IONIC RARE EARTHS LIMITED

ABN 84 083 646 477

HALF YEAR FINANCIAL REPORT

31 December 2021

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IONIC RARE EARTHS LIMITED
HALF YEAR FINANCIAL REPORT 31 DECEMBER 2021

Corporate Directory

ABN: 84 083 646 477

Directors

T B Benson	Non-Executive Chairman
T J Harrison	Managing Director
J Kelley	Executive Director
M McGarvie	Non-Executive Director

Company Secretary
B D Dickson

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Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Bank
National Australia Bank
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Fremantle WA 6160

Directors' Report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2021 and the independent review report thereon.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

T B Benson – Chairman
T J Harrison – Managing Director
J Kelley (appointed 7/07/2021)
M McGarvie (appointed 16/07/2021)

REVIEW OF OPERATIONS

The Makuutu Rare Earth Project ("Makuutu" or the "Project") is one of the world's largest scale ionic adsorption clay ("IAC") hosted Rare Earth Element ("REE") deposits, located 120 km east of Kampala in Uganda. Makuutu is wholly owned by the Company's 51% Ugandan subsidiary Rwenzori Rare Metals Limited ("Rwenzori" or "RRM").The Makuutu Mineral Resource Estimate (ASX: 3 March 2021) was announced at 315 Million tonnes at 650 ppm Total Rare Earth Oxide (TREO) with a cut-off grade of 200 parts per million (ppm) TREO minus Cerium Oxide (TREO-CeO_2). Progress continued on Makuutu over the period with increased activity across the engineering and field-based programs to support the Company's plans of submitting a Mining Licence Application (MLA) on or before 31 October 2022.

The Feasibility Study engineering is progressing on schedule along with various other programs underway, including additional resource drilling, broad scale metallurgical variability and process development test work, and geotechnical and hydrogeology programs nearing completion in Uganda.

Figure 1: Geotechnical drilling underway at Makuutu.

In December, the Environmental and Social Impact Assessment (ESIA) was submitted to the Ugandan National Environmental Management Authority (NEMA) with initial feedback expected later this quarter.

Community engagement activities have also increased in Uganda with several community sessions held across the Project area. The in-country Rwenzori team has been increased to support further engagement of local stakeholders, plus the initiated Resettlement Action Plan ("RAP") which will be required as part of the MLA later in 2022.

Figure 2: Community engagement sessions held across the Makuutu Project area.

The Company announced in October 2021 that it had completed its Phase 4 drill campaign ahead of schedule at the Makuutu Project. The Phase 4 drill program, which is the largest completed to date at the Project and focused predominantly on 100 metre and 200 metre spaced infill drilling on the Makuutu central and eastern zones. Phase 4 has targeted an upgrade of previously classified Inferred resources, with the infill drill density objective being the upgrading of the resource reclassification to Measured and Indicated status. The classification upgrade is targeting a Measured and Indicated Resource exceeding 250 million tonnes as part of the planned Mineral Resource Estimate (MRE), to be updated in Q2 2022.

Additionally, it is expected that the Phase 4 drill program will also permit some of the previously unclassified Exploration Targets identified across the Makuutu central and eastern zone to be converted to a Mineral Resource, providing a potential total increase in the resource at Makuutu (ASX: 3 March 2021). These are notably areas C, E and the central eastern zone which are illustrated in Figure 3.

Assay results for Tranches 1 to 5 (ASX: 9 September 2021, 25 November 2021, 20 December 2021, 6 January 2022 and 7 February 2022) consistently demonstrated rare earth bearing clay and saprolite mineralisation intersections consistent with the initial drilling phases (Phase 1 in 2019 and Phase 2 in 2020) on which the current MRE was based. Figure 4 provides an illustration of the drilling completed within the Phase 4 drill program.

