

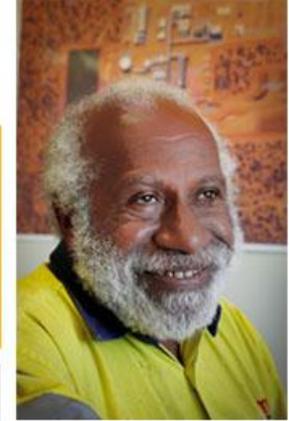
Lynas Corporation

Rare Earths – we touch them everyday

December 2013 Quarterly Report

Summary Presentation

4 February 2014



**SAFE FOR PEOPLE
SAFE FOR THE ENVIRONMENT
SECURE FOR CUSTOMERS**



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Safety – our first priority



December 2013 quarter

- There were no occupational injuries or illnesses recorded during the December 2013 quarter.
- The 12-month rolling Lost Time Injury Frequency Rate for Lynas global operations as at the end of December was 1.0 per million hours worked.
- During the quarter, a Lynas Malaysia employee suffered a fatal heart attack while on site. The company expresses its deepest sympathies to the family.

Sustainability

- Western Australian operations maintained certification to:
 - OHSAS 18001 (Occupational Health and Safety)
 - ISO 14001 (Environmental Management Systems)
 - ISO 9001 (Quality Management Systems)
- During the quarter, Lynas Malaysia achieved certification to the OHSAS 18001, ISO 14001 and ISO standards following a detailed audit by *Bureau Veritas*.



Lynas Advanced Materials Plant – operational update



December 2013 quarter

- Production: 741 tonnes REO equivalent products
- Shipments: 409 tonnes REO equivalent products
- Despite disruption to transport and infrastructure services in the region due to significant rainfall in December in the Kuantan area, LAMP production in December confirmed the improving trend evidenced in November.
- The difference in production and shipments largely relates to the timing of sales at the end of the quarter.
- Lynas received the relevant administrative approvals for the Phase 2 LAMP assets in November, allowing these assets to be operated.



Future milestones

- The Company expects production levels in the March quarter to increase above production levels in the December quarter.
- While the Company remains focused on producing 11,000tpa REO on a sustainable basis, there may be a delay in achieving that run rate until the June quarter.

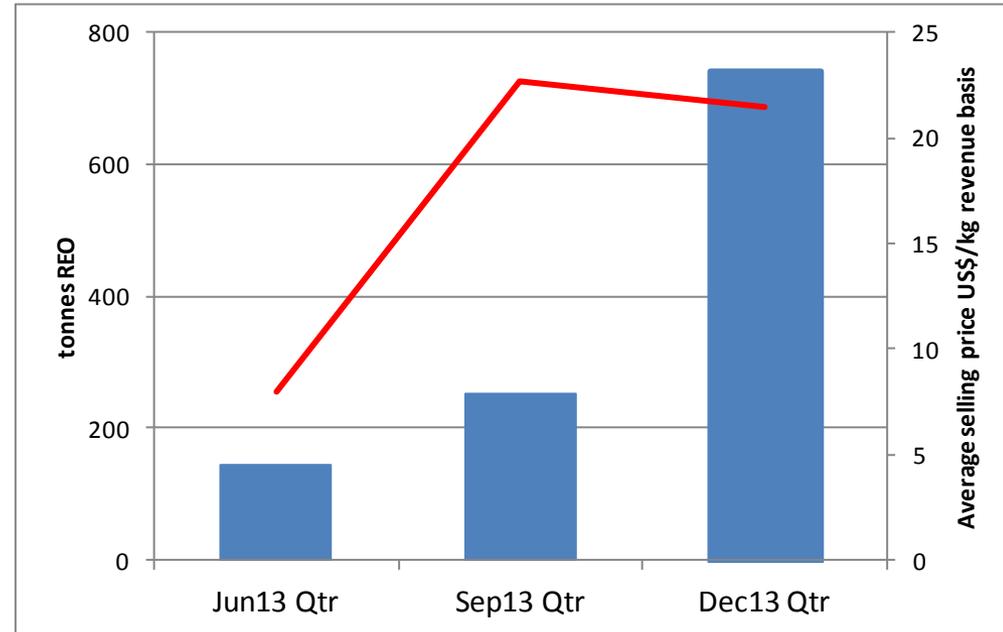


Lynas Advanced Materials Plant – operational update



- Production increasing quarter-on-quarter
- Reduced incidence of operational issues in cracking and leaching units
- Continuous operations and increases in plant utilisation provide opportunities to identify further efficiencies
- Electrical outage and temporary disruption of product flow through certain process tanks have been addressed

REO production and average selling price



Lynas Advanced Materials Plant – synthetic mineral products program



Latest developments

- Two products containing the solid by-product of community concern have already been independently tested and proven to be:
 - non-leachable
 - non-radioactive and
 - non-toxic
- Field trials completed at various locations in Western Australia using NUF-based products that produced wheat and canola crops.
- Pot trials involving a product containing NUF, WLP and agricultural beneficial additives have also been completed in conjunction with the University of Western Australia.
- The Company is also evaluating the construction of a road using road-base materials containing WLP that will be tested and monitored by an independent expert over a period of 12 months to demonstrate the performance of the material.

