BOARD CHARTER

Lynas Rare Earths Limited

ACN 009 066 648

1.0 Introduction

This Charter sets out:

(1) the functions and responsibilities of the Board and management of the Company; and

(2) those matters expressly reserved to the Board and those mattersdelegated to management.

2.0 Definitions

In this Charter:

(1) **Board** means the board of Directors;

(2) **CEO** means the Chief Executive Officer of the Company, and includes any Director acting as the Company's managing director;

(3) **CFO** means the Chief Financial Officer of the Company;

(4) **Chair** means the chair of the Board;

(5) **Charter** means this Board Charter;

(6) **Constitution** means the Company's constitution;

(7) **Director** means a director of the Company; and

(8) **Secretary** means the Company secretary.

3.0 Responsibilities of the Board

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

(1) **Leadership and strategy**: provide and demonstrate leadership, define the Company's purpose, set and oversee management's implementation of the Company's strategic objectives and instil Company's values and performance generally (including whenever applicable, challenge and hold management to account);

(2) **Culture**: approve the Company's statement of values and code of conduct to underpin the desired culture that promotes ethical and responsible decision-making, compliance with legal responsibilities and transparency through effective and timely reporting;

(3) **Appointments**:

- appoint the Chair and (if applicable) a deputy Chair and any lead independent Director;
- appoint and replace the CEO and approve the appointment and replacement of other senior executives or other significant changes to the Company's organisational structure; and
- approve the appointment, replacement or removal of the Company Secretary;

(4) **Board performance**: evaluate on a regular basis the performance of the Board, its committees and individual Directors;

(5) **Succession and remuneration**: plan for and approve Board, CEO and executive succession and remuneration, settle non-executive Director remuneration within shareholder approved limits and oversee the Company's remuneration policies to ensure alignment with the Company's purpose, values, strategic objectives and risk appetite;

(6) **Risk management**: setting the risk appetite for the Company within which the Board expects management to operate, overseeing its risk management framework (for both financial and non-financial risks) and satisfying itself that the framework is sound;

(7) **ESG**: consider and monitor the environmental, social and governance impacts of the Company's activities and operations, set standards and monitor effectiveness of the Company's governance practices;

(8) **Diversity**: set measurable diversity objectives and monitor the Company's progress towards satisfying diversity objectives;

(9) **Compliance**: ensure that the Company has in place an appropriate regulatory compliance framework;

(10) **Budgets and expenditure**: approve and monitor operating budgets and major capital expenditure, acquisitions and divestitures, and monitor the Company's capital management, and to authorise expenditure in excess of discretionary limits delegated at any time to the CEO;

(11) **Financial and other reporting**: approve the Company's half-yearly and annual reports and the declaration of any dividends, oversee the integrity of the Company's accounting and corporate reporting systems (including the external audit) and ensure that an appropriate framework exists for relevant information to be reported by management to the Board;

(12) **External auditor**: select and recommend to shareholders the appointment of the external auditor;

(13) **Disclosure**: oversee the Company's process for making timely disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities and satisfy itself that an appropriate framework exists for relevant information to be reported by management to the Board; and

(14) **Other:** performing such other functions as are prescribed by law or may be assigned to the Board.

The Board may delegate any of the above responsibilities to the CEO or other members of management or a Board committee, with the Board retaining ultimate oversight and decision-making power in respect of the matters delegated. The Board must regularly review the division of functions reserved for itself and powers delegated to management to ensure that it continues to be appropriate to the needs of the Company. To the extent not expressly set out above, the Board has delegated responsibility for the management of the Company's business and affairs to the CEO.

4.0 Composition of the Board

4.1 Size and composition

The size and composition of the Board is determined by the Board, subject to the limits contained in the Company's Constitution and obtaining the approval of shareholders.

The Directors should together have an appropriate mix of skills, knowledge, experience and diversity to enable the Board to discharge its responsibilities. The Board shall review its composition on a regular basis so as to ensure that its composition is appropriate having regard to the operations of the Company. The number of Directors may be increased where it is highlighted that additional expertise is required in specific areas, or when an outstanding candidate is identified.

Non-executive Directors are expected to collectively:

- contribute to the development of the Company's strategy;
- scrutinise the performance of management against agreed objectives, and monitor the reporting of performance;
- review proposals presented by the CEO and other members of management;
- request additional information where they consider that information necessary to support informed decision-making; and
- take reasonable and proper steps to satisfy themselves that there are adequate and proper financial controls and systems of risk management and internal compliance, and that the controls are maintained and the systems are robust.

4.2 Appointment of Directors

Directors are appointed in accordance with the terms of the Constitution.

Subject to the number of directors allowed under the Constitution, a director may be appointed by an ordinary resolution of the Company in a general meeting. Where a director's position becomes vacant in between such elections, the Board may (but is not required to) appoint a replacement director. Such a replacement director will only hold office until the next annual general meeting of the Company, in accordance with the Constitution.

