current assets		
Investment in Joint Venture - Rwenzori Rare Metals Limited (RRM)	23,064,992	24,223,908
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	24,223,908	23,930,338
Exchange difference	(1,158,916)	293,570
Closing carrying amount	23,064,992	24,223,908

Interests in Joint Ventures
Interests in Joint Ventures are accounted for using the equity method of accounting. Information relating to Joint Ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %
Rwenzori Rare Metals Limited	Uganda	60.00%	60.00%

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Note 9. Investments accounted for using the equity method (continued)

Summarised financial information

	2026 $	2025 $
Subscription for initial 20% interest in Rwenzori Rare Metals Limited	148	148
US$100,000 paid to Rare Earth Elements Africa Pty Ltd	148,035	148,035
29,179,517 fully paid shares issued to Rare Earth Elements Africa Pty Ltd	233,436	233,436
100,000,000 fully paid shares issued to Southern Cross Mining Pty Ltd	800,000	800,000
50,000,000 options (exercise price of $0.005) issued to SCM	325,000	325,000
Expenditure on exploration and evaluation for additional 11% interest	954,689	954,689
Expenditure on exploration and evaluation for additional 15% interest	1,166,337	1,166,337
Expenditure on exploration and evaluation for additional 5% interest	498,210	498,210
Expenditure on exploration and evaluation for additional 5% interest	16,384,749	16,384,749
Expenditure on exploration and evaluation for award of mining license	1,611,837	1,611,837
US$375,000 Paid to Rare Earth Elements Africa Pty Ltd	546,367	546,367
Movement in foreign exchange	396,184	1,555,100
	23,064,992	24,223,908

	2026 $	2025 $
Summarised Statement of financial position		
Current assets	33,084	742,261
Non-current assets	2,683,227	2,397,604
Total assets	2,716,311	3,139,865
Current liabilities	201,243	93,284
Total liabilities	201,243	93,284
Net assets	2,515,068	3,046,581
Summarised Statement of profit or loss and other comprehensive income		
Revenue	-	-
Expenses	(7,511,860)	(1,788,537)
Loss before income tax	(7,511,860)	(1,788,537)
Income tax expense	-	-
Loss after income tax	(7,511,860)	(1,788,537)
Other comprehensive income	-	-
Total comprehensive Loss	(7,511,860)	(1,788,537)
Reconciliation of the Group's carrying amount		
Group's share in %	60%	60%
Group's share in $	1,509,041	1,827,945
Fair Value uplift	3,704,962	3,704,962
Contributions/foreign exchange movement	17,850,919	18,691,001
Closing carrying amount	23,064,922	24,223,908

Note 10. Plant and equipment

	Consolidated 2026 $	Consolidated 2025 $
Non-current assets		
Leasehold improvements - at cost	150,131	152,806
Less: Accumulated depreciation	(140,461)	(64,239)
	9,670	88,567
Plant and equipment - at cost	3,912,881	3,600,786
Less: Accumulated depreciation	(2,703,471)	(2,487,552)
	1,209,410	1,113,234
Furniture, fittings and equipment - at cost	480,798	502,051
Less: Accumulated depreciation	(405,968)	(347,604)
	74,830	154,447
Assets under construction – at cost	1,183,294	-
Property, Plant and Equipment	2,477,205	1,356,248
Right-of-use Assets Lease-at cost	286,427	631,385
Less: Accumulated depreciation	(31,883)	(305,167)
	254,544	326,218
Total Property, Plant and Equipment	2,731,749	1,682,466

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Furniture, fittings and equipment $	Assets under construction $	Right-of-use $	Total $
Balance at 1 July 2024	118,322	1,574,532	246,866	-	452,493	2,392,213
Additions	-	37,660	-	-	-	37,660
Disposals	-	(25,958)	-	-	-	(25,958.00)
Exchange differences	2,218	133,903	14,906	-	-	151,027.00
Write off of assets	-	(8,367)	-	-	-	(8,367.00)
Depreciation expense	(31,973)	(598,536)	(107,325)	-	(126,275)	(864,110)
Balance at 30 June 2025	88,567	1,113,234	154,447	-	326,218	1,682,466
Additions	-	827,820	8,548	1,183,294	-	2,019,662
Disposals	(60,896)	(223,112)	(20,423)	-	-	(304,431)
Lease Modification	-	-	-	-	(18,744)	(18,744)
Exchange differences	(1,393)	(79,139)	(9,377)	-	-	(89,909)
Depreciation expense	(16,608)	(429,393)	(58,365)	-	(52,929)	(557,295)
Balance at 30 June 2026	9,670	1,209,410	74,830	1,183,294**	254,544*	2,731,749

* During the year, the Company relocated its business premises in Melbourne, resulting in a modification of its lease arrangement. In accordance with AASB 16, the lease liability was remeasured and the corresponding right-of-use asset adjusted to reflect the revised lease terms arising from the change of address.