Batching plant and RB-10 product



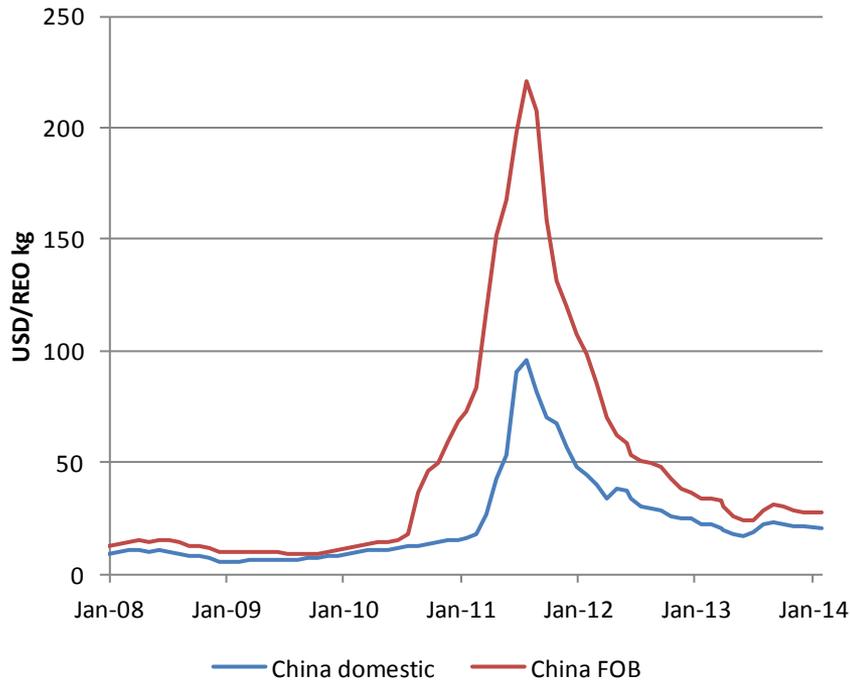
Canola field trials in Western Australia



Rare Earths prices

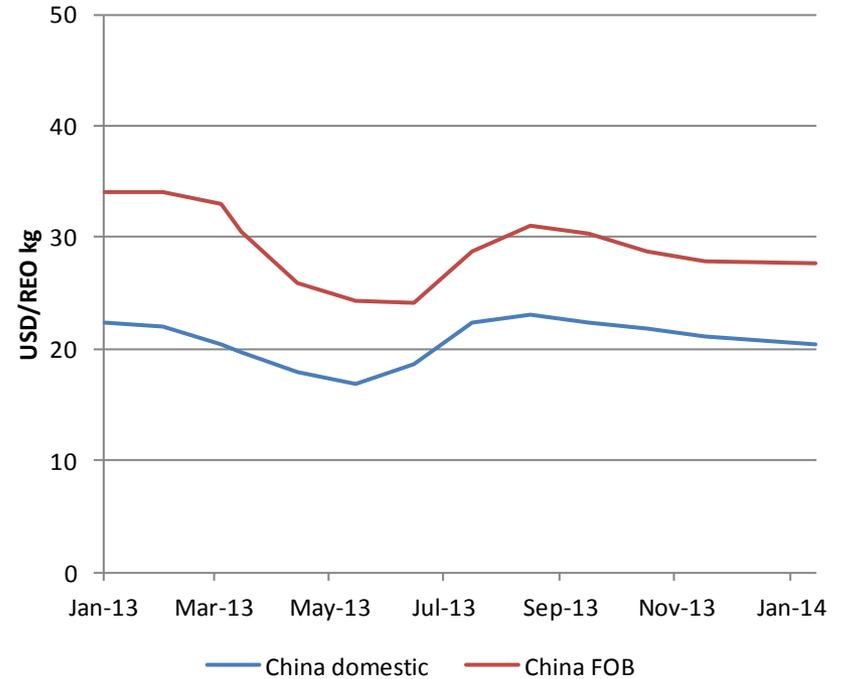


Mt Weld basket price history 2008-2014



Source: Asian Metals

Mt Weld basket price history last 12 months



Source: Asian Metals



Where is the RE market today?



