SUMMARY

• FINANCIAL PERFORMANCE
  o Invoiced sales revenue of A$101.3m, up 26.8% on prior quarter
  o Loan repayment of US$3.1m in early January reduced JARE loan to US$146.9m
  o Closing cash balance of A$67.1m

• RECORD QUARTERLY PRODUCTION
  o New record quarterly production, despite slower start up in January and ramp up of separated Nd and Pr train:
    ▪ 1,591 tonnes NdPr produced, including over 600 tonnes NdPr in March
    ▪ Total REO production of 5,444 tonnes
  o 1st separated Pr produced and sold during the quarter
  o Overburden removal for Mining Campaign 3 was ahead of schedule for the quarter
  o Following successful laboratory test work, Duncan ore with its higher dysprosium and terbium content will be included in the mill feed blend with the Campaign 3 ore

• MARKET DYNAMICS
  o Strong REO sales volume of 5,030 tonnes during the quarter
  o Strategic customer demand prioritised, and satisfied, during the quarter
  o Sustained weakness in the published NdPr price during the quarter

• LYNAS NEXT
  o Successful separated Nd and Pr circuit ramp-up, operating at approximately 70% during the quarter, ending quarter at approximately 90% of SX design rate

CEO REVIEW

Lynas achieved record production and a strong financial result in the March quarter. These results reflect the improvements delivered by the success of Lynas NEXT. The excellent production results allowed us to mitigate the effects of ongoing market softness and uncertainty in China.

Production restarted in January following the shutdown in December when we reached the annual approved processing limit for lanthanide concentrate and the commissioning of the Nd and Pr separation processes was finalised. As a result, production was slow to stabilise through January and February due to
the shorter month. However Lynas NEXT initiatives enabled the Company to produce over 600 tonnes in March, leading to record total rare earth production for the quarter. This marked the third time the Company has achieved over 600 tonnes of NdPr per month.

Record total REO production of 5,444 tonnes, was up 23.1% on the 4,422 tonnes produced in the previous quarter. NdPr production at 1,591 tonnes was an increase of 30.0% on the 1,223 tonnes in the December quarter.

The continued benefits of Lynas NEXT were visible across the operations. The new Nd and Pr separation circuit operated at approximately 70% of design during the quarter but reached approximately 90% by the end of March. At the end of the quarter the 3 NdPr trains were operating at over 600 tonnes per month run rate.

Invoiced sales revenue was A$101.3m, an increase of 26.8% on the previous quarter. Sales receipts, at A$88.2m reflected the backending of sales aligned to production during the quarter. Our cash balance was A$67.1m after a A$4.4m principal repayment in January, reducing the JARE loan to US$146.9m. The solid financial result emphasises the value of Lynas NEXT, despite the continued weakness in the market prices.

Following the December quarter, the China domestic published price sustained its softness, averaging US$38.5/kg during the quarter. However, demand in Japan remained strong and we continued to strengthen our position in the Japanese market, from the addition of separated Nd and Pr to our product suite. Given the continued weakness in the market price, Lynas has chosen to reserve all NdPr product for our strategic business partners which may lead to some inventory build in the 4th quarter.

Lynas NEXT initiatives continue in Mt Weld, Western Australia. In addition, overburden removal for Mining Campaign 3 is running ahead of schedule during the quarter. All grade control drilling was completed and results received. Main ore delivery is on schedule for the June 2019 quarter.

Duncan ore was mined and stockpiled during Mining Campaign 2. The Duncan ore zone is an extension of the higher grade Central Lanthanide Deposit (CLD) with higher levels of Heavy Rare Earths including Dysprosium (Dy). Following successful laboratory test work, it is planned to include Duncan ore into the mill feed blend with the Campaign 3 ore.

In Malaysia, we have largely completed the Lynas NEXT initiatives. We also continue to engage in ongoing discussions with the government to seek to resolve the remaining issues related to the pre-conditions for Lynas’ licence renewal, as detailed further below. We have restated our commitment to Malaysia, to being a valuable contributor to the economy and to playing a vital role in supporting the development of Malaysia’s 4.0 Industries.