**Assets under construction primarily comprise costs incurred in relation to the development of the Group's Belfast commercial rare earth magnet recycling facility.

Note 11. Intangible assets

	Consolidated 2026 $	Consolidated 2025 $
Non-current assets		
Patents - at cost	5,524,002	6,063,163
Less: Accumulated amortisation/foreign exchange impact	(1,005,165)	(867,339)
	4,518,837	5,195,824

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Patents $
Balance at 1 July 2024	4,990,354
Exchange differences	492,692
Amortisation expense	(287,222)
Balance at 30 June 2025	5,195,824
Additions	33,577
Exchange differences	(422,229)
Amortisation expense	(288,335)
Balance at 30 June 2026	4,518,837

Note 12. Trade and other payables

	Consolidated 2026 $	Consolidated 2025 $
Current liabilities		
Trade payables	1,711,185	1,456,488
Accruals	151,967	335,693
Other payables	145,858	59,639
	2,009,010	1,851,820

Refer to note 17 for further information on financial instruments.

Note 13. Other financial liabilities

	Consolidated	
	2026	2025
	$	$
Current liabilities		
Funds received in advance for Convertible notes	-	750,000

Other financial liabilities correspond to funds received in advance for convertible notes which required shareholder approval before being issued. Shareholder approval was received at the EGM on 7 July 2025, upon which the convertible notes were then issued. The convertible notes are convertible into shares on the date determined by the holder and automatically convert into shares on 15 June 2027 if they haven't converted earlier. The conversion price is the lower of 0.9 cents per share and a 20% discount to the 15-business day volume weighted average price of shares traded on ASX prior to conversion. They are not redeemable. During the 2026 financial year 107 of these convertible notes were converted.

Note 14. Issued capital

	Consolidated			
	2026	2025	2026	2025
	Shares	Shares	$	$
Ordinary shares - fully paid	226,608,362	175,580,859	114,671,378	95,086,703

Movements in ordinary share capital

Note 14. Issued capital (continued)

Details	Date	Shares	Issue price	$
Balance	1 July 2024	161,043,370		92,130,498
Shares issued	22 July 2024	1,282,051	$0.39	500,000
Share based payments	2 December 2024	1,414,290	$0.21	297,001
Share placement	2 December 2024	6,828,571	$0.21	1,434,000
Share placement	3 December 2024	66,667	$0.21	14,000
Share purchase plan	23 December 2024	3,645,996	$0.21	765,659
Exercise of performance rights	28 January 2025	333,333	$0.00	195,000
Shares issued	21 May 2025	80,866	$0.24	19,408
Shares issued	22 May 2025	885,715	$0.21	186,000
Transaction costs		-	$0.00	-454,863
Balance	30 June 2025	175,580,859		95,086,703
Share based payments (options exercised)	8 July 2025	23,810	$0.33	7,857
Share based payments (options exercised)	9 July 2025	59,048	$0.33	19,486
Convertible notes converted	11 July 2025	3,240,740	$0.27	875,000
Convertible notes converted	18 July 2025	1,851,852	$0.27	500,000
Share based payments (options exercised)	18 July 2025	133,333	$0.33	44,000
Convertible notes converted	25 July 2025	3,703,704	$0.27	1,000,000
Share based payments (options exercised)	25 July 2025	3,251,904	$0.33	1,073,129
Convertible notes converted	1 August 2025	92,593	$0.27	25,000
Share based payments (options exercised)	1 August 2025	772,751	$0.33	255,008
Share based payments (options exercised)	8 August 2025	524,651	$0.33	173,135
Share based payments (options exercised)	18 August 2025	16,667	$0.33	5,500
Convertible notes converted	22 August 2025	277,778	$0.27	75,000
Share based payments (options exercised)	22 August 2025	59,524	$0.33	19,643
Convertible notes converted	29 August 2025	92,593	$0.27	25,000
Share based payments (options exercised)	29 August 2025	133,333	$0.33	44,000
Share based payments (options exercised)	18 September 2025	297,619	$0.33	98,214
Shares issued	19 September 2025	241,885	$0.48	116,105
Share based payments (options exercised)	29 September 2025	258,333	$0.33	85,250
Share based payments (options exercised)	30 September 2025	5,951	$0.33	1,965
Shares issued	16 October 2025	32,538,790	$0.48	15,616,282
Convertible notes converted	17 October 2025	185,185	$0.27	50,000
Share based payments (options exercised)	17 October 2025	913,788	$0.33	301,550
Shares issued to service providers	17 October 2025	185,895	$0.48	89,229
Performance Rights Vesting	29 October 2025	416,667	$0.00	243,750
Share based payments (options exercised)	3 November 2025	83,333	$0.33	27,500
Share based payments (options exercised)	28 November 2025	5,952	$0.33	1,964
Shares Issued	1 December 2025	26,134	$0.42	10,976
Shares issued to service providers	23 January 2026	62,364	$0.47	29,311
Share based payments (options exercised)	27 January 2026	12,239	$0.33	4,017
Shares issued to service providers	6 February 2026	416,666	$0.46	191,666
Share based payments (options exercised)	16 February 2026	556	$0.75	417
Shares issued to service providers	2 March 2026	416,666	$0.41	170,833
Share based payments (options exercised)	2 March 2026	16,334	$0.33	5,250
Share based payments (options exercised)	2 March 2026	333	$0.75	250
Shares issued to service providers	20 March 2026	88,338	$0.34	30,035
Shares issued to service providers	23 April 2026	41,303	$0.30	12,391
Shares issued to service providers	28 May 2026	42,889	$0.36	15,440
Convertible notes converted	28 May 2026	536,002	$0.23	125,001
Transaction costs				(1,946,724)
Equity Settled capital raising cost reserve				162,245
Balance	30 June 2026	226,608,362		114,671,378