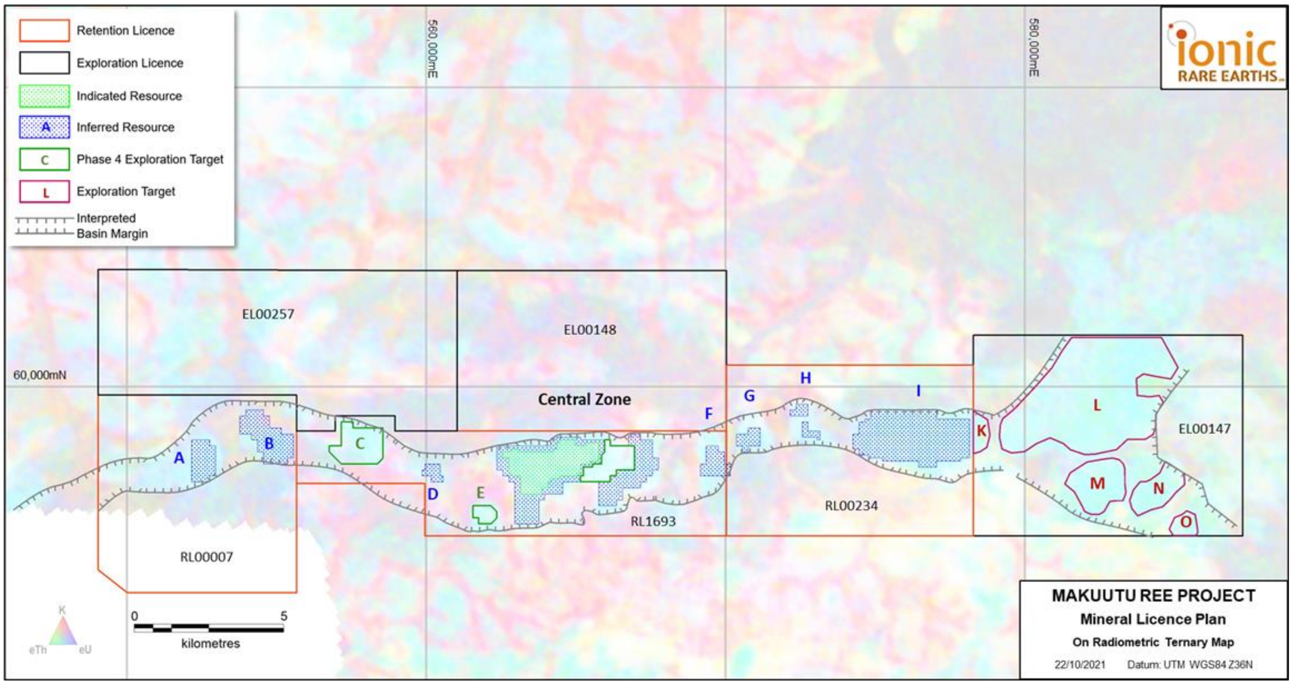

Figure 3: Makuutu Rare Earths Project with current MRE areas and exploration targets across the 37-kilometre-long mineralisation trend. Also illustrated is the recently approved EL00257 (northwest).

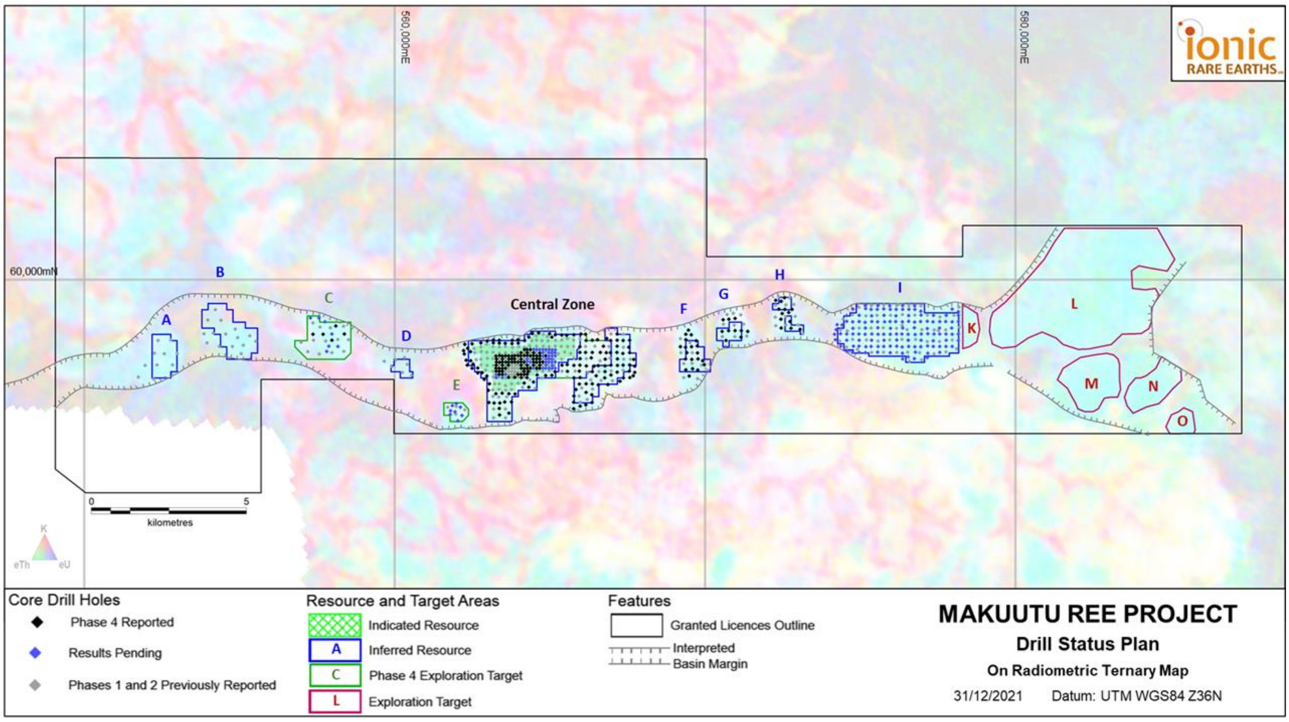

Figure 4: Makuutu resource and exploration target areas illustrated with Phase 4 core drilling completed in 2021, with Phase 4 reported holes shown in black, and Phase 4 drill holes with assays pending shown in blue.

Results from the phase 4 drilling have been very promising with notable thick, high-grade and near surface intervals reported assay results including:

- RRMDD373 21.0 metres at 1,040 ppm TREO from 3.7 metres
- RRMDD381 17.2 metres at 1,021 ppm TREO from 4.3 metres
- RRMDD340 13.9 metres at 1,043 ppm TREO from 2.8 metres
- RRMDD363 16.4 metres at 960 ppm TREO from 3.3 metres
- RRMDD360 12.3 metres at 1,054 ppm TREO from 7.3 metres