Since the peak of the RE crisis in mid 2011 when prices became unsustainable for RE consumers, RE prices have decreased to levels that are now unsustainable for RE producers again, due to:

- ▶ RE consumers working through large inventories of REs built up along the supply chain during the RE crisis
- ▶ Demand reduced for REs in some end markets due to productivity improvements, formulation changes and some 'switch' back to older technologies
- ▶ Slower global economic growth conditions impacting end market demand

However, there are emerging signs of 'green shoots' as the RE market moves towards the right balance

In recent months, prices for a number of RE products have moved again as a result of:

- ▶ First signs of improved supply discipline inside China, moving towards more sustainably producing players
- ▶ Reduced excess of inventories for both RE products and RE based (semi) finished goods
- ▶ End market demand improvement



RE market outlook – key demand side trends



A number of key trends will drive the future growth of the global RE market

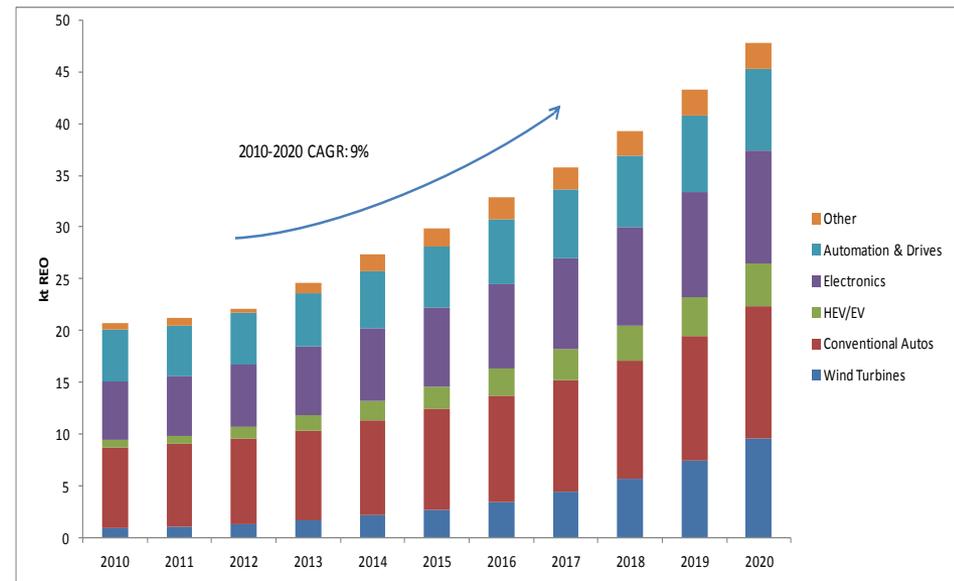
1 Energy efficient and green applications continue to accelerate strong NdPr demand growth

- ▶ Wind energy, HEV/EVs, general auto, energy efficient drives for household and industrial applications
- ▶ This will only occur under long term sourcing sustainability of raw materials – price and quantity

2 Demand for REs will continue to be supported by large market segments with steady growth rates

- ▶ Autocatalyst market (Ce), FCC market (La), metallurgy & ferrosilicon market (La,Ce, mischmetal)

Estimated REO demand in magnet industry



Source: Lynas estimates and industry sources

RE market outlook – key demand side trends



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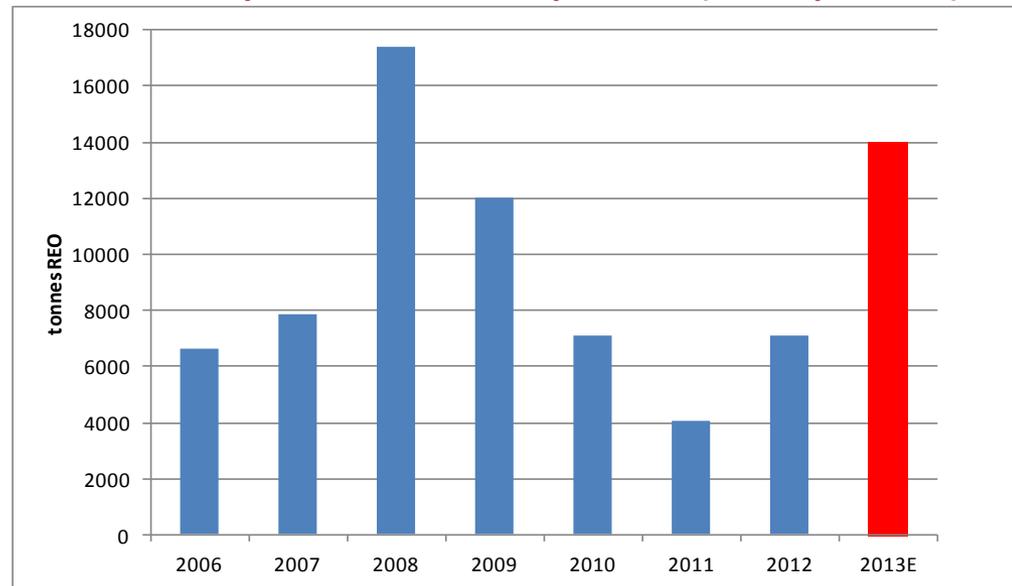
3 NiMH battery technology is continued to be used in HEVs, potentially securing La demand in the future