On 5 December 2025, the Company completed a share consolidation in the ratio of 30 shares to convert to one ordinary share with approval of the shareholders on 28 November 2025, the opening balances have been restated.

Note 14. Issued capital (continued)

On 9 October 2025, the Company completed a Renounceable Rights offer followed by a placement; 32,538,790 fully paid ordinary shares at $0.48 per share, raising $15.6M before costs. As part of the offer and placement, investors received one free attaching listed option for every share subscribed, with an exercise price of $0.75 before 30 September 2028.

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Group is not exposed to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2025 Annual Report.

Note 15. Reserves

	Consolidated	
	2026 $	2025 $
Foreign currency reserve	814,299	2,583,041
Share-based payments reserve	5,964,531	5,346,629
Convertible note equity reserve *	325,000	136,403
	7,103,830	8,066,073

* On 7 July 2025, the Company issued 120 convertible notes for $3,000,000 after shareholder approval. The convertible notes are not redeemable and convert automatically into shares on 15 June 2027 if they haven't been converted earlier. The Company issued 7,142,857 (after consolidation) options to the investors of the convertible notes for no payment. The options are exercisable at $0.33 each and expire on 15 December 2027. Since date of issue 107 convertible notes have been converted.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration under an Employee Share Plan; Directors on terms determined by the Board and approved by shareholders, and other parties as part of their compensation for services.

Convertible note equity reserve
The reserve is used to recognise the value of options on issue, not granted as a means of a share-based payment.

Note 15. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Convertible note equity $	Total $
Balance at 1 July 2024	1,894,766	9,666,510	136,403	11,697,679
Foreign currency translation	688,275	-	-	688,275
Share-based payments (options)	-	275,065	-	275,065
Performance rights	-	697,776	-	697,776
Performance rights exercised	-	(195,000)	-	(195,000)
Options and performance rights expired	-	(5,097,722)	-	(5,097,722)
Balance at 30 June 2025	2,583,041	5,346,629	136,403	8,066,073
Foreign currency translation	(1,768,743)	-	-	(1,768,743)
Performance rights	-	913,628	-	913,628
Options and performance rights exercised	-	(295,726)	-	(295,726)
Convertible notes issued	-	-	3,000,000	3,000,000
Convertible notes converted	-	-	(2,675,000)	(2,675,000)
Convertible notes expired	-	-	(136,403)	(136,403)
Balance at 30 June 2026	814,298	5,964,531	325,000	7,103,830

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United Sates Dollar (USD) and Great Britian pound (GBP).