- RRMDD335 10.3 metres at 1,078 ppm TREO from 2.3 metres
- RRMDD386 15.0 metres at 1,156 ppm TREO from 2.1 metres
- RRMDD385 25.3 metres at 815 ppm TREO from 4.6 metres
- RRMDD362 24.0 metres at 779 ppm TREO from 2.4 metres
- RRMDD447 11.7 metres at 1,437 ppm TREO from 4.5 metres
- RRMDD446 12.0 metres at 1,468 ppm TREO from 4.5 metres
- RRMDD449 8.1 metres at 1,413 ppm TREO from 7.5 metres
- RRMDD456 12.3 metres at 1,268 ppm TREO from 3.2 metres
- RRMDD444 11.4 metres at 1,223 ppm TREO from 8.0 metres
- RRMDD457 16.4 metres at 1,210 ppm TREO from 2.0 metres
- RRMDD454 14.4 metres at 1,187 ppm TREO from 5.1 metres
- RRMDD394 13.2 metres at 1,184 ppm TREO from 2.7 metres
- RRMDD432 6.7 metres at 1,174 ppm TREO from 3.4 metres
- RRMDD390 16.2 metres at 1,128 ppm TREO from 3.8 metres
- RRMDD443 12.0 metres at 1,060 ppm TREO from 4.1 metres
- RRMDD539 8.9 metres at 1,476 ppm TREO from 4.3 metres
- RRMDD477 13.5 metres at 1,432 ppm TREO from 3.5 metres
- RRMDD518 16.5 metres at 1,424 ppm TREO from 5.4 metres
- RRMDD514 8.7 metres at 1,336 ppm TREO from 12.3 metres
- RRMDD533 9.6 metres at 1,296 ppm TREO from 3.1 metres
- RRMDD520 28.5 metres at 1,250 ppm TREO from 2.9 metres
- RRMDD523 16.4 metres at 1,229 ppm TREO from 4.1 metres
- RRMDD521 18.6 metres at 1,200 ppm TREO from 4.7 metres
- RRMDD534 13.8 metres at 1,185 ppm TREO from 3.0 metres
- RRMDD517 15.1 metres at 1,175 ppm TREO from 5.4 metres
- RRMDD535 15.2 metres at 1,171 ppm TREO from 4.3 metres
- RRMDD513 16.3 metres at 1,126 ppm TREO from 2.9 metres
- RRMDD532 15.3 metres at 1,105 ppm TREO from 4.2 metres
- RRMDD488 22.1 metres at 1,080 ppm TREO from 4.9 metres
- RRMDD467 20.1 metres at 1,077 ppm TREO from 5.8 metres
- RRMDD546 10.3 metres at 1,076 ppm TREO from 3.9 metres
- RRMDD567 7.4 metres at 1,829 ppm TREO from 3.2 metres
- RRMDD585 11.4 metres at 1,567 ppm TREO from 3.3 metres
- RRMDD549 10.7 metres at 1,489 ppm TREO from 3.0 metres
- RRMDD573 12.0 metres at 1,449 ppm TREO from 3.0 metres
- RRMDD510 13.1 metres at 1,374 ppm TREO from 4.7 metres
- RRMDD560 12.6 metres at 1,189 ppm TREO from 3.1 metres
- RRMDD562 11.0 metres at 1,070 ppm TREO from 4.1 metres
- RRMDD550 11.1 metres at 1,067 ppm TREO from 3.7 metres
- RRMDD576 21.6 metres at 871 ppm TREO from 1.9 metres
- RRMDD569 20.2 metres at 855 ppm TREO from 4.5 metres
- RRMDD559 18.0 metres at 769 ppm TREO from 8.3 metres
- RRMDD501 27.3 metres at 704 ppm TREO from 10.4 metres

As announced on 26 October 2021, the Ugandan Department of Geological Survey and Mines ("DGSM") provided advice to Rwenzori that the application for Exploration Licence 00257, located adjacent and to the northwest of the Makuutu MRE and illustrated in Figure 3, was granted as EL00257.

EL00257 was granted for three (3) years and will provide the Company with additional new greenfield exploration potential at Makuutu. The addition of EL00257 now increases the total tenement area of Makuutu to approximately 300 square kilometres.

Evaluation of Downstream Rare Earth Refining Asset

As announced August 2021, the Company announced plans to advance a formal evaluation of the business case for the development of a standalone rare earth Separation and Refining facility, to be developed for the downstream processing of mixed rare earth carbonate (MREC) product from its Makuutu Rare Earths Project (“Makuutu”) in Uganda, to produce refined critical and heavy rare earth oxides (CREO, HREO).

A review of existing global HREO refining capacity indicated the majority of capacity exists in China, with minor capacity identified in Vietnam. The Company had concluded the development of a dedicated facility, strategically located, has the potential to be a substantially earnings accretive asset, which would enhance and strengthen the engagement and participation of potential strategic partners looking to secure access to product from the Makuutu magnet and heavy rare earth basket, whilst adhering to the highest ESG standards via a secure and traceable supply chain.

Given the potential for Makuutu to support long-life, low-cost REO production, and recent exploration results defining further scale for significant additional growth in resources at Makuutu, the development of a standalone Separation and Refining asset provides greater long term strategic importance and upside for the Company.

Acquisition of rare earth separation and magnet recycling technology

As announced in December 2021, the Company entered into a binding Term Sheet ("Term Sheet") for the acquisition of 100% of Seren Technologies Limited ("SerenTech"), a UK private company with unique and leading-edge rare earth separation technology. This transaction had not been completed as at 31 December 2021 or at the date of this report.

SerenTech has an exclusive "patent and know-how" licence from Queens University Belfast, allowing it to develop and commercialise technology relating to Multifunctional Amide Ionic Liquids for Separation of Rare Earth metals (“MAIL”). SerenTech has also developed further know-how in this area and lodged a further four global patents, providing a pipeline of opportunities in which to deploy the technology.

