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JARE EXTENDS SUPPORT FOR LYNAS GROWTH PLAN

Lynas Rare Earths Ltd (ASX: LYC, OTC:LYSDY) (“Lynas”) is pleased to announce the signing of new agreements with Japan Australia Rare Earths B.V. (“JARE”). The new agreements will further strengthen the Lynas balance sheet and support funding of capital projects designed to meet accelerating global demand for Rare Earth materials.

JARE is a special purpose company established by Japan Organization for Metals and Energy Security (JOGMEC) and Sojitz Corporation. Lynas and JARE are parties to a long term senior loan facility (“Loan Facility”).

Under the new agreements, JARE will provide a contribution of AUD\$200 million and forego the historic US\$11.5 million interest due under the Loan Facility for the period from 1 January 2016 to 31 December 2016, which has previously been deferred by JARE.

JARE’s contribution will be made through a subscription for ordinary shares in Lynas at a subscription price which will be the higher of the 5 day volume-weighted average price (VWAP) in the period immediately following this announcement and the 5 day VWAP for the 5 day trading period immediately prior to this announcement.

JARE’s contribution will support Lynas’ ambitious growth agenda, and may include current and planned projects designed to increase production of Light Rare Earth and Heavy Rare Earth materials. As market demand increases, this funding will assist Lynas to meet its objective to grow with the market.

As part of the new agreements, Lynas will update the existing priority supply rights in the Loan Facility (as disclosed 27 June 2019) to reflect continued growth in the Japanese rare earths market. Under the new agreements with JARE, in the event of competing demands with other markets, the Japanese market will receive the following priority supply rights over Lynas’ growth capacity until 2038:

- Where Lynas’ annual production is less than 9,600 tonnes/annum NdPr, priority supply up to 7,200 tonnes/annum NdPr, to the extent that Lynas will not have any opportunity loss;
- Once Lynas’ annual production exceeds 9,600 tonnes/annum NdPr and the forecast annual demand for NdPr from the Japanese market exceeds 7,200 tonnes/annum, Lynas and JARE will negotiate in good faith to agree the terms of the availability for the Japanese market;
- Priority of supply of up to 65% of the DyTb produced from Mt Weld feedstock, subject to any agreement with the U.S. Government and to the extent that no opportunity loss will be suffered by Lynas;
- Lynas will consider in good faith priority supply to the Japanese market of the remaining 35% of HREs from Mt Weld feedstock, subject to any agreement with the U.S. Government and to the extent there is no opportunity loss to Lynas.

The factors that will be considered in determining whether there has been an opportunity loss to Lynas will include (without limitation) the term of supply, the pricing mechanism and certainty of income (volume and price).

Commenting on the new agreements, Lynas CEO & Managing Director, Amanda Lacaze, said: “Lynas has a huge appetite for growth and a large capital investment plan. This \$200 million capital investment from the Japanese Government, through JARE, will boost our balance sheet and assist in assuring the delivery of our major growth projects.

“JARE has been a valued and strategic partner to Lynas since 2011 and we welcome these new agreements which better reflect demand forecasts from the Japanese rare earths market. We also thank JARE for agreeing to forgo the historic interest payment of US\$11.5 million from 2016,” Ms Lacaze continued.

“Today, Lynas is the market leading supplier of NdPr to the Japanese rare earths industry and these new agreements demonstrate the deep commitment of JARE to the ongoing growth and success of our company.”

The agreements were signed today at a signing ceremony in Tokyo, Japan, attended by Amanda Lacaze, Lynas CEO & Managing Director, Hiroshi Shimotori, Executive Vice President of JOGMEC, and Masaaki Bito, Senior Managing Executive Officer of Sojitz.



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