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

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Note 17. Financial instruments (continued)

The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 2026 $	Assets 2025 $	Liabilities 2026 $	Liabilities 2025 $
Pound Sterling	408,362	185,053	1,490,784	372,924

Consolidated - 2026	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
Pound Sterling	10%	-	108,242	(10%)	-	(120,269)

Consolidated - 2025	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
Pound Sterling	10%	-	18,787	10%	-	(20,875)

Interest rate risk
Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

As at the reporting date, the Group had the following financial assets exposed to Australian and English variable interest rate risk:

Consolidated	2026 Balance $	2025 Balance $
Financial assets - cash at bank		
Australia	3,467,768	418,854
United Kingdom	2,831	176,377
United States of America	10,639	-
Net exposure to cash flow interest rate risk	3,481,238	595,231

The Group has no interest bearing liabilities and is therefore not exposed to interest rate risks.
The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

At 30 June, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:

Note 17. Financial instruments (continued)

Consolidated - 2026	Basis points change	Effect on profit after tax	Effect on equity	Basis points change	Effect on profit after tax	Effect on equity
+/- 1% (100 basis points)	100	20,288	20,288	(100)	(20,288)	(20,288)

Consolidated - 2025	Basis points change	Effect on profit after tax	Effect on equity	Basis points change	Effect on profit after tax	Effect on equity
+/- 1% (100 basis points)	100	5,952	5,952	(100)	(5,952)	(5,952)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of financial position.

Consolidated - 2026	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	1,711,932	-	-	-	1,711,932
Other payables	145,858	-	-	-	145,858
Other financial liabilities	-	-	-	-	-
Interest-bearing - fixed rate					
Lease liability	78,673	162,136	-	-	240,809
Total non-derivatives	1,936,463	162,136	-	-	2,098,599

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Note 17. Financial instruments (continued)

Consolidated - 2025	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	1,456,488	-	-	-	1,456,488
Other payables	59,639	-	-	-	59,639
Other financial liabilities	750,000	-	-	-	750,000
Interest-bearing - fixed rate					
Lease liability	131,342	237,044	-	-	368,386
Total non-derivatives	2,397,469	237,044	-	-	2,634,513

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Fair value measurement

The Group had no assets or liabilities measured at fair value as at 30 June 2026.
During the prior year, the Group disposed of its investment in Viridis Mining and Minerals Ltd, which had been classified as a financial asset measured at fair value through profit or loss ("FVTPL"). Accordingly, there are no fair value hierarchy disclosures required for the current year.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2026 $	Consolidated 2025 $
Short-term employee benefits	1,507,954	1,004,197
Post-employment benefits	-	5,750
Share-based payments	651,823	459,501
	2,159,777	1,469,448

Note 20. Remuneration of auditors

The BDO entity performing the audit of the Group transitioned from BDO Audit (WA) Pty Ltd to BDO Audit Pty Ltd on 6 August 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Company:

	Consolidated 2026 $	Consolidated 2025 $
Audit services - BDO		
Audit or review of the financial statements	65,050	85,310

Note 21. Contingent liabilities

On 21 April 2022, the Company completed the acquisition of Seren Technologies Limited, now called Ionic Technologies International Limited, (IonicTech) from Seren AG, Professor Peter Nockemann and Professor Martin Atkins (Sellers). Obligations outstanding pursuant to this acquisition are:

(a) pay the Sellers 25% of any licence fee received by the Company from a third party to use the technology for magnet recycling or rare earth separation technology (Milestone 1 Payment), to a maximum of US$1,500,000.
(b) Upon reaching commercial production for a magnet recycling plant or rare earth separation and refining plant developed using the technology and designed for a scale exceeding 100 tonne per annum Rare Earth Oxide equivalent production capacity or greater (Milestone 2) pay the Sellers US$1,500,000 less the total Milestone 1 Payments paid to the Sellers (Milestone 2 Payment).

Note 22. Related party transactions

Parent entity
Ionic Rare Earths Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Joint ventures
Interests in joint ventures are set out in note 9.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the Directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2026 $	2025 $
Loss after income tax	(11,319,515)	(9,885,410)
Total comprehensive loss	(11,319,515)	(9,885,410)

Note 23. Parent entity information (continued)

Statement of financial position

	Parent 2026 $	Parent 2025 $
Total current assets	3,804,723	637,984
Total non-current assets	28,403,109	30,828,643
Total assets	32,207,832	31,466,627
Total current liabilities	633,950	2,546,641
Total non-current liabilities	162,136	-
Total liabilities	796,086	2,546,641
Net assets	31,411,746	28,919,986
Equity		
Issued capital	114,671,378	95,086,703
Foreign currency reserve	650,255	2,914,436
Share-based payments reserve	5,964,531	5,341,955
Convertible note equity reserve *	325,000	136,403
Accumulated losses	(90,199,418)	(74,559,511)
Total equity	31,411,746	28,919,986