Following the successful implementation of the Lynas NEXT initiatives, the company is continuing work on a growth plan that could see production materially increase. At this time, no decisions have been made. A further update will be provided in the coming weeks.
Lynas is very pleased with the strong quarterly result despite the distractions of several external issues. The Lynas team remains focused on achieving repeated NdPr production of 600+ tonnes per month and supporting global demand as the only miner and producer of rare earth materials outside China.

As announced on 30 October 2018, Lynas’ ASX classification has been changed to a mining production entity. As a result, Lynas will continue to lodge Quarterly Activity Reports, however, we will no longer lodge Quarterly Cashflow Reports in the form of an Appendix 5B.

MALAYSIA UPDATE

As noted in the H1 2019 financial results, the Malaysian government appointed a Review Committee to evaluate Lynas Malaysia’s operations. The Review Committee’s report was released on 4 December 2018 and found Lynas Malaysia’s operations are low risk and Lynas Malaysia is compliant with applicable laws.

Separately, on 4 December 2018, the Atomic Energy Licensing Board (AELB) issued a letter containing two new pre-conditions for Lynas’ licence renewal on 2 September 2019. These conditions relate to the management of the 2 residues produced by Lynas operations in Malaysia.

On 14 February 2019, following extensive consultation with the Malaysian government and regulators, the Company announced it had agreed a pathway for the management of NUF, one of the solid residues produced at the Lynas Malaysia plant. The updated NUF action plan includes commercialisation options and a long-term disposal solution. Lynas has appealed the new condition related to the management of WLP, which is the other solid residue produced at the plant.

On 8 April 2019, Lynas announced that it was seeking clarification from the Malaysian government regarding recent comments made by the Prime Minister. We continue to engage in ongoing discussions with the government to seek to resolve the remaining issues related to WLP.

NON-BINDING HIGHLY CONDITIONAL PROPOSAL FROM WESFARMERS

As disclosed to the market on 26 March 2019, Lynas received an unsolicited indicative non-binding conditional proposal from Wesfarmers Limited (ASX: WES) (Wesfarmers) for an acquisition of 100 per cent of the ordinary shares of Lynas at A$2.25 cash per share.

On 27 March 2019, the company announced that the Lynas Board had evaluated the indicative non-binding highly conditional proposal and concluded that it will not engage with Wesfarmers on the terms outlined.

In a letter to Lynas shareholders on 10 April 2019, the Lynas Board provided detailed information for shareholders to understand the Board’s response.
The Lynas Board and management team maintain their focus on building shareholder value by fully realising the Company’s assets and skills and will provide further updates in the coming weeks.

SAFETY AND ENVIRONMENT

Lynas is committed to ensuring that the Company’s operations in Australia and Malaysia are consistent with national and international safety and sustainability best practice. Lynas has established extensive processes to ensure that its operations are safe for employees, safe for the environment and community, and secure for its customers.

The Company-wide 12-month rolling Lost Time Injury Frequency Rate, as at the end of March 2019, was 0.6 per million hours worked. There were no lost time injuries during the March quarter.

Ongoing improvement of kiln waste gas treatment plants continued during the quarter, with the installation of an in-house designed demister (which removes entrained water) on one of the four kiln lines. The new design, with self-cleaning sprays, is being evaluated and has performed very well so far.

In line with our commitment to international environmental best practices, detailed environmental monitoring since the start of Lynas Malaysia’s operations in Kuantan in 2012 has consistently demonstrated that Lynas Malaysia is compliant with regulatory requirements.