The technology uses ionic liquids for separation and refining of REE, which includes the full contingent of the proposed basket from Makuutu; consisting of the lanthanides series, Lanthanum (La), to Lutetium (Lu), plus Scandium (Sc) and Yttrium (Y). Separated and refined products to high purity above 99.9% REO grades have been demonstrated at pilot scale by SerenTech in two key applications;

- Mining ore concentrate: the pilot scale plant has processed concentrate received from supply chain stake holders and achieved separation of REEs; and
- Permanent magnet (Neodymium-Iron-Boron, NdFeB) recycling: the pilot scale plant has processed spent permanent magnets received from supply chain stake holders and achieved extraction of recycled rare earth oxides at purity 99.9% plus.

The technology has application potential to other critical raw materials.

CORPORATE

During the period:

1. 186,000,000 options exercisable at 0.75 cents each and 10,000,000 options exercisable at 1.8 cents each were exercised raising $1,575,000.
2. 44,000,000 options exercisable at 6.4 cents per option on or before 30 November 2024 were issued;
3. 10,000,000 Performance Rights were granted to Mr Tim Harrison and 3,500,000 Performance Rights to Ms Jill Kelley. The vesting conditions of the Performance Rights are:
   (a) issued to Mr Harrison:
      (i) 3.3 million Performance Rights will vest when the Company's VWAP share price is above 6 cents for a period of 30 consecutive days (**Tranche A**);
      (ii) 3.3 million Performance Rights will vest when the Company's VWAP share price is above 8 cents for a period of 30 consecutive days (**Tranche B**); and
      (iii) 3.4 million Performance Rights will vest when the Company's VWAP share price is above 10 cents for a period of 30 consecutive days (**Tranche C**).
   (b) Those issued to Ms Jill Kelley will vest when the Company signs its first offtake agreement as a result of Ms Kelley's introduction.
4. 3,500,000 shares were issued to Ms Jill Kelley as sign on incentive.

5. The Company entered into a binding Term Sheet to acquire 100% of Seren Technologies Limited (**SerenTech**) from Seren AG, Professor Peter Nockemann and Professor Martin Atkins (**Sellers**) pursuant to the following key terms (this transaction had not been completed as at 31 December 2021 or at the date of this report). :

   - a US$150,000 non-refundable fee (**Option Fee**) which provides IonicRE a period of 90 days to complete due diligence investigations on the Technology and the Company, including legal, tax and technical due diligence, commencing on the date the Company pays the Option Fee (**Due Diligence Period**). This amount has been paid.
   - Subject to the satisfaction or waiver of the conditions set out below, upon exercise of the option to acquire SerenTech and completion of the proposed acquisition IonicRE will:

     (a) pay US$1,000,000 in cash to the Sellers (or their nominees);

     (b) issue to the Sellers (or their nominees) 48 million fully paid ordinary shares (**Shares**) in the Company having a deemed value of US$1,500,000 being A$0.044 per Share. The Shares must remain in escrow for a period of 12 months from the issue date of the Shares (*the issue of these Shares is expected to be met through the Company's existing LR 7.1 15% capacity)*;

     (c) 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.

     (d) 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**).

     Completion of the proposed acquisition will be subject to the satisfaction or waiver of the following conditions within the time periods indicated below:

     (i) satisfaction of the Company's due diligence investigations within the Due Diligence Period;

     (ii) the receipt of any required shareholder approvals required by IonicRE and any required waiver of any ASX Listing Rules within 60 days of the execution of the Binding Sale Agreement or Exclusive Option Agreement;

     (iii) entry into an exclusive option agreement based on the terms of the Term Sheet (Exclusive Option Agreement), under which the Buyer will have 90 days to purchase 100% of the shares in SerenTech inclusive of the Technology Rights held by SerenTech and/ or a formal share purchase agreement based on the terms contained in the Term Sheet and other terms customary for a transaction of this nature (Binding Sale Agreement) within the Due Diligence Period; and

     (iv) obtaining any regulatory consents or approvals, (including any approval from the ASX or waiver of any relevant ASX Listing Rules) within 60 days of execution of the Binding Sale Agreement or Exclusive Option Agreement.

EVENTS AFTER THE REPORTING PERIOD END DATE

On 3 February 2022, 5,000,000 options were exercised at $0.018 each raising $90,000.

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors, BDO Audit (WA) Pty Ltd to provide the Directors with a written independence declaration in relation to their review of the financial report for the half year ended 31 December 2021. The written auditor's independence declaration is attached at page 26 and forms part of this Directors' report.

Signed in accordance with a resolution of directors.

T Benson
Chairman
Perth 8 March 2022

Ionic Rare Earths Mineral Tenement Interests

Common concession name	Location	Nature of Interest	Interest
RL1693	Uganda	Owned	51%*
RL00007	Uganda	Owned	51%*
RL00234	Uganda	Owned	51%*
EL00147	Uganda	Owned	51%*
EL00148	Uganda	Owned	51%*
EL00257	Uganda	Owned	51%*

* Ionic Rare Earths may earn up to a 60% interest

Makuutu Mineral Resource Estimate above 200ppm TREO-CeO_2 Cut-off Grade (ASX: 3 March 2021)

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO-CeO_2 (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)	Sc_2O_3 (ppm)
Indicated Resource	66	820	570	590	230	300	30
Inferred Resource	248	610	410	450	160	210	30
Total Resource	**315**	**650**	**440**	**480**	**170**	**230**	**30**

Rounding has been applied to 1Mt and 10ppm which may influence averaging calculation.
All REO are tabulated in MRE announcement dated 3 March 2021 with formulas defining composition of Light Rare Earth Oxides (LREO), Heavy Rare Earth Oxides (HREO), Critical Rare Earth Oxides (CREO) and Total Rare Earth Oxides (TREO).

