

Quarterly Activities Report for the period ending 30 June 2021

Highlights

- Binding lithium offtake supply agreement signed with Korea's EcoPro Innovation Co. Ltd, the world's second largest NCA cathode materials manufacturer.
- The three-year offtake agreement for up to 7000 tpa of lithium carbonate is ioneer's first lithium offtake agreement and represents up to a third of Rhyolite Ridge's annual lithium carbonate output for the first three years of production.
- State Class II Air Quality Permit and Water Pollution Control Permit issued for Rhyolite Ridge, marking an important step towards commencement of project construction.
- Formal evaluation process commenced to pursue secondary listing of shares on a major US stock exchange to increase exposure to US capital markets.
- Strategic Partner announcement expected in 3Q 2021.
- Engineering work progressed with US\$122-148 million in major work packages under negotiation.

Tuesday, 27 July 2021 – ioneer Ltd (ioneer or the Company) (ASX: INR), an emerging American lithium-boron supplier, is pleased to report on its activities for the quarter ending 30 June 2021 and to provide an update on the development of its 100%-owned Rhyolite Ridge Lithium-Boron Project (Rhyolite Ridge or the Project) in Nevada, USA.

ioneer Managing Director, Bernard Rowe said:

"The signing of our first binding lithium carbonate offtake agreement was a major milestone for the Company. EcoPro is a major player in the global cathode market and the EV battery supply chain for US automakers. The binding agreement represents up to a third of our lithium carbonate production in the first three years of operation at Rhyolite Ridge. This is one of the first offtake contracts signed in the lithium chemicals sector for at least two years. It not only demonstrates the level of expected demand for lithium products, but also confidence in the Project and the quality of our lithium battery material products.

As the most advanced lithium development project in the US, ioneer is in a strong position to capitalise on the increased demand for lithium products in line with the US Government's efforts to secure critical minerals supply chains for end uses like EVs and renewable energy infrastructure in the US.

The awarding of the Class II Air Quality Permit was another significant achievement for ioneer this quarter. This approval is a requirement for project construction and reflects the plans we have to lower emission and minimise hazardous air pollutants across our mining and processing operations.

We are looking forward to finalising strategic funding negotiations over the coming quarter as we await further Project permitting and prepare to commence Project construction.

Finally, I'd like to acknowledge the life and work of our non-executive director John Hofmeister, who passed during the quarter. He made a significant contribution to Ioneer, and to the US resources sector more widely. He is deeply missed by the Ioneer Board, management team and our staff. We are privileged to have had John on our board for three years and to have had the benefit of his wisdom and intellect"

Lithium Offtake Agreement

At the end of the quarter, Ioneer announced that it had signed a binding offtake supply agreement with EcoPro Innovation Co Ltd (EcoPro), for a three-year term, in which Ioneer will supply EcoPro with lithium carbonate from Rhyolite Ridge. The condition precedent of the Agreement is Ioneer's final investment decision (FID).

Under the Agreement, Ioneer will deliver up to 7000 tonnes per annum (tpa) of lithium carbonate to EcoPro over a three-year term. The 7000 tpa comprises an initial and firm 2000 tpa (subject to Ioneer's FID) and an additional and optional 5000 tpa (subject to mutual agreement, no later than Q1 2022).

It is Ioneer's first lithium offtake agreement and represents, at the total offtake amount, ~34 per cent of Ioneer's lithium carbonate production in the first three years of operation.

EcoPro expects to convert Ioneer's lithium carbonate into high purity lithium hydroxide at its cathode plant to meet its customers' requirements.

This Agreement follows the earlier signing of an initial offtake agreement and two sales and distribution agreements¹ for boric acid production, representing 100% of offtake in year one and more than 85% of boric acid production in years two and three.

Key terms of the Agreement with EcoPro include:

- **Product:** Lithium carbonate
- **Contract Duration:** 3 Years
- **Volume:** Up to 7000 tpa with a minimum of 2000 tpa (subject to Ioneer's FID), additional volume (5000 tpa) by mutual agreement no later than Q1 2022 (or such later date mutually agreed by the Parties).
- **Price Term:** CIF Busan, Korea.
- **Price:** Adjusted quarterly based on agreed price formula.
- **Currency:** USD per metric ton
- **Condition Precedent:** Ioneer's Final Investment Decision

Sales & Marketing

During the quarter, discussions with other potential lithium offtake partners continued. Ioneer anticipates conclusion of these discussions in second half of CY2021. As with the

¹ Refer to ASX announcement entitled 'Ioneer Substantially Completes Asian Boric Acid Distribution and Sales Network' released 21 May 2020.

EcoPro offtake agreement, ioneer's strategy for additional offtake agreements include:

- Diversified cathode battery manufacturers and industrial users
- Binding offtake agreements with several parties across the US, Asia and Europe
- Product: Lithium carbonate (technical grade) & lithium hydroxide (battery grade)
- Contract duration: three-year term or more from commencement of supply
- Quantity: ~5000 tonnes per annum per offtake (~25% of production each)
- Pricing: USD per metric tonne with regular adjustments to market

Issuance of State Air Quality Permit

During the quarter, the Company confirmed the issuance of a Class II Air Quality Permit for Rhyolite Ridge. The issuance of the Air Quality Permit follows a detailed review of the Project by the State of Nevada Division of Environmental Protection (NDEP) Bureau of Air Pollution Control and is a requirement for construction to commence at Rhyolite Ridge.