The terms and conditions of the appointment and retirement of non-executive Directors will be set out in a letter of appointment.

Non-executive Directors are expected to maintain the skills required to discharge their obligations to the Company. To the extent necessary, non-executive Directors should undertake continuing professional education.

Each Director must take into account the views of other non-executive Directors when deciding to stand for re-election.

4.3 Independent Directors

The majority of Directors will be independent, non-executive directors. Where practicable, the Chair should be an independent non-executive Director.

Directors are only considered to be independent where they are free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to exercise independent judgement.

In considering whether a Director is independent and the criteria against which the Board determines the materiality of a relationship, the Board is to have regard to:

(a) the interest, positions and relationships affecting the independent status of a director as described in the ASX Corporate Governance Principles and Recommendations;

(b) the materiality guidelines applied in accordance with Australian accounting standards;

(c) developments in international corporate governance standards; and

(d) any independent professional advice sought by the Board at its discretion.

The Board considers a relationship to materially influence, or be perceived to materially influence, a Director's independent judgment where it is of substance and consequence and there is a real and sensible possibility that it would affect the Director's judgment.

The Board will regularly review the independence of each non-executive Director in light of information relevant to this assessment, as disclosed by each non-executive Director to the Board. In this regard:

(1) If a Director becomes aware of any information that does or might compromise their independence, the Director must immediately disclose that information to the Chair. The Director's disclosure must be written and include all details necessary to permit the Chair to evaluate the independence of the Director.

(2) If the Chair becomes aware of any information that does or might compromise their independence, the Chair must immediately disclose that information to the Board. The Chair's disclosure must be written and include all details necessary to permit the Board to evaluate the independence of the Chair.

If the Board determines that a Director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.

5.0 Relationship between the Board and management

5.1 Overview

Subject to formal delegations of authority, the Board has delegated the management function to the CEO. However, ultimate responsibility for strategy and control rests with the Directors.

The CEO is accountable to the Board for the exercise of the delegated authority and, with the support of senior management, must report to the Board on the exercise of the authority through reports, briefings and presentations to the Board. The Board will, whenever required, challenge management and hold management to account

Management will provide reports and information to the Board to enable the Board to discharge its duties effectively.

The Board adopts appropriate structures and procedures to ensure it retains its independence from management. This includes the separation of the roles and responsibilities of the Chair and the CEO.

5.2 Chair

The Board elects the Chair in accordance with the Constitution.

It is intended that the Chair should be an independent non-executive Director.

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all directors in relation to issues arising at Board meetings.

The Chair's specific duties include:

(1) leading the Board;

(2) facilitating effective contribution of all Directors and promoting constructive and respectful relations among the Directors and between the Board and management;

(3) maintaining regular dialogue and mentoring relationship with the CEO;

(4) liaising with the CEO and senior management on the Board's information requirements to facilitate effective decision-making;

(5) approving Board agendas and ensuring adequate time is available for discussion of all agenda items (including strategic issues) and ensuring that Board minutes properly reflect Board decisions;

(6) evaluating the performance of non-executive Directors;

(7) monitoring the contribution of individual Directors with a view to maximising Board performance and effectiveness; and

(8) evaluating (together with the non-executive Directors) the CEO's performance.

5.3 Individual directors

In accordance with statutory requirements and in keeping with developments at common law, Directors have the following responsibilities:

(1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;

(2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;

(3) use due care and diligence;

(4) make a reasonable effort to become and remain familiar with the affairs of the Company;

(5) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and

(6) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance onother directors to fulfil these duties.

5.4 The CEO

The CEO is appointed by the Board.

The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board, and reports to the Board on key management and operational issues.

The CEO's responsibilities include:

(1) making recommendations to the Board regarding the Company's strategic objectives and values;

(2) constructing, with the Company's management team, programs to implement the strategic objectives and values;

(3) developing the Company's annual budget and managing day-to-day operations within the budget approved by the Board;

(4) designing and maintaining appropriate risk management and compliance systems and operating within the risk appetite set by the Board;

(5) appointing senior management (including determining the terms), developing and maintaining succession plans, and evaluating their performance based on company financial performance, individual performance and other financial and non-financial metrics;

(6) providing leadership to, and effective management of, the Company in order to:

    (a) encourage co-operation and teamwork;

(b) build and maintain staff morale at a high level;

(c) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;

(d) ensure a safe workplace for all personnel; and

(e) instil a culture of compliance generally, including in relation to environmental matters;

(7) informing the Board on the Company's operations including, but not limited to, information about the Company's financial performance, compliance with material legal and regulatory requirements and any conduct materially inconsistent with the Company's values or code of conduct;

(8) implementing the Board's continuous disclosure processes for market sensitive information; and

(9) managing day-to-day operations in accordance with the Company's policies and practices.