Competent Person Statement

Information in this report that relates to previously reported Exploration Targets and Exploration Results has been crossed-referenced in this report to the date that it was originally reported to ASX. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements.

The information in this report that relates to Mineral Resources for the Makuutu Rare Earths deposit was first released to the ASX on 3 March 2021 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Forward Looking Statements

This announcement has been prepared by Ionic Rare Earths Limited and may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Ionic Rare Earths Limited. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this document speak only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Ionic Rare Earths Limited does not undertake any obligation to update or revise any information or any of the forward looking statements in this document or any changes in events, conditions or circumstances on which any such forward looking statement is based.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 $	31 December 2020 $
Continuing operations			
Interest income		505	727
Depreciation and amortisation		(13,416)	-
Salaries and wages		(464,384)	(147,900)
Directors' fees		(139,971)	(60,555)
Travel and accommodation		(10,078)	(2,075)
Promotion		(259,445)	(37,535)
Consultants		(59,081)	(43,038)
Insurance		(21,326)	(9,649)
Legal fees		(42,770)	(16,818)
Administration expenses		(330,342)	(171,708)
Share based payments – options	12	(1,252,680)	(858,720)
Share based payments – performance rights	12	(8,806)	
Share based payments – shares	12	(157,500)	-
Interest expenses		(1,036)	-
Loss on deconsolidation of subsidiary		-	(191,623)
Loss from continuing operations before Income tax		**(2,760,330)**	**(1,538,894)**
Income tax credit/(expense)		**-**	**-**
Loss from continuing operations after income tax		**(2,760,330)**	**(1,538,894)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences in translating foreign controlled entities		-	(222,624)
Other comprehensive income net of tax		-	(222,624)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(2,760,330)**	**(1,761,518)**
Earnings per share for loss attributable to the ordinary equity holder of the parent:			
Basic earnings per share (cents per share)		(0.08)	(0.06)
Diluted earnings per share (cents per share)		(0.08)	(0.06)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

	Note	31 December 2021 $	30 June 2021 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	7,244,214	11,055,530
Receivables		89,608	63,604
Other		277,979	15,530
Total Current Assets		**7,611,801**	**11,134,664**
Non-current Assets			
Investments	4	3,731,881	3,536,269
Office right of use		49,344	-
Exploration & evaluation expenditure	5	7,428,613	3,409,530
Plant and equipment		68,579	-
Total Non-current Assets		**11,278,417**	**6,945,799**
TOTAL ASSETS		**18,890,218**	**18,080,463**
LIABILITIES			
Current Liabilities			
Payables		727,519	394,698
Lease liability	6	26,141	-
Total Current Liabilities		**753,660**	**394,698**
Non-current liabilities			
Lease liability	6	21,525	-
Total Non-current Liabilities		**21,525**	**-**
TOTAL LIABILITIES		**775,185**	**394,698**
NET ASSETS		**18,115,033**	**17,685,765**
EQUITY			
Issued Capital	7	45,125,906	43,393,406
Reserves		8,682,906	7,225,808
Accumulated losses		(35,693,779)	(32,933,449)
TOTAL EQUITY		**18,115,033**	**17,685,765**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Ordinary shares	Convertible notes Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	$	$	$	$	$	$
At 1 July 2021	**43,393,406**	**136,403**	**7,678,995**	**(589,590)**	**(32,933,449)**	**17,685,765**
Loss for the period	-	-	-	-	(2,760,330)	(2,760,330)
Other comprehensive loss	-	-	-	195,612	-	195,612
Total comprehensive loss for the period	-	-	-	195,612	(2,760,330)	(2,564,718)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,732,500	-	-	-	-	1,732,500
Transaction Costs	-	-	-	-	-	-
Share based payments	-	-	1,261,486	-	-	1,261,486
At 31 December 2021	**45,125,906**	**136,403**	**8,940,481**	**(393,978)**	**(35,693,779)**	**18,115,033**

	Ordinary shares	Convertible notes Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	$	$	$	$	$	$
At 1 July 2020	**27,938,424**	**136,403**	**6,216,857**	**(233,604)**	**(30,555,820)**	**3,502,260**
Loss for the period	-	-	-	-	(1,538,894)	(1,538,894)
Other comprehensive loss	-	-	-	(222,624)	-	(222,624)
Total comprehensive loss for the period	-	-	-	(222,624)	(1,538,894)	(1,761,518)
Transactions with owners in their capacity as owners						
Shares issued for capital raising	3,500,000	-	-	-	-	3,500,000
Exercise of Options	554,500	-	-	-	-	554,500
Vesting of Performance Rights	273,900	-	(273,900)	-	-	-
Shares issued for consulting Fees	50,000	-	-	-	-	50,000
Transaction Costs	(186,598)	-	-	-	-	(186,598)
Share based payments	-	-	858,720	-	-	858,720
At 31 December 2020	**32,130,226**	**136,403**	**6,801,677**	**(456,228)**	**(32,094,714)**	**6,517,364**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,308,259)	(461,611)
Interest received		505	727
Net cash flows used in operating activities		**(1,307,754)**	**(460,884)**
Cash flows from investing activities			
Purchase of plant and equipment		(77,509)	-
Deconsolidation of subsidiary		-	(11,445)
Net proceeds from sale of subsidiary		-	53,426
Capitalised exploration expenditure		(3,789,242)	(605,484)
Payments for Investments		(211,811)	(1,210,048)
Net cash flows used in investing activities		**(4,078,562)**	**(1,773,551)**
Cash flows from financing activities			
Proceeds from application for shares, net of transaction costs		1,575,000	3,657,902
Net cash flows from financing activities		**1,575,000**	**3,657,902**
Net increase/(decrease) in cash and cash equivalents		(3,811,316)	1,423,467
Cash and cash equivalents at beginning of period		11,055,530	829,934
Cash and cash equivalents at end of period	3	**7,244,214**	**2,253,401**

The above Consolidated Statement of Cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1 BASIS OF PREPARATION

These general purpose financial statements for the interim half year reporting period ended 31 December 2021 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134 *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ionic Rare Earths Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021 together with any public announcements made during the half year.

