

Rare Element Resources Receives DOE Operations Approval and Additional Funding Commitment for Rare Earth Demonstration Plant in Wyoming

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Operations Planned to Commence in 4Q 2024

[Rare Element Resources Ltd.](#) (the "Company" or "RER") (OTCQB: REEMF) is pleased to announce that the U.S. Department of Energy's (the "DOE") Office of Energy Efficiency and Renewable Energy has issued the second and final Project Continuation Notice following its approval of the operations budget and confirmation of readiness for the operations phase of the Company's rare earth processing and separation demonstration plant (the "Demonstration Plant"). This notice allows operations to formally commence once the Company receives the U.S. Nuclear Regulatory Commission (the "NRC") operations approval under the previously issued license, which is anticipated in the coming weeks. These milestones will allow for the commencement of operations in the fourth quarter of 2024. The Demonstration Plant, which has been designed to advance the Company's proprietary processing and separation technology, is expected to generate the operational and economic data necessary for the design of a commercial-scale plant.

"In anticipation of the DOE's operations approval just received, we have spent the past several months working alongside the project team and our contractors preparing the site for operations," said Ken Mushinski, President and CEO of RER. "With the achievement of this pre-operational milestone and anticipated receipt of the NRC's license amendment necessary for operations, we continue preparations for the commencement of plant operations. We have engaged Wood plc, out of Gillette, Wyoming, as our operations staffing contractor which is preparing a staffing roster for operating the Demonstration Plant under RER's supervision. Entering the operations phase moves us one step closer to proving our innovative rare earth recovery technology is ready for commercial applications."

As part of the DOE's operations approval, the DOE also approved an increase in the project's cost-share budget to approximately \$53.6 million, with federal cost-share increasing by 10% from approximately \$21.8 million to approximately \$24.2 million. The Company currently anticipates that the full project cost, once operations are complete, will exceed this DOE cost-share budget and that increase will be further defined as operations commence. This higher cost is driven by post-pandemic supply chain issues and inflation, as well as necessary design refinements as the project has moved from concept through fabrication and construction. The Company has advised the DOE that it will use existing Company funds to cover costs above the DOE approved cost-share budget; however, the Company is continuing to pursue other funding to cover these increases.

Ken Mushinski added, "Although we have taken extraordinary measures to control costs during the design, construction and soon to commence operation phases, the fact is, our first-of-its-kind rare earth element separation plant project has gone from concept to reality during a recovering economy and associated supply chain issues that has resulted in both schedule and cost challenges. We are appreciative of the DOE's recognition of the significance of our plant to the U.S. domestic supply chain, and its willingness to provide additional cost-share to assist in offsetting the project cost growth." Mr. Mushinski added, "While we focus on the important next step of plant operations, we will continue to diligently manage costs and schedule."

In the coming weeks, the Company expects the NRC's operations approval pursuant to the previously issued license and the replacement of the onsite construction and installation crews with the operations staff, which is expected to consist of approximately 20 full-time positions.

Rare Element Resources Ltd. is a publicly traded, strategic materials company focused on delivering rare earth products for technology, energy, and defense applications by advancing the Bear Lodge Rare Earth Project in northeast Wyoming. Bear Lodge is a significant mineralized district containing many of the less

common, more valuable, critical rare earths that are essential for high-strength permanent magnets, electronics, fiber optics, laser systems for medical technology and defense, as well as technologies like electric vehicles, solar panels, and wind turbines.

Forward-Looking Statements

This news release contains forward-looking statements and information within the meaning of securities legislation in the United States and Canada (collectively, "forward-looking statements"). Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by our use of certain terminology, including "will," "believes," "may," "expects," "should," "seeks," "anticipates," "plans," "has potential to," or "intends" (including negative and grammatical variations thereof), or by discussions of strategy or intentions. Such forward-looking statements include statements regarding the construction, operation, estimated costs, timing, and other aspects of the Demonstration Plant. Factors that could cause actual results to differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this news release include, but are not limited to, the Company's ability to receive timely operations approval from the NRC, the increase in the Demonstration Plant cost estimate beyond the updated DOE project budget, the ability to operate the Demonstration Plant for a sufficient amount of time to ascertain commercialization decisions, the ability to obtain and maintain Demonstration Plant licensing and permits, the possible full impacts of inflation and supply chain issues, such as delays or further cost increases, and other matters discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and our other periodic and current reports filed with the U.S. Securities and Exchange Commission (the "SEC") and available on www.sec.gov and with the Canadian securities commissions available on www.sedarplus.ca. There can be no assurance that future developments affecting the Company will be those anticipated by management. Please refer to the discussion of these and other uncertainties and risk factors set out in our filings made from time to time with the SEC and the Canadian regulators, including, without limitation, our reports on Form 10-K and Form 10-Q. Any forward-looking statement made by us in this news release is based only on information currently available to us and speaks only as of the date on which it is made. While we may elect to update our forward-looking statements at any time, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Contact

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