Information concerning the Company’s environmental monitoring programs, including monitoring data, is available at www.lynascorp.com.
MARKETING & SALES

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY18</th>
<th>Q4 FY18</th>
<th>Q1 FY19</th>
<th>Q2 FY19</th>
<th>Q3 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Volume REOt</td>
<td>4375</td>
<td>4299</td>
<td>3896</td>
<td>5522</td>
<td>5030</td>
</tr>
<tr>
<td>Sales Revenue</td>
<td>A$85.9m</td>
<td>A$91.7m</td>
<td>A$105.6m</td>
<td>A$79.9m</td>
<td>A$101.3</td>
</tr>
<tr>
<td>Average Selling Price</td>
<td>A$19.6/kg</td>
<td>A$21.3/kg</td>
<td>A$27.1/kg</td>
<td>A$14.5/kg</td>
<td>A$20.1/kg</td>
</tr>
<tr>
<td>Sales Receipts (cash)</td>
<td>A$80m</td>
<td>A$99m</td>
<td>A$105m</td>
<td>A$77m</td>
<td>A$88m</td>
</tr>
</tbody>
</table>

Once production stabilised after the shutdown in December, we finished the March quarter very strongly, including with record sales revenue in March.

Demand in Japan remains strong and Lynas’ position in the Japanese market has been further strengthened by the addition of separated Nd and Pr to our product suite. Both new products have already been qualified with our major customers.

On the other hand, demand in China remains weak, especially for magnets, and the market price of NdPr decreased after the lunar New Year.

| NdPr China Domestic Price (VAT excluded) |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | Q3 FY18   | Q4 FY18   | Q1 FY19   | Q2 FY19   | Q3 FY19   | Jan       | Feb       | March     |
| US$/kg Base 100         | 45.5      | 43.7      | 40.8      | 39.3      | 38.5      | 39.7      | 39        | 36.9      |

Despite this temporary unfavourable pricing situation, Lynas continues to work with selected magnet users on multi-year contracts that provide price stability, transparent cost structure and measured and reported environmental impacts. Lynas offers these customers a secured supply chain from mine to finished magnets, through the Lynas operations and our qualified partners. This security of supply is essential for sustainable market growth.
Given the current weakness of market prices, Lynas will reserve all NdPr for its strategic business partners which may lead to some inventory build in the 4th quarter.

At the same time, demand for Dysprosium and Terbium is increasing as the use of high temperature resistant magnets in applications such as electric vehicles starts to increase. Since early 2018, China has substantially reduced the operation of ionic clay mines where those elements are extracted, due to environmental concerns. In addition, China has banned the import of equivalent materials from Burma. As a result, Dy and Tb prices have started to increase. We expect this trend to continue and we have restarted sales of our Heavy Rare Earths blend (SEG).

In addition, development work continues for higher value Ce and La products, and as a result we have seen an increase in our average selling price for those products. We are confident this trend will continue as our development work continues.

OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q3 FY18</th>
<th>Q4 FY18</th>
<th>Q1 FY19</th>
<th>Q2 FY19</th>
<th>Q3 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ready for Sale</td>
<td>4174 REOt</td>
<td>4110 REOt</td>
<td>4804 REOt</td>
<td>5220 REOt</td>
<td>4422 REOt</td>
<td>5444 REOt</td>
</tr>
<tr>
<td>Production Volume</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NdPr</td>
<td>1222 REOt</td>
<td>1332 REOt</td>
<td>1447 REOt</td>
<td>1579 REOt</td>
<td>1223 REOt</td>
<td>1591 REOt</td>
</tr>
</tbody>
</table>

The Lynas Malaysia operations restarted after the December 2018 temporary shutdown. This was the first extended full plant shutdown since commissioning in late 2012 and we took the opportunity to empty a number of the buffers and circuits for cleaning and maintenance.

There was a staged ramp up and associated rebalancing of the SX circuits in January after the restart.

The converted SX5 Train 2 is a three-outlet circuit producing Nd, LaCe and also LaCePr, which is the feed to the modified SX6 Train 1 which now produces Pr. A three-outlet circuit is more complex to operate. The ramp up and balancing of these new Nd and Pr circuits are governed by the feed rate and managing parameters to deliver on spec separated material. Any off-spec products during the commissioning and ramp up were either reprocessed or blended. During the March quarter, the new Nd and Pr train was operating at approximately 70% of the rate of the other SX5 trains producing NdPr. Pleasingly, by the end of March, the feed rate of the new train reached an average of 90% of the capacity of the other SX5 trains.
As part of Lynas NEXT, dedicated Nd and Pr precipitation and centrifuge circuits have been configured. For calcination, one of the dedicated NdPr tunnel furnaces was modified for separate Nd and Pr feeding and product handling systems (i.e. pick-up, screening, blending and packaging). Each product also has its own dedicated set of crucibles to avoid any cross-contamination. The first Pr oxalate was calcined into Pr oxide in February.