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

Contingent liabilities
The parent entity had no other contingent liabilities as at 30 June 2026 and 30 June 2025 than mentioned on note 21.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %
Ionic (Brazil) Pty Ltd	Australia	100.00%	100.00%
Ionic (UK) Pty Ltd	Australia	100.00%	100.00%
Ionic (USA) Pty Ltd	Australia	100.00%	-
Ionic Technologies International Limited	United Kingdom	100.00%	100.00%
Ionic Technologies (Belfast) Limited	United Kingdom	100.00%	-
Ionic Rare Earths USA, Inc	Unites States of America	100.00%	-

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2026 $	Consolidated 2025 $
Loss after income tax expense for the year	(14,913,778)	(11,341,449)
Adjustments for:		
Depreciation and amortisation	845,630	1,151,332
Net fair value loss on financial assets	-	1,530,485
Share-based payments	1,026,710	697,776
Foreign exchange differences	(1,089,718)	(5,036)
Change in operating assets and liabilities:		
(Increase)/decrease in other receivables	293,395	(94,371)
Decrease in inventories	(99,262)	521,900
Decrease in prepayments	(72,704)	110,368
Increase in trade and other payables	157,190	1,537,943
Net cash used in operating activities	(13,852,536)	(5,891,052)

Note 26. Non-cash investing and financing activities

	Consolidated 2026 $	Consolidated 2025 $
Shares issued - exercise of performance rights	243,750	195,000

Note 27. Changes in liabilities arising from financing activities

Consolidated	Lease liabilities $
Balance at 1 July 2024	489,346
Net cash used in financing activities	(120,960)
Balance at 30 June 2025	368,386
Net cash from financing activities	(151,094)
Acquisition of leases	23,516
Balance at 30 June 2026	240,808

Note 28. Earnings per share

	Consolidated 2026 $	2025 $
Loss after income tax attributable to the owners of Ionic Rare Earths Limited	(14,913,778)	(11,341,449)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	214,127,554	169,159,941
Weighted average number of ordinary shares used in calculating diluted earnings per share	214,127,554	169,159,941
	Cents	**Cents**
Basic earnings per share	(6.96)	(6.70)
Diluted earnings per share	(6.96)	(6.70)

The weighted average number of ordinary shares for 2025 has been restated for the effect of the share consolidation (30 for 1) completed in December 2025, in accordance with AASB 133 'Earnings per share'.

53,076,774 (2025: 2,500,000) options, **8,050,007** (2025: 5,133,334) performance rights, 13 (2025: Nil) convertible notes over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2026. These options, performance rights and convertible notes could potentially dilute basic earnings per share in the future.

Note 29. Share-based payments

Options
The establishment of the Ionic Rare Earths Limited Employee Share Option Plan ('Plan') was approved by shareholders at the Annual General Meeting held on 24 November 2021. The Plan is designed to provide long-term incentives to Directors, senior executives, employees and certain contractors to deliver long term shareholder returns. Participation in the Plan is at the Board’s discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any. There is NIL options under the Plan as at 30 June 2026 (2025: Nil).

During the financial year, the following options were granted to consultants for their services provided to the Company and not under the Plan 1,844,961 (2025: 1,166,667). Total expense arising from the issue of options recognised during the year was $nil ,(2025: Nil).

The following consultant options were on issue at reporting date:

Note 29. Share-based payments (continued)

2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
26 Nov 2024	15 Dec 2027	$0.3300	1,166,667	-	(500,000)	-	666,667
10 Sep 2025	30 Sep 2028	$0.7500	-	1,511,628	-	-	1,511,628
28 Nov 2025	30 Nov 2028	$0.6300	-	333,333	-	-	333,333
			1,166,667	1,844,961	(500,000)	-	2,511,628
Weighted average exercise price			$0.4840	$0.7280	$0.3300		$0.6220

* A security consolidation of every 30 pre-consolidation shares into post consolidation share took place during the year. Approved by shareholders at EGM on 28 November 2025. The 30 June 2025 balance was restated accordingly.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.96 years (2025: Nil years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/09/2025	30/09/2028	$0.540	$0.750	100.00%	-	3.85%	$0.309
28/11/2025	28/11/2028	$0.420	$0.630	100.00%	-	3.85%	$0.234

Performance Share Rights

During the year ended 30 June 2026, **4,133,333 (124,000,000 pre-consolidation)** performance rights were granted.

