

5 September 2022

JARE SUPPORTS LYNAS' DEVELOPMENT WITH NEW AGREEMENTS

Lynas Rare Earths Ltd (ASX: LYC, OTC:LYSDY) (“**Lynas**”) is pleased to announce the signing of agreements with Japan Australia Rare Earths B.V. (“**JARE**”) which reconfirm our shared commitment to work together on future development opportunities.

JARE is a special purpose company established by Japan Oil, Gas and Metals National Corporation and Sojitz Corporation. Lynas and JARE are parties to a long term senior loan facility, with a principal balance of US\$141 million, an interest rate of 2.5% p.a. and a maturity date of 30 June 2030 (“**Loan Facility**”).

Under the agreements, JARE will provide a contribution of US\$9 million to the exploration program at Mt Weld on the exploration target in the fresh carbonatite below the current Mt Weld life of mine design and ore reserve (announced on 1 March 2022). JARE’s contribution will be made through a US\$9 million 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 last traded price immediately prior to this announcement.

JARE will also provide technical support to the exploration program through the involvement of world-leading geologists and other technical professionals from Japan Oil, Gas and Metals National Corporation (JOGMEC).

Further, JARE has agreed to remove capital management restrictions in the Loan Facility. Lynas will no longer be subject to capital restrictions in respect of issuing dividends, share buy backs, capital expenditure or incurring financial liabilities. These capital restrictions in the Loan Facility are replaced by financial covenants in respect of gross debt to equity ratio and backward-looking debt service coverage ratio. Further details of the amendments to the key terms of the Loan Facility are set out in Attachment A.

Lynas CEO and Managing Director, Amanda Lacaze commented:

“The relationship between Lynas and the Japanese Rare Earths industry is significant for the global Rare Earths industry. We are pleased to have JARE’s continued support, including for our exciting exploration program at Mt Weld.

“The removal of the capital management restrictions in the Loan Facility is an important step in the maturing relationship between Lynas and JARE and will ensure all options can be considered as part of our capital management strategy.”



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ATTACHMENT A

Term

Maturity Date

Principal Repayments

Previous Facility Term

30 June 2030

Repayment Date	Amount
31 Dec 2022	US\$2 million on each of these dates
30 June 2023	
31 Dec 2023	
30 June 2024	US\$5 million
31 Dec 2024	US\$10 million on each of these dates
30 June 2025	
31 Dec 2025	
30 June 2026	
31 Dec 2026	
30 June 2027	
31 Dec 2027	
30 June 2028	US\$12 million on each of these dates
31 Dec 2028	
30 June 2029	
31 Dec 2029	
30 June 2030	
Total	US\$141 million

New Facility Term

30 June 2030

There is no change to the repayment schedule.

Additional voluntary principal repayments can be made without penalty at any time.

Interest Rate

The current interest rate on the Loan Facility is 2.5% per annum.

The interest rate on the Loan Facility remains at 2.5% per annum.

Interest Payment Dates

June 30 and December 31

June 30 and December 31

Interest Deferral

The payment of interest in respect of the period commencing on 1 January 2016 and ending on 31 December 2016 is deferred to 31 October 2022

There is no change to the payment date of the deferred interest.

Additional Capital Restrictions	<p>(with no penalty and no additional interest).</p> <p>Without the prior written consent of JARE, Lynas shall not enter into the following during the term of the JARE Facility:</p> <ul style="list-style-type: none"> • Dividends and share buy-backs until the principal amount outstanding is reduced to US\$60 million or less; • Capex above A\$25 million in a 6 month period, except for capex for the Lynas 2025 project upon approval of the capex plans up to A\$500 million; and • Liabilities other than a list of pre-approved “Permitted Financial Liabilities”. 	<p>The additional capital restrictions are removed entirely and replaced with the following financial covenants:</p> <ul style="list-style-type: none"> • Lynas must maintain a minimum cash balance of A\$25 million; • Gross debt to equity ratio must not exceed 1.5x; and • Backward-looking debt service coverage ratio must not fall below 1.5x.
Proceeds from Borrowings	<p>50% of the proceeds of each borrowing or raising of debt finance (other than a Permitted Financial Liability) is to be applied towards pre-payments until such time as the principal outstanding is reduced to US\$100 million or less.</p>	<p>This requirement is removed.</p>
Priority Supply to Japan	<p>Japan will have the following priority supply rights until 2038:</p> <ul style="list-style-type: none"> • Any fundraising will not hinder Lynas’ ability to support Japanese industries diversifying their rare earths supply sources in accordance with the Availability Agreement announced 20 March 2011. • Lynas shall ensure that in the event of competing demands from the Japanese market and a non-Japanese market for the supply by the Borrower or Lynas Malaysia for NdPr produced from the LAMP, the Japanese market shall have priority of supply up to 7,200 tonnes per year subject to the terms of the Availability Agreement and to the extent that Lynas will not have any opportunity loss. • JARE has rights of negotiation with Lynas in priority to non- 	<p>There are no changes to these provisions.</p>

Japanese market customers for the priority supply to the Japanese market of additional NdPr and Nd products produced by the Lynas 2025 Project.

- Lynas will continue to prioritise the needs of Japanese customers for the supply of Heavy Rare Earths products produced by the US HRE Plant, to the extent possible under any agreement with the US.