(a) Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a loss after tax of $2,760,330 (2020: $1,538,894) for the period ended 31 December 2021 and experienced net cash outflows from operating activities of $1,307,754 (2020: $460,884).

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

The ability of the group to continue as a going concern is dependent on the Group being able to raise additional funds as required to meet ongoing and budgeted exploration commitments and for working capital. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Group's cash requirements. The Directors believe that the Group will continue as a going concern.

As a result, the financial report has been prepared on a going concern basis. However, should the Group be unsuccessful in undertaking additional raisings, the Group may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Group not 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.

(b) Accounting Policies

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 financial statements for the year ended 30 June 2021, except for the adoption of new standards and interpretations as of 1 July 2021, noted below:

(c) Adoption of new and amended Accounting Standards

The Group has adopted all of the new, revised or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1 BASIS OF PREPARATION (Continued)

A number of other standards, amendments to standards and interpretations issued by the AASB which are materially applicable to the Group have not been applied in preparing these financial statements.

(d) Significant Accounting Estimates and Judgements

Impact of Coronavirus (COVID-19) pandemic.
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Treatment of expenditure on the Makuutu project
Management have applied judgement in the treatment of expenditure incurred on the Makuutu Project in Uganda. (see further details on the investment in Note 4).

Expenditure incurred in order to acquire the project has been capitalised as an initial cost of an investment in associate (being Rwenzori Rare Metals Limited ('RRM")) which represents the Group's 51% interest in RRM which the Group has significant influence over. In addition, exploration expenditure incurred during the period to increase the Group's interest to 51% has been capitalised as a further investment in RRM and to exploration and evaluation expenditure. Management have determined that they have significant influence as they do not have control over the management direction and control over the activities and operations of the Makuutu project.

The Group assesses whether there is objective evidence that the investment in associate is impaired by reference to the underlying project held by RRM which is in exploration stage. Management have in accordance with AASB 6: Exploration and Evaluation of Mineral Assets, performed a review of impairment indicators on the investment in associate which included the review of the rights to tenure and future planned expenditure.

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

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.

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.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2 OPERATING SEGMENT

The Group has based its operating segment on the internal reports that are reviewed and used by the Board of Directors ("Board") (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group does not have production and is only currently involved in exploration activities. As a consequence, activities in the operating segment are identified by the Board based on the manner in which resources are allocated and the nature of the resources provided.

Based on this criterion, the Board has determined that the Group has one operating segment, being exploration, and the segment operations and results are the same as the Group's results.

During the period the Company conducted its activities across two geographic locations, being Australia and Uganda (previous period three geographic locations, being Australia, Uganda and Nicaragua.

31 Dec 2021	**Australia**	**Nicaragua**	**Uganda**	**Total**
	$	**$**	**$**	**$**
Other income	505	-	-	505
Profit/(Loss)	(2,760,330)	-	-	(2,760,330)
Non-current assets	329,734	-	11,160,493	11,490,227
Total assets	7,729,725	-	11,160,493	18,890,218
Total liabilities	(775,185)	-	-	(775,185)

31 Dec 2020	**Australia**	**Nicaragua**	**Uganda**	**Total**
	$	**$**	**$**	**$**
Other income	727	-	-	727
Profit/(Loss)	(1,347,271)	(191,623)	-	(1,538,894)
30 June 2021				
Non-current assets	-	-	6,945,799	6,945,799
Total assets	11,134,664	-	6,945,799	18,080,463
Total liabilities	(394,698)	-	-	(394,698)

3 CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2021	**30 June 2021**
	$	**$**
Cash at bank and in hand	7,210,713	11,022,029
Short-term deposits	33,501	33,501
	7,244,214	**11,055,530**

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

4 INVESTMENTS IN ASSOCIATE

	31 December 2021 $	30 June 2021 $
Investment in Associate	3,731,881	3,536,269
	3,731,881	**3,536,269**

An amount of $3,731,881 has been presented in the financial statements as an Investment in Associate. This represents amounts incurred to acquire an interest in Rwenzori Rare Metals Limited which holds 100% of the Makuutu Rare Earths Project. This includes the amounts set out below.