At the Lynas mine in Mt Weld, Western Australia, overburden removal for Mining Campaign 3 was ahead of schedule for the quarter. All grade control drilling was completed and results received. A small amount of lower grade ore has been mined on the southern end. Main ore delivery is on schedule for next quarter.

A new strategy to crush, screen and then blend Direct Shipping Ore (Ore >30%REO) with flotation concentrate commenced in March. This will save processing costs and also avoids the recovery losses associated with the flotation processing.

Mt Weld has a laboratory testing program for future ore blends. Duncan ore was mined and stockpiled during Mining Campaign 2. The Duncan ore zone is an extension of the higher grade Central Lanthanide Deposit (CLD) with higher levels of Heavy Rare Earths including Dy. Following successful laboratory test work, it is planned to include Duncan ore into the mill feed blend with the Campaign 3 ore.
Mining Campaign 3 blasting of calcrete zone just above the ore zone

Blending of Direct Shipping Ore

Pr oxalate feed into Tunnel Furnace for calcination

First production of Pr oxide
FINANCE

CASH POSITION

A summarised cash flow for the quarter ended 31 March 2019 is set out below.

<table>
<thead>
<tr>
<th>CASH FLOW</th>
<th>A$ million Mar 19 quarter</th>
<th>A$ million Mar 19 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Cash Flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>88.2</td>
<td>270.4</td>
</tr>
<tr>
<td>Costs of production (including royalties)</td>
<td>(53.1)</td>
<td>(174.0)</td>
</tr>
<tr>
<td>Administration, overhead and other payments</td>
<td>(9.1)</td>
<td>(29.2)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING CASH FLOWS</strong></td>
<td>26.0</td>
<td>67.2</td>
</tr>
<tr>
<td><strong>TOTAL INVESTING CASH FLOWS</strong></td>
<td>(7.6)</td>
<td>(33.9)</td>
</tr>
<tr>
<td><strong>TOTAL FINANCING CASH FLOWS</strong></td>
<td>(4.7)</td>
<td>(8.8)</td>
</tr>
<tr>
<td><strong>TOTAL MOVEMENT OF FUNDS IN THE QUARTER</strong></td>
<td>13.7</td>
<td>24.5</td>
</tr>
<tr>
<td>Net exchange rate adjustment</td>
<td>(0.3)</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>OPENING CASH BALANCE</strong></td>
<td>53.7</td>
<td>42.3</td>
</tr>
<tr>
<td><strong>CLOSING CASH BALANCE 31 MARCH 2019</strong></td>
<td>67.1</td>
<td>67.1</td>
</tr>
</tbody>
</table>

Cash outflows during the March quarter can be summarised as follows:

- Operating cash outflows after net GST impact for the quarter were A$63.1m. This is 9% lower than the net cash outflow in the December quarter of A$69.6m. The main driver of the decrease was the receipt of long outstanding GST receivables.

- Development and CAPEX related cash outflows were A$7.6m. This was an increase from the previous quarter due to an increase in mining activities, primarily overburden removal, in the March quarter.

- A A$4.4m principal repayment was made in January 2019. The debt repayment of US$3.1m was made on 4 January 2019, reducing the JARE loan to US$146.9m.

- No interest payments were made during the March quarter, with the next interest payment due in June 2019.
FOREX

The currency composition of the Group’s cash at 31 March 2019 was A$15.3m, US$17.0m and MYR 75.8m. The A$ strengthened against the US$ and MYR over the quarter, resulting in a slight foreign exchange loss for the period.