Half-year Financial Report

For the six months ended 31 December 2019

ioneer Ltd
ABN 76 098 564 606

Contents

Directors' report

The directors of ioneer Ltd present their report together with the consolidated financial statements of ioneer Ltd ('ioneer' or the 'Company') and its controlled entities (collectively the Group) for the six months ended 31 December 2019 ('half-year') and the Auditor's review report thereon.

Directors

Mr J. D. Calaway (Non-executive Director and Chairman)
Mr B. Rowe (Managing Director)
Mr A. Davies (Non-executive Director)
Mr P. Elliott (Non-executive Director)
Mr J. Hofmeister (Non-executive Director)

The above directors held office during and since the end of the half year.

Results and review of operations

The Group reported a consolidated net loss of $2.4 million for the half year ending 31 December 2019 (2018: profit $1.1 million), after income tax expense.

Further details of the Group's Summary of performance can be found in the 'Summary of Performance and financial position' review on page 4.

Principal activities

The principal activity of the Group continues to be the development of the Rhyolite Ridge Lithium-Boron Project ('Rhyolite Ridge' or 'Project') in Nevada, United States of America.

Rhyolite Ridge is one of the largest lithium and boron deposits in the world and has the potential to become a strategic, long-life and low-cost source of lithium and boron. The Project is located close to existing infrastructure and is well positioned to become a major US domestic lithium producer capable of supplying a meaningful portion of future American lithium demand.

No significant change in the nature of these activities occurred during the half year.

Significant changes in the state of affairs

The Company successfully raised $40 million of additional capital during the period through a private placement of 200 million ordinary shares.

There have been no other significant changes in the state of affairs of the group during the half year.

Matters subsequent to the end of the financial period

The directors are not aware of any matter of material circumstance which has arisen since the end of the half year ending 31 December 2019 which would be expected to have a material effect on the financial and operating performance or results of the Group.

Dividends

The directors have determined that there will be no dividend paid in respect of the half year ending 31 December 2019 (2018: $nil). No dividends have been proposed or paid since the start of the financial year.

Operating and financial performance

The operating and financial performance review forms part of the Directors' Report and has been prepared in accordance with section 299A of the Corporations Act 2001 (Cth). The information provided aims to assist users better understand the operations and financial position of the Group.

Summary of performance and financial position

Half year ended	Unit	31 Dec 2019	31 Dec 2018	% Change
Total operating cash flows	A$'000	**(3,714)**	(2,710)	37%
Investing cash flows	A$'000	**(24,766)**	(11,777)	110%
Financing cash flows - equity	A$,000	**38,609**	(125)	>100%
Total cash increased/(decreased) in the half year	A$'000	**10,129**	(14,612)	(169%)
Net profit /(loss) after tax	A$,000	**(2,399)**	1,106	317%

Balance as at	Unit	31 Dec 2019	30 Jun 2019	% Change
Net cash	A$'000	**59,534**	48,604	22%
Capitalised exploration for period	A$,000	**25,733**	33,627	(23%)
Net assets	A$,000	**133,254**	95,656	39%

Highlights of the half year ended 31 December 2019

- Rhyolite Ridge Pilot Plant achieved key objectives and provided opportunities to enhance the process flowsheet
- Completion of integrated process flowsheet at pilot plant with key modifications and improvements incorporated into the DFS engineering design
- Samples of high-quality lithium and boron end-products produced at the Pilot Plant have been sent to thirty potential off-take partners
- Strategic and off-take partner discussions are progressing well with twenty potential partners having toured the Pilot Plant as part of their due diligence
- Completion of $40 million fully underwritten institutional placement with cornerstone investment from Centaurus Capital LP
- Binding boric acid offtake agreement signed with the Dalian Jinma Group; a large diversified private Chinese company focused on boron related products
- Non-binding Letter of Intent ('LOI') to purchase up to 250,000 tonnes annually of high-quality sulphur from Shell Canada Energy
- Lithium carbonate confirmed to contain exceptionally low levels of impurities, meeting or exceeding customer specifications, in addition to previously announced high-purity lithium hydroxide
- The Definitive Feasibility Study ('DFS') is on track for completion in Q1 2020 following incorporation of enhancements into the engineering design of the processing plant

The Group recorded a Loss from Ordinary activities for the period of $2.4 million (2018: profit $1.1 million). This result includes an impairment on exploration assets of $0.08 million (2018: $0.16 million).