The issuance of the Class II Air Quality Permit represents a significant milestone for Rhyolite Ridge and supports our detailed plans for a processing plant with low emissions and minimal hazardous air pollutants. After regulatory review and a public comment period, Rhyolite Ridge is the first project in Nevada with sulphuric acid production to receive a Class II Air Quality permit.

State and Federal Permitting Process

During the quarter, other key project permitting applications continued to progress.

Notice of Intent (NOI) Publication

ioneer is awaiting the publication of the Notice of Intent (NOI) in the Federal Register to mark the start of the National Environmental Policy Act (NEPA) process. The NEPA process includes public consultation and preparation of an Environmental Impact Statement (EIS). Whilst the NOI was originally expected to be published in March/April, that was delayed due to the transition to the new Biden-Harris Administration. We expect the NOI to be published during the September quarter and will provide further detail as information is available.

Water Pollution Control

Soon after the end of the quarter, the Company confirmed the issuance of the Water Pollution Control Permit for Rhyolite Ridge. The issuance of this Permit involved a detailed review of the Project by the State of Nevada Division of Environmental Protection, including an assessment of the impact to surface and subsurface water during and after closure of the operation.

This permit, together with the Class II Air Quality Permit approved and announced during the quarter, represent the two critical state permits required before construction can commence at Rhyolite Ridge.

U.S. Fish and Wildlife Service 12 Month Tiehm's Buckwheat Finding

During the quarter, the U.S. Fish and Wildlife Service (FWS) reported that a review into an Endangered Species Act (ESA) listing of Tiehm's buckwheat was 'warranted'. FWS based its finding on currently available information, severe drought conditions and a drought-induced herbivory incident (where rodents are eating plants) in late 2020. The 12-month finding issued by the FWS regarding Tiehm's buckwheat, was required under a recent court stipulation agreed upon by Ioneer, FWS and the Plaintiffs.

A decision on whether or not to propose a listing will be made by FWS in September 2021, at which time a period of public comment will commence if required.

Ioneer shares the FWS commitment to protect and preserve Tiehm's buckwheat populations. Ioneer has already undertaken considerable work to advance available data and information allowing protection and preservation programs for Tiehm's buckwheat to be established. The additional information collected about Tiehm's buckwheat and similar buckwheat's are allowing the protection measures to be tailored with the highest likelihood of success. We reiterate that the protection of Tiehm's buckwheat is firmly incorporated into our Project plans, and we will ensure the species is managed and protected irrespective of its listing status. Ioneer's buckwheat management and conservation plan incorporates a strategy to minimise impact to buckwheat habitat. Our research gives the Company high confidence we can ensure the continuance of a viable population through proven mitigation measures to address the impact from Ioneer's operations, as well as serious natural threats such as extreme drought and herbivory that threaten the plant population regardless of the company's operations.

Secondary US Stock Exchange Listing

During the quarter and in response to significant demand from US-based investors for lithium and battery minerals related investments, the Company announced that it had commenced a formal process to evaluate a secondary listing of its shares on a major US stock exchange.

The secondary listing is likely to take place in the second half of 2021 and is in line with Ioneer's longer-term strategy of increasing exposure to US capital markets. Our core Rhyolite Ridge Project is the most advanced lithium development asset in the US. Ioneer is well-positioned to capitalise on the electrification of the US auto industry, which is a key focus of the Biden administration as it seeks to develop a domestic lithium-ion battery materials supply chain.

The Company is ideally placed to play a major role in the US domestic lithium-ion battery materials supply chain and believes increasing exposure to US markets is critical to achieving this.

Strategic Partnering and funding

As previously disclosed to the market, Ioneer has been conducting a Strategic Partnering process with the assistance of Goldman Sachs. We anticipate the process will be concluded in the September quarter with our focus now on preparation of definitive investment documents. Ioneer anticipates that a strategic partner transaction should deliver the majority of the required equity component of the Rhyolite Ridge funding stack, which will lead to an acceleration of debt and trade finance discussions that have been positively progressing for many months.

In a separate workstream, the Company continues to engage with a number of potential debt funders and is encouraged by feedback to date. This includes working with vendors to assess Export Credit Agency (ECA) financial support, as recently disclosed with FLSmidth and EKF, the Danish ECA.

We note increased interest in the sector and the Project as market participants focus on the growing importance of security of lithium supply and growing US and European EV demand.

Engineering and Vendor Packages

Work during the quarter focused on further progressing detail engineering and vendor engineering. The key aim of ongoing activities is to be construction ready to support construction mobilisation following FNTF award.

Activities during the quarter included:

- Cumulative completion of approximately 870 execution deliverables (~26%) excluding vendor engineering.
- Vendor engineering for the following packages is in progress.
 - Material Handling
 - Vat Unloading
 - Dryer Package
 - service crane

Awarded packages included the material handling and dryer packages.