The vesting conditions of the performance rights are:

Note 29. Share-based payments (continued)

- 536,667 (16,100,000 pre-consolidation) Performance Rights will vest upon successful achievement of government funding to support the commercialisation of the Company's magnet recycling activities;
- 100,000 (3,000,000 pre-consolidation) Performance Rights will vest upon successfully receipt of strategic investment funding from external parties to advance the Company's projects;
- 100,000 (3,000,000 pre-consolidation) Performance Rights will vest upon successfully execution of a new joint venture or licensing arrangement to progress the Company's magnet recycling business;
- 350,000 (10,500,000 pre-consolidation) Performance Rights will vest upon successfully completion of a transaction relating to the Company's interest in the Makuutu Rare Earth Project;
- 83,333 (2,500,000 pre-consolidation) Performance Rights will vest upon successfully securing a significant portion of required raw material supply for the initial operation of the Belfast facility;
- 83,333 (2,500,000 pre-consolidation) Performance Rights will vest upon successfully progressing offtake negotiations to secure sales commitments for a portion of the Belfast facility's initial production;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully securing a site in the United States for a future commercial-scale magnet recycling facility;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully completion of engineering design work to support a financial investment decision for a commercial magnet recycling plant;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully obtaining required environmental and regulatory approvals for construction of a commercial magnet recycling facility in the United States;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully Board approval of a financial investment decision for a commercial-scale magnet recycling facility in the United States;
- 133,333 (4,000,000 pre-consolidation) Performance Rights will vest upon successfully securing a strategic partnership, cornerstone investment, or government funding to support development of a U.S. magnet recycling facility;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successfully execution of binding feedstock supply agreements for a significant portion of the Belfast facility's planned processing capacity;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successful Board approval to proceed with commercialisation of the Belfast magnet recycling facility;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successful achievement of production targets for separated REO's at the Belfast demonstration plant;
- 353,333 (10,600,000 pre-consolidation) Performance Rights will vest upon successful deployment of the Company's magnet recycling technology at an additional location achieving targeted production output;
- 66,667 (2,000,000 pre-consolidation) Performance Rights will vest upon successfully securing an offtake agreement relating to the Makuutu Rare Earths Project;
- 200,000 (6,000,000 pre-consolidation) Performance Rights will vest upon successful Board approval of a financial investment decision to progress the Makuutu Project to construction;
- 200,000 (6,000,000 pre-consolidation) Performance Rights will vest upon successful achievement of production targets for mixed rare earth carbonate at the Makuutu demonstration plant;
- 66,667 (2,000,000 pre-consolidation) Performance Rights will vest upon successful execution of binding documentation for an equity or debt investment into the Company or the Makuutu Project;
- 66,667 (2,000,000 pre-consolidation) Performance Rights will vest upon successfully securing an offtake or strategic partnership arrangement with Ionic Technologies International Limited;
- 200,000 (6,000,000 pre-consolidation) Performance Rights will vest upon successful Board approval of a financial investment decision to construct a commercial magnet recycling facility.

Set out below are summaries of performance rights granted under the plan:

2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired Forfeited Vested	Balance at the end of the year
21/03/2024	21/03/2027	$0.0000	2,466,667	-	-	(416,660)	2,050,007
21/05/2025	20/05/2028	$0.0000	2,666,667	-	-	-	2,666,667
28/11/2025	27/11/2028	$0.0000	-	3,333,333	-	-	3,333,333
28/11/2025	27/11/2028	$0.0000	-	800,000	-	(800,000)	-
			5,133,334	4,133,333	-	(1,216,660)	8,050,007

Note 29. Share-based payments (continued)

During the year ended 30 June 2025, 2,666,667 (80,000,000 pre-consolidation) performance rights were granted.

The vesting conditions of the performance rights are:
- 666,667 (20,000,000 pre-consolidation) Performance Rights will vest upon successfully securing UK Government funding of £5m or greater, prorated up to £10m, for commercialisation in magnet recycling in Belfast;
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon successfully securing strategic investment of greater than US$5million within IRE or subsidiaries / projects;
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon signing magnet and swarf feed supply agreements for Belfast facility for greater than 50% of nominated feed capacity;
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon signing REO offtake agreements from the Belfast magnet recycling facility for greater than 20% of proposed production;
- 666,667 (20,000,000 pre-consolidation) Performance Rights will vest upon successfully securing an additional joint venture for establishment of magnet recycling business in target markets; and
- 333,333 (10,000,000 pre-consolidation) Performance Rights will vest upon successful completion of a positive scoping study (Viridion JV) for magnet recycling, IRR > 20%.