	31 December 2021 $	30 June 2021 $
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 with an exercise price of $0.005 issued to Southern Cross Mining Limited	325,000	325,000
Expenditure for an additional 11% interest	954,689	954,689
Expenditure for an additional 15% interest	1,166,337	1,166,337
Expenditure for an additional 5% interest	498,210	498,210
Movement in foreign exchange	(393,974)	(589,586)
	3,731,881	**3,536,269**

Summarised financial information for associate – Rwenzori Rare Metals Limited (RRM)

The table below summarises the financial information for the associate that is relevant to Ionic Rare Earths Limited. The information disclosed reflects the amounts presented in the financial statements of RRM and not Ionic Rare Earths Limited share of those amounts. They have been amended to reflect adjustments, if any, made by Ionic Rare Earths Limited when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

4 INVESTMENT IN ASSOCIATE (Continued)

Summarised financial information for associate – Rwenzori Rare Metals Limited (RRM) - Continued

	31 December 2021 $	30 June 2021 $
Current assets		
Cash	28,328	110,693
Prepaid Rent	20,075	-
Non-current assets		
Plant and equipment	92,856	31,284
Right to use asset	2,568	38,533
Current Liabilities		
Payables	(96,515)	(123,499)
Lease obligations	(1,444)	-
Net assets	**45,868**	**57,011**
Group's share in %	51%	51%
Group's share in $	23,393	29,076
Fair value uplift	3,708,488	3,507,193
Carrying amount	3,731,881	3,536,269

The fair value uplift is attributable to IonicRE's contribution towards exploration in excess of their share of the net assets of RRM.

The Company may increase its interest in RRM from 51% to 60% by completing a bankable feasibility study post period end.

5. EXPLORATION AND EVALUATION EXPENDITURE

At Cost	7,428,613	3,409,530
Impairment of exploration & evaluation expenditure	-	-
Carrying amount at the end of the financial period	7,428,613	3,409,530
Carrying amount at the beginning of the financial period	3,409,530	525,697
Additions	4,019,083	2,883,833
Carrying amount at the end of the financial period	7,428,613	3,409,530

Recovery of the capitalised amount is dependent upon:

(i) the continuance of the Group's right to tenure of the area of interest;
(ii) the results of future exploration; and
(iii) the successful development and commercial exploitation, or alternatively sale.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

6. LEASE LIABILITY

The Company is party to a lease agreement for office premises in Victoria, Australia, whereby the Company was granted the right of use to office premises for a period of two years commencing 1 October 2021.

The Company has recognised a lease liability as at 1 October 2021.

	31 December 2021	30 June 2021
Current		
Lease liability	**26,141**	-
Non-Current		
Lease liability	**21,525**	-

7 SHARE CAPITAL

	Shares	$
Balance at 1 July 2020	2,161,328,050	27,938,424
Share Purchase Plan at $0.008	125,000,036	1,000,000
Share placement at $0.008	312,500,000	2,500,000
Exercise of options at $0.0075	40,600,000	304,500
Exercise of options at $0.005	50,000,000	250,000
Vesting of Performance Rights	66,600,000	273,900
Shares for consulting services	3,571,428	50,000
Share issue expenses	-	(186,598)
Balance as at 31 December 2020	**2,759,599,514**	**32,130,226**
Balance at 1 July 2021	3,206,399,514	43,393,406
Exercise of options @ $0.0075	186,000,000	1,395,000
Issue of incentive shares to director – J Kelley	3,500,000	157,500
Exercise of options @ $0.018	10,000,000	180,000
Balance as at 31 December 2021	**3,405,899,514**	**45,125,906**

8 RESERVES

Share Option Reserve

	Options	$
Balance at 1 July 2020	572,000,000	6,216,857
Options exercised	(90,600,000)	-
Options exercisable at 1.3 cents, expire 30 Nov. '20 – lapsed	(22,000,000)	-
Performance Rights vested	(66,600,000)	(273,900)
Options issued to consultants at 1.8 cents, expire 30 Nov. '22	40,000,000	199,120
Options exercisable at 2.15 cents, expire 30 Nov. '23 – issued	50,000,000	560,250
Options exercisable at 1.8 cents, expire 30 Nov. '22 – issued	10,000,000	99,350
Balance as at 31 December 2020	**492,800,000**	**6,801,677**
Balance at 1 July 2021	361,000,000	7,495,899
Options exercisable at 0.75 cents, expire 31 Jul '21	(186,000,000)	-
Options exercisable at 1.8 cents, expire 30 Nov '22	(10,000,000)	-
Issue of options exercisable at 6.4 cents, expire 30 Nov 24	44,000,000	1,252,680
Balance as at 31 December 2021	**209,000,000**	**8,748,579**

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

9 EVENTS AFTER THE REPORTING PERIOD END DATE

On 3 February 2022, 5,000,000 options were exercised at $0.018 each raising $90,000.

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

10 COMMITMENTS AND CONTINGENT LIABILITIES

The Company has entered into a binding Term Sheet to acquire 100% of Seren Technologies Limited (**SerenTech**) from Seren AG, Professor Peter Nockemann and Professor Martin Atkins (**Sellers**) pursuant to the following key terms:

- a US$150,000 non-refundable fee (**Option Fee**) which provides IonicRE a period of 90 days to complete due diligence investigations on the Technology and the Company, including legal, tax and technical due diligence, commencing on the date the Company pays the Option Fee (**Due Diligence Period**). This amount has been paid, refer to Note 4.
- Subject to the satisfaction or waiver of the conditions set out below, upon exercise of the option to acquire SerenTech and completion of the proposed acquisition IonicRE will:
  - (e) pay US$1,000,000 in cash to the Sellers (or their nominees);
  - (f) issue to the Sellers (or their nominees) 48 million fully paid ordinary shares (**Shares**) in the Company having a deemed value of US$1,500,000 being A$0.044 per Share. The Shares must remain in escrow for a period of 12 months from the issue date of the Shares (*the issue of these Shares is expected to be met through the Company's existing LR 7.1 15% capacity)*;
  - (g) 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.
  - (h) 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**).