The net assets of ioneer increased to $133.3 million as at 31 December 2019, from $95.7 million at 30 June 2019, due primarily to the $40 million in equity raised during the period.

Exploration and evaluation expenditure for the first half of FY2020 was $25.7 million (first half FY2019 $12.4 million) which reflects the continuation of the increased work program across the period with a particular focus on the DFS for Rhyolite Ridge.

Post the capital raise, the Group is well funded to complete the DFS, advance detailed engineering beyond the DFS to approximately 50% completion, complete the environmental approval process and provide other working capital.

Cash on hand at 31 December 2019 was $59.5 million (30 June 2019: $48.6 million).

Environmental performance

The Group holds exploration licences issued by the relevant government authorities which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with regulatory guidelines and standards. There have been no known breaches of the licence conditions.

Following completion of environmental baseline studies and other work undertaken over the past two years, ioneer is currently finalising the reports comprising the Plan of Operations for the development of the Project. The Company intends to file the Plan of Operations with the U.S. Department of the Interior - Bureau of Land Management ('BLM') soon. This filing will trigger the environmental review process under the National Environmental Policy Act ('NEPA') and is expected to follow an Environmental Impact Statement ('EIS') pathway.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* forms part of this report and is set out on page 6.

Rounding off

The Group is of a kind referred to in ASIC Corporations (rounding in Financial / Directors' Report) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial statements and directors' reports have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors.

James D Calaway
Chairman
Sydney, 27 February 2020

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Auditor's Independence Declaration to the Directors of ioneer Limited

As lead auditor for the review of the half-year financial report of ioneer Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ioneer Limited and the entities it controlled during the financial period.

Ernst & Young

Scott Nichols
Partner
Sydney
27 February 2020

Interim condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2019

	Note	31 Dec 2019 A$'000	31 Dec 2018 A$'000
Exploration expenditure written off		(80)	(162)
Other income	2.2	138	-
Employee benefits expensed	2.3	(2,033)	(687)
Other expenses	2.4	(1,617)	(1,736)
Results from operating activities		(3,592)	(2,585)
Finance income	2.5	1,204	3,694
Finance costs	2.5	(11)	(3)
Net finance income		1,193	3,691
Profit/ (Loss) before tax		(2,399)	1,106
Income tax expense		-	-
Profit/ (Loss) for the year		(2,399)	1,106
Profit/ (Loss) attributable to members of the company		(2,399)	1,106

Items that may be reclassified subsequently to profit and loss		
Foreign currency translation difference on foreign operations	765	1,076
Other comprehensive income (net of tax)	765	1,076
Total comprehensive profit / (loss) for the year	(1,634)	2,182
Total comprehensive income / (loss) attributable to the owners of the company	(1,634)	2,182

Earnings per share	31 Dec 2019 Cents	31 Dec 2018 Cents
Basic profit/(loss) per ordinary share	(0.161)	0.08
Diluted Profit/(loss) per ordinary share	(0.161)	0.07

The interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of financial position

As at 31 December 2019

	Note	31 Dec 2019 A$'000	30 Jun 2019 A$'000
Current assets			
Cash assets	3.1	59,534	48,604
Receivables	3.2	242	319
Total current assets		59,776	48,923
Non-current assets			
Receivables	3.2	345	211
Plant and equipment	3.3	39	41
Right of use asset	3.4	127	-
Exploration and evaluation expenditure	3.5	76,092	49,366
Total non-current assets		76,603	49,618
Total assets		136,379	98,541
Current liabilities			
Payables	3.6	2,862	2,718
Provisions	3.7	227	167
Total current liabilities		3,089	2,885
Non-current liabilities			
Payables	3.6	36	-
Total non-current liabilities		36	-
Total liabilities		3,125	2,885
Net assets		133,254	95,656
Equity			
Contributed equity	4.1	152,706	113,013
Reserves		10,582	10,277
Accumulated losses		(30,034)	(27,634)
Total equity		133,254	95,656

The interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of cash flows

For the six months ended 31 December 2019

	Note	31 Dec 2019 A$'000	31 Dec 2018 A$'000
Cash flows from operating activities			
Payment to suppliers and employees		(3,714)	(2,710)
Net cash flows used in operating activities		(3,714)	(2,710)
Cash flows from investing activities			
Expenditure on mining exploration		(25,071)	(12,605)
Purchase of equipment		(9)	(48)
Interest received		314	876
Net cash flows used in investing activities		(24,766)	(11,777)
Cash flows from financing activities			
Proceeds from the issue of shares		40,000	-
Proceeds from exercise of options		406	-
Equity raising expenses		(1,797)	(125)
Net cash flows received from financing activities		38,609	(125)
Net increase (decrease) in cash held		10,129	(14,612)
Opening cash balance		48,604	80,539
Effect of exchange rate fluctuations on balances of cash held in USD		801	3,844
Closing cash carried forward	3.1	59,534	69,771

The interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of changes in equity

For the six months ended 31 December 2019

	Note	Issued capital	Foreign currency translation reserve	Equity compensation reserve	Accumulated losses	Total equity
		A$'000	A$'000	A$'000	A$'000	A$'000
As at 1 July 2018		112,451	-	8,383	(26,693)	94,141
Profit for the half year ended 31 December 2018		-	-	-	1,106	1,106
Other comprehensive income						
Foreign currency translation differences on foreign operations		-	1,076	-	-	1,076
Total other comprehensive income		-	1,076	-	-	1,076
Total comprehensive income for the year		-	1,076	-	1,106	2,182
Share-based payments		-	-	143	-	143
Share issue costs	4.1	(125)	-	-	-	(125)
As at 31 December 2018		112,326	1,076	8,526	(25,587)	96,341
As at 1 July 2019		113,013	1,566	8,711	(27,635)	95,656
Loss for the half year ended 31 December 2019		-	-	-	(2,399)	(2,399)
Other comprehensive income						
Foreign currency translation differences on foreign operations		-	765	-	-	765
Total other comprehensive income		-	765	-	-	765
Total comprehensive income for the year		-	765	-	(2,399)	(1,634)
Issue of share capital						
Ordinary shares cash	4.1	40,000				40,000
Exercise of unlisted options	4.1	407				407
Share-based payments		-	-	623	-	623
Unlisted options exercised	4.1	706		(706)		-
Performance rights exercised	4.1	377		(377)		
Share issue costs	4.1	(1,797)		-	-	(1,797)
						-
As at 31 December 2019		152,706	2,331	8,251	(30,034)	133,254

The interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the interim condensed consolidated financial statements

Section 1. Basis of preparation and changes to the Groups accounting policies

1.1. Corporate information

The interim condensed consolidated financial statements of ioneer Ltd and its subsidiaries (collectively the "Group" or the "Company") for the six months ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 27 February 2020.

ioneer Ltd is a for profit company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") under the ticker code "INR". The registered office of the Company is suite 5.03, 140 Arthur Street, North Sydney, NSW 2060 Australia.

1.2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2019 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, and as such, consistently with the 30 June 2019 financial report, amounts presented in the financial and directors report for 31 December 2019 have been rounded to the nearest $1,000 (where rounding is permitted), unless otherwise stated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2019.

1.3. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, AASB 16 *Leases*. As required by AASB 134, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on -balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption AASB 16 as at 1 July 2019 is detailed in notes 3.4 and 3.6

a) Nature of the effect of adoption of AASB 16

The Group has lease contracts for various rented offices. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. All leases were classified as operating leases as the risks and rewards incidental to ownership of the leased asset had not passed to the Group. As an operating lease, the leased property was not capitalised, and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b) Amounts recognised in the statement of financial position and profit or loss

The Group recognised rent expense from short-term leases of $47,000 for the six months ended 31 December 2019.

Section 2. Financial performance

2.1. Operating segments

Description of segments

The Group operates predominantly as a mineral exploration and development company. The operating segments are based on the reports reviewed by the Managing Director for assessing performance and determining the allocation of resources and strategic decision making within the Group. The following summary describes the operations in each of the Groups reportable segments:

North America	Represents activity in the US, primarily in relation to Rhyolite Ridge.
Australia	Represents head office expenditure, exchange gains and losses and corporate assets (predominantly cash).