- ▶ Chinese exports of lanthanum have risen strongly in 2013

4 While currently tight, there are questions in relation to the long run outlook for HREs

- ▶ Phosphors (Eu, Tb and Y) – how quickly will LED substitution take place globally? Or will the continued move to ban high energy consuming lamps globally grow the phosphors market?
- ▶ Magnets (Dy) – how successful / unsuccessful will Dy reduction technologies be?

Chinese exports of lanthanum products (REO equivalent)



Source: Chinese customs statistics. Note: 2013 data annualised. Lanthanum products include metal, oxide, carbonate and chloride

RE market outlook – summary



Based upon forecast demand in key end markets, the global RE market could grow at 5-6% per annum to 2020 with demand for some elements growing at higher rates

- **However, the RE market will not grow to its full potential unless there is long term price visibility and volume security to justify investment by both customers and producers**
 - ▶ Reduced volatility and “wild” fluctuations in RE prices
 - ▶ RE consumers: increased visibility of supply sustainability at price levels that remain competitive with alternative technologies
 - ▶ RE producers: increased visibility that RE prices support the environmentally sustainable development of RE resources to meet demand growth

Lynas’ goal is to support the RE market in growing to its full potential and customers have been supportive so far



Financial overview



December quarter

- Average selling price decreased to around US\$21.48/kg REO (revenue basis), from around US\$22.70/kg REO (revenue basis) in the prior quarter, due to a higher proportion of cerium sales.
- Total cash as at 31 December was A\$74.7m, including \$7.5m in restricted cash.
- In November, Lynas received a A\$14.1m cash payment from the ATO relating to eligible R&D expenditure incurred during the year ended 30 June 2013, principally on the development of the Lynas Mt Weld Rare Earths Project.
- Subsequent to the end of the quarter, the Company made the first scheduled principal repayment of US\$10m under the Sojitz / JOGMEC loan facility.

CASH FLOW	A\$M
OPENING CASH BALANCE 1 OCTOBER 2013	101.0
INFLOWS	
Cash Receipts from the sale of goods	6.9
Interest income	0.9
Security deposits refunded	0.4
Receipt of government grant	14.1
TOTAL INFLOW OF FUNDS IN THE QUARTER	22.3
OUTFLOWS	
Mt Weld Concentration Plant – Phase 1	-
Malaysian Advanced Materials Plant – Phase 1	(0.2)
Mt Weld Concentration Plant – Phase 2	-
Malaysian Advanced Materials Plant – Phase 2	(6.1)
Other capital expenditure	(0.4)
Security deposits paid	(2.1)
Interest expense and other costs of finance	(2.3)
Ongoing operational, production and administration costs	(37.9)
Royalty Costs	(0.3)
TOTAL OUTFLOW OF FUNDS IN THE QUARTER	(49.3)
Net exchange rate adjustment	0.7
CLOSING CASH BALANCES 31 DECEMBER 2013	74.7
Summary of Cash Balance	
Cash on Hand and at Call (incl. Term Deposits)	67.2
Funds for Phase 2 Construction (Restricted Cash)	7.5
CLOSING CASH BALANCES 31 DECEMBER 2013	74.7

Key investment themes



Company overview

- 1 Rare Earths production and shipments from the LAMP
- 2 Focus on cost savings and “right-sizing” business, yet ready to respond to improved market conditions
- 3 Experienced management team
- 4 Off-take arrangements through strong customer relationships
- 5 Favorable long-term industry fundamentals with estimated above-GDP growth rates in key product demand
- 6 High quality, long life assets



Rare Earths market data - Disclaimer



- The slides in this presentation containing Rare Earths market data have been sourced from independent analysis of end application demand, along with Lynas estimates of quantities of Rare Earths end use in various key applications.
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