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

10 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Completion of the proposed acquisition will be subject to the satisfaction or waiver of the following conditions within the time periods indicated below:

(i) satisfaction of the Company's due diligence investigations within the Due Diligence Period;

(ii) the receipt of any required shareholder approvals required by IonicRE and any required waiver of any ASX Listing Rules within 60 days of the execution of the Binding Sale Agreement or Exclusive Option Agreement;

(iii) entry into an exclusive option agreement based on the terms of the Term Sheet (Exclusive Option Agreement), under which the Buyer will have 90 days to purchase 100% of the shares in SerenTech inclusive of the Technology Rights held by SerenTech and/ or a formal share purchase agreement based on the terms contained in the Term Sheet and other terms customary for a transaction of this nature (Binding Sale Agreement) within the Due Diligence Period; and

(iv) obtaining any regulatory consents or approvals, (including any approval from the ASX or waiver of any relevant ASX Listing Rules) within 60 days of execution of the Binding Sale Agreement or Exclusive Option Agreement.

At the date of this report there have been no other changes in Commitments and Contingent Liabilities since the end of the last annual reporting period.

11. RELATED PARTY TRANSACTIONS

For details of related party arrangements refer to 30 June 2021 financial statements.

During the period, Ms. Jill Kelly was appointed as an executive director and is entitled to Executive Directors fees of US$10,000 per month and Mr. Max McGarvie was appointed as a Non-Executive Director and is entitled to non-executive directors fees of $50,000 per annum.

During the period 23,000,000 options and 13,500,000 performance rights were issued as follows (refer to note 12 for further information):

Options exercisable at $0.064 and expire 30 November 2024		
Issued to	***Number Issued***	***Fair Value of Options***
Trevor Benson	5,000,000	$142,350
Max McGarvie	3,000,000	$85,410
Tim Harrison	10,000,000	$284,700
Brett Dickson	5,000,000	$142,350

Performance Rights		
Issued to	***Number Issued***	***Fair Value of Rights***
Tim Harrison	10,000,000	$96,100
Jill Kelley	3,500,000	$164,500

Shares		
Issued to	***Number Issued***	***Fair Value of Shares***
Jill Kelley	3,500,000	$157,500

There were no other significant changes to the related party arrangements of the Group during the half-year ended 31 December 2021.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

12. SHARE BASED PAYMENTS

OPTIONS

On 30 November 2021, 44,000,000 options exercisable at 6.4 cents on or before 30 November 2024 were issued to directors, employees and consultants.

The fair value of these options granted is set out below and was calculated by using the Black Scholes methodology and applying the following inputs:

Weighted average exercise price (cents)	6.4
Weighted average life of options (years)	3.0
Weighted average underlying share price (cents)	4.4
Expected share price volatility	120%
Risk free interest rate	0.87%
Fair Value (cents per option)	2.847

Total expenses arising from the issue of options recognised during the period were $1,252,680 (2020: $858,720).

PERFORMANCE RIGHTS

During the period 10,000,000 Performance Rights were granted to Mr Tim Harrison and 3,500,000 Performance Rights to Ms Jill Kelley. The vesting conditions of the Performance Rights are:

(c) issued to Mr Harrison:

(iv) 3.3 million Performance Rights will vest when the Company's VWAP share price is above 6 cents for a period of 30 consecutive days (**Tranche A**);

(v) 3.3 million Performance Rights will vest when the Company's VWAP share price is above 8 cents for a period of 30 consecutive days (**Tranche B**); and

(vi) 3.4 million Performance Rights will vest when the Company's VWAP share price is above 10 cents for a period of 30 consecutive days (**Tranche C**).

(d) Those issued to Ms Jill Kelley will vest when the Company signs its first offtake agreement as a result of Ms Kelley's introduction.

The Company has valued the Performance Rights issued to Mr. Tim Harrison using the Monte Carlo Valuation approach. The valuation of an option using the Monte Carlo Approach incorporates the probability of meeting the relevant performance conditions using a function of a number of variables and was calculated using the following assumptions:

Variable	Tranche A Input	Tranche B Input	Tranche C Input
Share price (cents)	4.7	4.7	4.7
Share price target (cents)	6.0	8.0	10.0
Risk free interest rate	0.99%	0.99%	0.99%
Volatility	120%	120%	120%
Effective life	3 years	3 years	3 years
Fair Value (cents per Right)	1.7	0.8	0.4

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

12. SHARE BASED PAYMENTS (Continued)

The Company valued the Performance Rights issued to Ms Jill Kelley using the Black-Scholes Model using the following assumptions:

Variable	Input
Share price (cents)	4.7
Risk free interest rate	0.99%
Volatility	120%
Effective Life	3.0 years
Fair Value (cents per Right)	4.7

Total expenses arising from the issue of Performance Rights recognised during the period were $8,806 (2020: Nil).

INCENTIVE SHARE ISSUE

During the period 3,500,000 fully paid ordinary shares were issued to Ms Jill Kelley as a sign on incentive. These shares were valued at the closing price of the shares as trading on the ASX, being 4.5 cents per share.

Total expenses arising from the issue of Incentive Shares recognised during the period was $157,500 (2020: Nil).

Directors' Declaration

The directors of the company declare that:

a) the financial statements and notes of the consolidated entity as set out in the accompanying pages are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*

b) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This decision is made in accordance with a resolution of the board of directors.

T Benson
Chairman
Perth, 8 March 2022

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF IONIC RARE EARTHS LIMITED

As lead auditor for the review of Ionic Rare Earths Limited for the half-year ended 31 December 2021, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 8 March 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ionic Rare Earths Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ionic Rare Earths Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the audit of the annual financial report 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2021 and its 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*.

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.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue
Director

Perth, 8 March 2022