The following table presents segment information for the six months ended 31 December 2019 and 2018, respectively:

Segment information	North America		Australia		Total	
	31-Dec 2019 $'000	31-Dec 2018 $'000	31-Dec 2019 $'000	31-Dec 2018 $'000	31-Dec 2019 $'000	31-Dec 2018 $'000
Other income	138	-	-	-	138	-
Exploration expenditure - non core	(80)	(162)	-	-	(80)	(162)
Reportable segment profit / (loss)	58	(162)	-	-	58	(162)
Other expense	(1,058)	(242)	(2,592)	(2,181)	(3,650)	(2,423)
Net financing (expense) / income	1	(847)	1,192	4,538	1,193	3,691
Net profit/(loss) before income tax	(999)	(1,251)	(1,400)	2,357	(2,399)	1,106
	31-Dec 2019	30-Jun 2019	31-Dec 2019	30-Jun 2019	31-Dec 2019	30-Jun 2019
Segment assets						
Exploration assets	76,092	49,366	-	-	76,092	49,366
Other assets	1,976	891	58,311	48,284	60,287	49,175
Total assets	78,068	50,257	58,311	48,284	136,379	98,541
Segment liabilities						
Payables	2,656	2,007	242	711	2,898	2,718
Provisions	109	95	118	72	227	167
Total liabilities	2,765	2,102	360	783	3,125	2,885
Net assets	75,303	48,155	57,951	47,501	133,254	95,656

2.2. Other income

	Half year ended	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Write-back of reclamation bonds	138	-
Total other income	**138**	-

The Group has recognised in Non-current receivables during the period, outstanding reclamation bonds previously written off as exploration expenditure.

2.3. Employee benefits expense

	Half year ended	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Director fees	404	213
Employee benefits expense	1,272	431
Share-based payments	357	43
Total employee benefits expensed	**2,033**	687

2.4. Other expenses

	Half year ended	
	31 Dec 2019 $'000	31 Dec 2018 $'000
General and administrative expenses	339	317
Consulting and professional costs	486	656
Corporate overhead	784	759
Depreciation and amortisation	8	4
Total other expenses	**1,617**	1,736

2.5. Net finance income

	Half year ended	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Interest income	373	925
Net foreign exchange gain	831	2,769
Finance income	**1,204**	3,694
Bank charges	(7)	(3)
Lease interest	(4)	-
Finance expense	**(11)**	(3)
Net finance income	**1,193**	3,691

Section 3. Invested and working capital

3.1 Cash assets

	31 Dec 2019 $'000	30 Jun 2019 $'000
Cash at bank	4,290	2,338
Short term deposits	55,244	46,266
Total cash assets	59,534	48,604

Cash assets in the consolidated statement of financial position comprise cash at bank and deposits with an average maturity of three months or less.

3.2 Receivables

	31 Dec 2019 $'000	30 Jun 2019 $'000
Current		
Interest receivable	85	26
Other debtors	157	293
Total current trade and other receivables	242	319
Non-current		
Other receivables	345	211
Total non-current trade and other receivables	345	211
Total current and non-current trade and other receivables	587	530

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Impairment losses are recognised in the profit and loss.

3.3 Plant and equipment

	31 Dec 2019 $'000	30 Jun 2019 $'000
Plant and equipment - at cost	60	54
Less accumulated depreciation	(21)	(13)
Total plant and equipment	39	41
Reconciliation of the movement		
Opening balance	41	5
Additions	9	47
Disposals	(3)	-
Depreciation expense	(8)	(11)
Foreign exchange translation difference	-	-
Closing balance	39	41

3.4 Right of use asset

	31 Dec 2019 $'000	30 Jun 2019 $'000
Plant and equipment - at cost	177	-
Less accumulated depreciation	(50)	-
Total plant and equipment	**127**	-
Reconciliation of the movement		
Opening balance	-	-
Additions	177	-
Depreciation expense	(50)	-
Foreign exchange translation difference	-	-
Closing balance	**127**	-

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

- *Right-of-use assets:* The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3.5 Exploration and evaluation expenditure

