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LYNAS AWARDED US\$120M CONTRACT TO BUILD COMMERCIAL HRE FACILITY

Lynas Rare Earths Ltd (ASX: LYC, OTC:LYSDY) (Lynas) is pleased to announce that wholly owned subsidiary, Lynas USA LLC, has signed a follow-on contract for approximately US\$120 million with the U.S. Department of Defense (DoD) to establish a first of its kind commercial Heavy Rare Earths (HRE) separation facility in the United States.

This mutually beneficial contract supports Lynas to establish an operating footprint in the United States, including the production of separated Heavy Rare Earth products to complement its Light Rare Earth product suite. As a result, U.S. industry will secure access to domestically produced Heavy Rare Earths which cannot be sourced today and which are essential to the development of a robust supply chain for future facing industries including electric vehicles, wind turbines and electronics.

Lynas worked closely with the DoD on the Phase 1 contract for a U.S. based Heavy Rare Earth separation facility (announced 27 July 2020) and the company is delighted to have reached agreement for a full-scale commercial HRE facility.

Construction costs for the HRE capability as submitted in June 2021 are fully covered by this DoD contract, which is sponsored and funded by the U.S. DoD Industrial Base Analysis and Sustainment (IBAS) program.

Lynas plans to co-locate the Heavy Rare Earths separation facility with the proposed Light Rare Earth separation facility (announced on 22 January 2021) which is sponsored and half funded by the U.S. DoD Title III, Defense Production Act office.

Following a detailed site selection process, the facility is expected to be located within an existing industrial area on the Gulf Coast of the State of Texas and targeted to be operational in financial year 2025.

Feedstock for the facility will be a mixed Rare Earths carbonate produced from material sourced at the Lynas mine in Mt Weld, Western Australia. Lynas will also work with potential 3rd party providers to source other suitable feedstocks as they become available.

Lynas Rare Earths CEO and Managing Director Amanda Lacaze commented: "The development of a U.S. Heavy Rare Earths separation facility is an important part of our accelerated growth plan and we look forward to not only meeting the rare earth needs of the U.S. Government but also reinvigorating the local Rare Earths market. This includes working to develop the Rare Earths supply chain and value added activities."

"The U.S. Government's selection of Lynas for this strategic contract reflects our proven track record in Rare Earths production. The DoD's decision to fully fund the construction of the Heavy Rare Earths facility demonstrates the priority that the U.S. Government is placing on ensuring that supply chains for these critical materials are resilient and environmentally responsible, and as importantly, their confidence in Lynas' ability to execute, including access to quality feedstock and processing expertise."

"This contract is an excellent example of Indo-Pacific cooperation to meet supply chain challenges and Lynas looks forward to collaborating with the DoD, the State of Texas and U.S. manufacturers as we progress our plans for the facility," said Ms. Lacaze.

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