The table below shows other procurement activity to date:

	Count	Cost (US)
Purchase orders signed	10	~ \$38M
Bid received (Final negotiation ongoing)	7	~ \$10-14M
Major Packages under negotiation	5	~ \$122-148M
Issued for Bid	3	~ \$4-6M

Procurement activity has focused on long lead items and items required for initial construction². Currently about 60% of the equipment and material budget is in the procurement process.

The Company looks forward to making more vendor award announcements in the coming months, with multiple agreements nearing completion.

Upcoming Work Program

The work program over the coming months includes:

- Finalising strategic partnering and financing processes through continued technical and financial negotiations and due diligence.

² Contracts are subject to a Notice to Proceed (NTP) decision which will be taken as part of the Final Investment Decision (FID) for the Rhyolite Ridge Project.

- Advancing Federal permitting process by obtaining the Notice of Intent (NOI) and commencing the NEPA process.
- Completing additional binding offtake agreements for lithium sales.
- Continuing the engineering effort to further decrease execution risk. This will include:
 - Releasing further engineering and vendor packages/contracts for bid
 - Near completion of all process P&ID's
 - Vendor engineering for the evaporation/crystallisation well underway
 - Advancing foundation engineering design
 - Vendor engineering completion for material handling, vat unloading, and dryer packages
- Progressing a secondary listing of Ioneer's shares on a major US stock exchange

Corporate Activities

On 31 May, the Company advised the market of the passing of John Hofmeister, an independent non-executive director of the Board. John served on the Ioneer Board for the past four years and was chairman of the Nomination and Remuneration Committee. He was a valuable contributor to the development of Ioneer and Rhyolite Ridge. We are grateful to John for the passion, energy and intelligence that he willingly shared with our Company. He is missed by the entire Ioneer team.

Expenditure

Expenditure during the June quarter totalled:

- \$5.0 million on investing activities; and
- \$2.0 million on operation activities (net of interest received).

Related party payments for the quarter totalled \$376k, of which \$141k related to payments of Director fees, \$98k being the executive-chairman's executive fees and 137k the managing director's salary.

Total cash on hand as of 30 June 2021 was A\$83.1 million of which 75% is held in USD cash and cash equivalents.

Capital Structure

At the end of the quarter, Ioneer had on issue:

- 1.9 billion ordinary shares
- 45.4 million options, and
- 30.1 million performance rights.

This ASX release has been authorised by Ioneer Managing Director Bernard Rowe.

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About Rhyolite Ridge and iioneer

ioneer Ltd is the 100% owner of the Rhyolite Ridge Lithium-Boron Project located in Nevada, USA, the only known lithium-boron deposit in North America and one of only two known such deposits in the world. The Definitive Feasibility Study (DFS) completed in April 2020 confirmed Rhyolite Ridge as a world-class Lithium and Boron Project that is expected to become a globally significant, long-life, low-cost source of lithium and boron vital to a sustainable future.

Rhyolite Ridge's unique mineralogy allow lithium and boron to be extracted in a low-cost and environmentally sustainable manner. The Project's commercial viability is made possible by having both lithium and boron revenue streams.

Recent Announcements

The table below lists announcements made by the Company during the quarter.

Date Released	Title
26/04/2021	March 2021 Quarterly Activities Report
26/04/2021	March 2021 Quarterly Cashflow Report
28/04/2021	ioneer to Pursue a Secondary US Stock Exchange Listing
06/05/2021	Appendix 2A
06/05/2021	RIU Resources Round-up Conference Presentation
31/05/2021	Passing of Non-Executive Director, John Hofmeister
01/06/2021	Appendix 3Z – John Hofmeister
04/06/2021	ioneer Comments on FWS 12 Moth Finding
24/06/2021	ioneer Issued Air Quality Permit for Rhyolite Ridge
30/06/2021	ioneer Announces Lithium Offtake Agreement with EcoPro

Appendix 1 - Schedule of Tenements

Country	Project	Tenement ID	Tenement Name	Area (km ²)	Interest at beginning of quarter	Interest at end of quarter	Note
USA	Rhyolite Ridge	NMC1118666	NLB claims (160)	13	100%	100%	No change
USA	Rhyolite Ridge	NMC1117360	SLB claims (199)	16.5	100%	100%	No change
USA	Rhyolite Ridge	NMC1171536	SLM claims (122)	9.7	100%	100%	No change
USA	Rhyolite Ridge	NMC 1179516	RR claims (65)	5.4	100%	100%	No change
USA	Rhyolite Ridge	NMC 1129523	BH claims (81)	7	0%, option to purchase 100%	0%, option to purchase 100%	No change
USA	SM	NMC1166813	SM claims (96)	7.7	100%	100%	No change
USA	GD	NMC1166909	GD claims (13)	1.1	100%	100%	No change
USA	CLD	NMC1167799	CLD claims (65)	5.2	100%	100%	No change
USA	New Morenci	AMC393550	MP claims (2)	0.12	100%	100%	No change