	31 Dec 2019 $'000	30 Jun 2019 $'000
Exploration and evaluation expenditure	76,092	49,366
Reconciliation of movement		
Opening balance	49,366	14,915
Additions - Rhyolite Ridge	25,733	33,627
Exploration expenditure - non core	80	177
Exploration expenditure - written off	(80)	(177)
Foreign exchange translation difference	993	824
Carrying amount at the end of the period	**76,092**	49,366

3.6 Payables

	31 Dec 2019 $'000	30 Jun 2019 $'000
Current		
Trade creditors and other payables	2,724	2,232
Accrued expenses	40	486
Lease Liabilities	98	-
Total current payables	**2,862**	2,718
Non-current		
Lease Liabilities	36	-
Total non-current payables	**36**	-
Total current and non-current payables	**2,898**	2,718

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

- *Lease liabilities:* At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.7 Provisions

	31 Dec 2019 $'000	30 Jun 2019 $'000
Current		
Provision for employee benefits	227	167
Total provisions	227	167

Section 4. Funding and risk management

4.1 Share capital

Ordinary shares

	31 Dec 2019 $'000	30 Jun 2019 $'000
1,678,633,252 (June 2019: 1,474,983,509) ordinary shares, fully paid	**152,706**	113,013

Reconciliation of movement:	Half year ended 31 Dec 2019 Number	Year ended 30 Jun 2019 Number	Half year ended 31 Dec 2019 $'000	Year ended 30 Jun 2019 $'000
Balance at the beginning of the period	**1,474,983,509**	1,469,497,083	**113,013**	112,451
Ordinary shares	**200,000,000**	-	**40,000**	-
Exercise of unlisted options	**2,500,000**	5,000,000	**1,113**	687
Performance rights vested	**1,149,743**	486,426	**377**	-
Share issue costs	**-**	-	**(1,797)**	(125)
Balance at the end of the period	**1,678,633,252**	**1,474,983,509**	**152,706**	113,013

4.2 Financial risk management

Framework

The Group is involved in activities that expose it to a variety of financial risks including:

a) Credit risk
b) Liquidity risk
c) Capital management risk
d) Market risk related to commodity pricing, interest rates and currency fluctuations.

The board of directors has overall responsibility for the establishment and oversight of the financial risk management framework of the Group. Management is responsible for monitoring the financial risks.

The objective of the financial risk management strategy is to minimise the impact of volatility in financial markets on the financial performance, cash flows and shareholder returns. This requires the identification and analysis of relevant financial risks and possible impact on the achievement of the Group's objectives.

The Group does not undertake any hedging activities.

Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The following outlines the Group's fair value hierarchy:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The carrying amounts of the Group's financial assets and liabilities are a reasonable approximation of their fair values. During the 6 months ended 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. (31 December 2018: Nil)

The Consolidated Entity measures share-based payments at fair value at the grant date using the Binomial formula taking into account the terms and conditions upon which the instruments were granted.

Section 5. Other

5.1 Contingent liabilities

Settlement of Rhyolite Ridge

The Company entered an option agreement to purchase Rhyolite Ridge from Boundary Peak Minerals LLC on 3 June 2016. The Company has made 4 progress payments to Boundary Peak under the agreement. A final payment will fall due following the board of directors making a 'decision to mine' the Rhyolite Ridge property. Once this decision is made, the Company is required under the terms of the contract to either:

- Pay Boundary Peak LLC USD3 million, or
- Issue shares (or a mix of both shares and cash) to Boundary Peak LLC, to the equivalent of USD3 million at a fixed exchange rate of USD $0.75 = AUD$1.00.

At the date of this report the decision to mine has not yet been made by the Company.

There are no other known contingent liabilities as at 31 December 2019.

5.2 Events after reporting date

There has not been in the period since 31 December 2019 and up to the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of directors, to substantially affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' declaration

In accordance with a resolution of the directors of ioneer Ltd, I state that:

(1) In the opinion of the directors:

(a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2020 and the performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

James D Calaway
Chairman
Sydney, 27 February 2020

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Independent Auditor's Review Report to the Members of ioneer Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of ioneer Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Scott Nichols
Partner
Sydney
27 February 2020