2025

Grant date	Expiry date	Exercise price	Balance at the start of the year *	Granted	Exercised	Expired Forfeited Other	Balance at the end of the year
30/06/2022	30/06/2025	$0.0000	110,000	-	-	(110,000)	-
30/06/2022	30/06/2025	$0.0000	113,333	-	-	(113,333)	-
13/03/2024	13/03/2027	$0.0000	2,966,667	-	(333,333)	(166,667)	2,466,667
16/05/2025	21/05/2028	$0.0000	-	2,666,667	-	-	2,666,667
			3,190,000	2,666,667	(333,333)	(390,000)	5,133,334

* A security consolidation of every 30 pre-consolidation shares into one post consolidation share took place during the year. Approved by shareholders at EGM on 28 November 2025. The 30 June 2025 balance was restated accordingly.

Total expense arising from the issue of performance rights recognised during the year was $782,960 (2025: $697,776).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/11/2025	13/03/2027	$0.4200	$0.0000	-	-	-	$0.4200

Note 30. Events after the reporting period

On 27 July 2026, the Company issued 67,413 fully paid ordinary shares as consideration for services received.

On 27 July 2026, the Company issued 1,949,999 performance rights under its employee incentive scheme with an expiry date of 30 June 2029.

On 13 July 2026 the Company announced it commenced the FEED phase for its Belfast rare earth magnet recycling facility and continued to advance planning and permitting activities in support of the proposed development.

On 31 July 2026 the Company announced the commencement of a strategic review of its Makuutu Heavy Rare Earths Project to evaluate potential strategic, funding and development alternatives. No decisions have been made and the review remains ongoing

On 5 August 2026 the Company announced a successful $8 Million placement at 0.26 per new share. The placement includes $0.5 Million Company Director participation subject to shareholders approval at the AGM.

On 11 August 2026, the Company issued 28,846,155 fully paid ordinary shares as part of the placement, and 251,299 shares as consideration for services received.

On 25 August 2026, the Company issued 286,622 fully paid ordinary shares as consideration for services received.

On 31 August 2026, the Company lapsed 666,667 Performance rights as the relevant conditions were not met.

On 3 September 2026, the Company announced that Ionic Rare Earths USA had entered into a non-binding term sheet with US Strategic Metals to establish a proposed 50:50 joint venture to develop rare earth magnet recycling facilities in Missouri, USA. The proposed joint venture contemplates an initial investment of US$100 million and the licensing of Ionic Technologies' magnet recycling technology. The transaction remains subject to definitive agreements and other conditions precedent and therefore no amounts have been recognised in the financial statements at 30 June 2026. The financial impact of the proposed joint venture cannot presently be reliably estimated.

On 11 September 2026, the Company issued 34,922 ordinary shares for services provided. Additionally, 883,332 performance rights vested and were exercised into 883,332 ordinary shares, and five convertible notes were converted into 485,510 ordinary shares. Accordingly, a total of 1,403,764 new ordinary shares were issued.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Ionic Rare Earths Limited	Body corporate	Australia	-	Australia *
Ionic (Brazil) Pty Ltd	Body corporate	Australia	100.00%	Australia *
Ionic (UK) Pty Ltd	Body corporate	Australia	100.00%	Australia *
Ionic (USA) Pty Ltd	Body corporate	Australia	100.00%	Australia *
Ionic Technologies International Limited	Body corporate	United Kingdom	100.00%	Foreign - United Kingdom
Ionic Technologies (Belfast) Limited	Body corporate	United Kingdom	100.00%	Foreign - United Kingdom
Ionic Rare Earths USA, Inc	Body corporate	United States of America	100.00%	United States of America

* Ionic Rare Earths Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Basis of preparation

Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295(3B)(a) of the Corporation Acts 2001 defines Australian resident as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295 (3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency in those foreign jurisdictions and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts
Section 295(3B)(b) and (c) of the Corporation Acts 2001 clarify that an Australian resident for the purposes of these disclosures includes a partnership with at least one member of which is an Australian resident within the meaning of the Income Tax Assessment Act 1997 and a resident trust estate under the meaning in Division 6 of the Income Tax Assessment Act 1936. For the purposes of the CEDS, Public Company Share Trust is determined to be an Australian resident trust estate within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936. XYZ Partnership is also determined to be an Australian resident because one of its partners is an Australian tax resident.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Brett Lynch
Chairman

17 September 2026
Melbourne

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INDEPENDENT AUDITOR'S REPORT

To the members of Ionic Rare Earths Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ionic Rare Earths Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of investment in Joint Venture