5.5 Lead Independent Director

Where the Chair is not an independent Director, a "Lead Independent Director" will be appointed. The Lead Independent Director will fulfil the role of the Chair when the Chair is unable to act in that capacity as a result of their lack of independence or becomes ill or incapacitated.

The Lead Independent Director's role includes:

(1) acting as a sounding board for the Chair and serving as an intermediary for the other Directors if necessary;

(2) acting as a liaison between management and the Board where and when required;

(3) overseeing the evaluation of the Chair's performance;

(4) acting as the Chair when the Chair is unable to act in that capacity as a result of their lack of independence or becomes ill or incapacitated; and

(5) providing a separate channel of communication for shareholders (especially where those communications concern the Chair).

5.6 CEO and CFO assurances to be provided to the Board

It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:

(1) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and

(2) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

6.0 The role of the Company Secretary

The Board will appoint at least one Company Secretary.

The Secretary is generally responsible for carrying out the administrativeand legislative requirements of the Board and to ensure that the Board processes and procedures run efficiently and effectively. The specific tasks of the Secretary include:

(1) overseeing the Company's compliance program and ensuring all Company legislative obligations are met;

(2) ensuring that the agenda and briefing materials for Board meetingsare prepared and forwarded to directors in a timely and effective manner;

(3) recording, maintaining and distributing the minutes of all Board andBoard subcommittee meetings as required;

(4) preparing for and attending all general meetings of the Companyand ensuring that the correct procedures are followed;

(5) recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of the Company;

(6) meeting statutory reporting requirements in accordance withrelevant legislation; and

(7) and any other services the CEO or Chair may require.

All Directors will have direct access to the Company Secretary.

7.0 Committees

The Board from time to time may establish committees to streamline the discharge of its responsibilities and support the Board in matters that require more intense review.

As at the date of this Charter, the Board has established three standing Committees, namely:

- the Audit, Risk and ESG Committee;
- the Nomination, Remuneration & Community Committee; and
- the Health, Safety & Environment Committee.

When determining the membership of each Committee, the Board will take account of the skills and experience appropriate for that Committee as well as any statutory or regulatory requirements and corporate governance principles. All non-executive Directors shall be entitled to attend meetings of Committees where there is no conflict of interest.

Each standing Committee operates according to a formal charter, which sets out matters relevant to the composition, responsibilities and administration of the Committee.

The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis.

The Company's annual report will disclose:

- the current members of each Committee and, for the members of the Audit and Risk Committee, their professional qualifications and experience;
- the number of times each Committee met throughout the period; and
- the individual attendances of Committee members at those meetings.

8.0 Board process

The Board will meet regularly and Directors will allocate sufficient time to perform their duties effectively.

The non-executive Directors may from time to time meet without executive Directors or management present.

Directors will use reasonable endeavours to attend Board meetings in person, however attendance may also be via other forms of technology permitted by the Company's Constitution. The Company's Constitution regulates the conduct of Board and Committee meetings and proceedings, including the procedure for passing circular resolutions outside of meetings.

9.0 Code of conduct and policies

9.1 Code of conduct

To promote ethical and responsible decision-making, the Board must approve and maintain a Code of Conduct setting out the practices necessary to promote confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board must operate in a manner reflecting the values of the Company and in accordance with its agreed corporate governance guidelines, the Constitution, the Corporations Act and all other applicable laws and regulations.

The Board must ensure that appropriate procedures are in place to monitor adherence to the Code of Conduct, and ensure that immediate action is taken where necessary in the event of a breach.

9.2 Policies

The Board (or appropriate Board committee) is responsible for establishing policies, where appropriate, to regulate the Company's activities.

Where practicable to do so, any such policies are to be made generally accessible by the Company's Directors, officers, employees, consultants and other stakeholders through disclosing them on the Company's website.

10.0 Independent professional advice

To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at the Company's expense where, after consultation with the Chair, they reasonably consider it necessary or appropriate to the discharge of their responsibilities as Directors. Where appropriate, such advice should be commissioned by the Director and the Company and a copy made available to all Directors.

11.0 Group entities

The Company expects that, to the extent appropriate:

- its charters, codes and policies to apply to its subsidiaries;
- directors of each wholly-owned subsidiary to ensure the subsidiary complies with the Company's charters, codes and policies; and
- directors of each partially-owned subsidiary to use their best efforts to influence the subsidiary to operate in accordance with the Company's charters, codes and policies.

12.0 Charter review

The Board will periodically review this Charter to check that it is operating effectively.

The Company Secretary is authorised to make administrative and non-material amendments to this Charter, provided that any such amendments are notified to the Board at or before its next meeting.

Version Number	Revision Date	Document Owner	Document Approver
Version 1	24 August 2023	Company Secretary	Board of Directors