Key audit matter	How the matter was addressed in our audit
As at 30 June 2026, Ionic held a 60% interest in Rwenzori Rare Metals Limited ("RRM") which holds a 100% interest in the Mukuutu Rare Earth Elements Project in Uganda as disclosed in Note 9 of the Financial Report. At each reporting period, the value of this equity accounted investment is assessed for indicators of impairment. If indicators of impairment exist, the recoverable amount needs to be determined. The carrying value of the investment in RRM is a key audit matter due to the significant judgement involved in accounting for the Group's interest and assessing whether indicators of impairment exist that may affect the recoverability of the investment.	Our procedures included, but were not limited to: • Evaluating management's assessment of joint control over RRM and the accounting for the interest as an investment in a joint venture, including the terms relevant to the Group's earn-in interest; • Confirming the Group's percentage ownership and evaluating the calculation of the carrying value of the investment at the reporting date, including movements during the year; • Assessing management's impairment indicator assessment with reference to AASB 128 and AASB 136; • Evaluating the status and tenure of the underlying exploration licences and areas of interest, including whether any adverse changes had been identified; • Evaluating commodity price movements, project progress and funding plans relevant to the Makuutu Project to identify potential indicators of impairment; • Reviewing budgets, Board papers, ASX announcements to identify evidence of adverse changes or funding constraints that may impact the recoverability of the investment; and • Assessing the adequacy of the related disclosures in Note 3 and Note 9 of the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 28 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Ionic Rare Earths Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Dave Andrews

Director

Perth, 17 September 2026

The shareholder information set out below was applicable as at 31 August 2026.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares		Performance rights over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	468	0.09	506	0.32	-	-
1,001 to 5,000	3,500	3.50	430	2.21	-	-
5,001 to 10,000	1,207	3.49	185	2.34	-	-
10,001 to 100,000	1,890	22.76	235	14.93	6	416,669
100,001 and over	315	70.16	83	80.20	19	8,916,670
	7,380	100.00	1,439	100.00	25	9,333,339
Holding less than a marketable parcel	1,093	-	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,118,966	8.25
CITICORP NOMINEES PTY LIMITED	18,146,831	7.09
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	8,887,639	3.47
BNP PARIBAS NOMS PTY LTD	8,103,715	3.16
UBS NOMINEES PTY LTD	6,219,275	2.43
WINGADEE INVESTMENTS PTY LTD <ARALUEN A/C>	5,000,000	1.95
BOND STREET CUSTODIANS LIMITED <DEONEI - V13669 A/C>	4,498,298	1.76
MRS IFRAH NISHAT	4,325,943	1.69
SIDOTI CAPITAL PTY LTD <D SIDOTI A/C>	3,717,000	1.45
JGM PROPERTY INVESTMENTS PTY LTD	3,541,667	1.38
KINETIC WEALTH ADVISERS PTY LTD	3,350,001	1.31
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	2,478,651	0.97
MARKOVIC FAMILY NO 2 PTY LTD	1,778,334	0.69
CIRCUMFERENCE CAPITAL CT PTY LTD <CIRCUMFERENCE CAPITAL A/C>	1,690,394	0.66
MR PAUL ROBERT BOOTHMAN	1,650,000	0.64
AEI #1 LLC	1,481,482	0.58
DHALIWAL SUPER PTY LTD <DHALIWAL SUPER FUND A/C>	1,435,694	0.56
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	1,250,396	0.49
TIMEL HOLDINGS PTY LTD <TMH HOLDINGS A/C>	1,233,334	0.48
MR IAN MORTON + MRS DEBORAH MORTON <DEBIAN SUPER FUND A/C>	1,130,965	0.44
	101,038,585	39.46

Unquoted equity securities

	Number on issue	Number of holders
30 November 2026, $0.63 option (UO9)	333,333	1
30 November 2026, $0.945 option (OP6)	666,668	2
15 December 2027, $0.33 options (OP7)	6,787,826	134
26 June 2028, $0.60 options (UO4)	7,232,261	25
26 June 2028, $0.60 options (UO5)	4,011,355	28
Performance rights	9,333,339	28
Convertible notes	13	2

Substantial holders	Holding Balance	%IC
Argentem Creek Opportunities Fund LP	16,308,829	6.4%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Schedule of Mining Tenements Held

Project	Location	Country	Type of Concession	Percentage Held
Makuutu	LML00334	Uganda	Large-Scale Mining License	60%
Makuutu	TN/LML/04741	Uganda	Large-Scale Mining License	60%
Makuutu	RL00007	Uganda	Retention Licence	60%
Makuutu	RL00234	Uganda	Retention Licence	60%
Makuutu	EL00257	Uganda	Exploration	60%
Makuutu	EL00147	Uganda	Exploration	60%
Makuutu	EL00624	Uganda	Exploration	60%
Makuutu	EL00616	Uganda	Exploration	60%
Makuutu	EL00148	Uganda	Exploration	60%
Makuutu	EL00450	Uganda	Exploration	60%